BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

In the Matter of the Joint Application of Verizon Communications Inc., Frontier Communications Parent, Inc., Frontier California Inc., Citizens Telecommunications Company of California Inc., Frontier Communications of the Southwest Inc., Frontier Communications Online and Long Distance Inc., and Frontier Communications of America, Inc. for Approval of the Transfer of Control of Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California (U 1024 C), Frontier Communications of the Southwest Inc. (U 1026 C), Frontier Communications Online and Long Distance Inc. (U 7167 C), and Frontier Communications of America, Inc. (U 5429 C), to Verizon Communications Inc. Pursuant to California Public Utilities Code Section 854	A. 24-10-006 (Filed October 18, 2024)

Opening Testimony for Verizon Communications Inc.
[Public Version – Confidential Information Redacted]

January 24, 2025

TABLE OF CONTENTS

I. **INTRODUCTION.** 1

II. **DESCRIPTION OF THE JOINT APPLICANTS. [VASINGTON]** 4

III. **OVERVIEW OF THE PROPOSED TRANSACTION AND ITS RATIONALE. [VASINGTON]** 5

IV. **THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST AND WILL DELIVER SIGNIFICANT BENEFITS TO FRONTIER'S CURRENT AND FUTURE CUSTOMERS.** 7

A. The Transaction Will Strengthen the Financial Condition of Frontier's California Operating Subsidiaries. [Vasington] 7

B. The Transaction Will Improve Service Quality and Expand Consumer Choice for Frontier Customers. [Sullivan/Nugent] 8

C. Customers Will Benefit from Verizon's Management. [Vasington] 17

D. The Transaction Will Provide Continuity for Frontier's Employees. [Vasington/Sullivan] 18

E. The Transaction Will Be Fair and Reasonable to Verizon's and Frontier's Shareholders. [Vasington] 19

F. The Transaction Will Benefit the Local Economies Served by Frontier's Operating Companies in California. [Vasington] 19

G. The Proposed Transaction Will Not Alter the Commission's Jurisdiction Over the California Operating Subsidiaries. [Vasington] 23

H. Mitigation Measures Are Not Needed. [Vasington] 24

V. **THE PROPOSED TRANSACTION WILL NOT ADVERSELY AFFECT COMPETITION. [VASINGTON]** 24

VI. **SCOPING MEMO QUESTIONS. [VASINGTON/SULLIVAN]** 30

VII. **CONCLUSION.** 39

I. INTRODUCTION.

Q: Please state your names, occupations, and business addresses.

A: My name is Tom Nugent. My title is Vice President of Consumer Sales and Service Centers for Verizon. My business address is One Verizon Way, Basking Ridge, New Jersey 07920.

A: My name is Paul Sullivan. My title is Vice President of Wireline Network Operations for Verizon. My business address is 100 Causeway Street, Boston, Massachusetts 02114.

A: My name is Paul B. Vasington. My title is Senior Director for Regulatory and Government Affairs for Verizon. My business address is 6 Bowdoin Square, Boston, Massachusetts 02114.

Q: Please describe your backgrounds.

A: Tom Nugent: As part of my current role, I am responsible for leading 2,400 employees focused on acquiring and retaining consumer customers by connecting them to world class communication and entertainment services. We pride ourselves on improving both the customer and employee experiences through execution and technology. Prior to this role, I was the Director of Consumer Sales and Service in the NY Metro area. Previously, I led over 1,100 network operation employees across northern New Jersey and eastern Pennsylvania. Our team built fiber infrastructure to tens of thousands of customers while installing and servicing residential and business customers. Prior to joining Network Operations, I spent most of my career developing sales and marketing leaders. In earlier roles, I served as a national sales director for different organizations. I also spent multiple years as a business development executive in Verizon's Strategic Alliance Marketing organization. I began my career with GTE Florida in 1995. I earned my undergraduate degree from the University of South Florida. In addition to the responsibilities described above, I am the Verizon Consumer Group's leader responsible for Frontier's integration into Verizon's customer service and support system post close of the Transaction.

A: Paul Sullivan: Before my current role, I served as Vice President of Verizon's Northeast Wireline Network Operations, where I led a team of about 4,500 employees serving the needs of wireline customers in Massachusetts, Rhode Island, Mid-State & Upstate New York. I was

responsible for service delivery to more than 3 million consumer, small business, wholesale and enterprise customers served by over 800 offices. Prior to that, I served as Vice President of Field Operations and Assurance Support. In that job, I was responsible for the processes and systems used by all wireline field operations, including technicians and their management teams across the nation. I was responsible for improving customer service and increasing the efficiency of the field and center operations. Preceding that role, I was also responsible for Wireline Field Operations in the Mid-Atlantic North Region for over 3.6 million core and Fios[1] customers in New Jersey, Delaware, Philadelphia, and Eastern Pennsylvania from 2011 to 2017. In earlier roles, I served as Vice President of Region Operations for New York City and Vice President of New Jersey Operations in the Verizon Telecom Mid-Atlantic Area. I joined New England Telephone in 1986 as a central office technician. I am the network organization's leader responsible for Frontier's integration into Verizon's network, systems, processes, and organizations post close of the Transaction.

A: Paul Vasington: I have a Bachelor of Arts in Political Science from Boston College and a Master in Public Policy from the Kennedy School of Government, Harvard University. I have been employed by Verizon since February 2005. From September 2003 to February 2005, I was a Vice President at Analysis Group, Inc. Prior to that, I was Chairman of the Massachusetts Department of Telecommunications and Energy ("DTE") from May 2002 to August 2003, and was a Commissioner at the DTE from March 1998 to May 2002. Before my term as a Commissioner, I was a Senior Analyst at National Economic Research Associates, Inc. from August 1996 to March 1998. Prior to that, I was employed in the Telecommunications Division of the DTE (then called the Department of Public Utilities), as a staff analyst from May 1991 to December 1992 and as division director from December 1992 to July 1996. As Senior Director for Regulatory and Government Affairs, I am responsible for Verizon's corporate interests including regulatory affairs, community relations, and government affairs. In this role, I support Verizon's policy initiatives and advocacy with the Federal Communications Commission, Congress, and state regulators and legislators.

[1] Fios is Verizon's Fiber to the Premise bundled internet access, telephone, and television service that currently operates in nine U.S. states and the District of Columbia.

Q: What is the purpose of this testimony?

A: This testimony is submitted in support of the Joint Application ("Application") filed in this proceeding by Verizon Communications Inc. ("Verizon"),[2] Frontier Communications Parent, Inc. ("Frontier Parent"),[3] and Frontier's California local exchange and long distance subsidiaries, 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") (Frontier California, CTC California, Frontier Southwest, Frontier LD, and Frontier America, collectively, the "California Operating Subsidiaries," and, together with Verizon and Frontier, the "Applicants"), on October 18, 2024 requesting that the California Public Utilities Commission ("Commission") authorize the indirect transfer of control of Frontier's wholly owned subsidiaries, Frontier California (U 1002 C), CTC California (U 1024 C), Frontier Southwest (U 1026 C), Frontier LD (U 7167 C), and Frontier America (U 5429 C), to Verizon (the "Transaction"). This testimony shows that the proposed Transaction is in the public interest and meets all applicable statutory requirements, and therefore, it should be approved by the Commission.

Q: What role did each witness play in the preparation of the testimony?

A: Each witness assumed responsibility for specific segments of the testimony as identified in the Table of Contents.

Q: Which witnesses are primarily responsible for which portions of the testimony?

A: Mr. Sullivan will testify on issues related to the network generally, including service quality, pole administration, Verizon's commitment to provide safe, adequate, and reliable service, and how Verizon's technology, tools, and training will help to optimize Frontier's network. Mr. Nugent will testify regarding Verizon's ironclad commitment to its customers, its customer service strategy, and how Verizon's commitment to consumer choice and customer-centric-service will benefit Frontier customers. Mr. Vasington will testify regarding the nature

[2] Where this testimony uses the term "Verizon," it is intended as a general reference to Verizon Communications, Inc. and/or its operating subsidiaries collectively.

[3] Where this testimony uses the term "Frontier," it is intended as a general reference to Frontier Parent and/or its operating subsidiaries collectively.

of the Transaction, why it satisfies the standards under California law, why the Transaction will not negatively impact competition, how management and operations will be located locally and accessible to state residents, how Verizon invests in local communities, and the impact of the Transaction on Frontier employees.

Q: Have the witnesses previously testified before regulatory commissions?

A: Tom Nugent: No.

A: Paul Sullivan: I have previously testified before the New Jersey Board of Public Utilities. And I have also testified before the New York State Legislature.

A: Paul Vasington: Yes, I have sponsored testimony before regulatory commissions in the states of Arizona, California, Connecticut, Florida, Illinois, Indiana, Iowa, Kentucky, Maine, Maryland, Massachusetts, New Jersey, New York, Oklahoma, Pennsylvania, Rhode Island, Vermont, Washington, West Virginia, and the District of Columbia.

Q: On whose behalf are the witnesses offering testimony?

A: Our testimony is offered on behalf of Verizon.

II. DESCRIPTION OF THE JOINT APPLICANTS. [VASINGTON]

Q: Could you please provide a brief overview of Verizon's current national operations?

A: Verizon is a Delaware corporation with its principal place of business at 1095 Avenue of the Americas, New York, New York 10036. Verizon is a holding company that, acting through its subsidiaries, is one of the world's leading providers of communications, technology, information, and entertainment products and services to consumers, businesses, and government entities. With a presence around the world, the Verizon companies offer data, video, and voice services and solutions on its networks and platforms that are designed to meet its customers' demand for mobility, reliable network connectivity, and security. In 2023, Verizon generated revenues of $134 billion. A coverage map reflecting Verizon service areas is available on the company's website.[4] Upon closing of the Transaction, Verizon will become the 100 percent parent of Frontier and its California Operating Subsidiaries.

[4] *See* Find Home Internet and Cell Phone Coverage In Your Area, VERIZON, https://www.verizon.com/coverage-map/.

III. OVERVIEW OF THE PROPOSED TRANSACTION AND ITS RATIONALE. [VASINGTON]

Q: Please describe the proposed Transaction.

A: The Transaction seeks approval of a proposed parent-level transaction in which Verizon will acquire 100 percent of Frontier and its California Operating Subsidiaries. In California, the entities to be transferred include Frontier's California incumbent local exchange carrier ("ILEC") and long-distance or "interexchange" ("IXC") subsidiaries. Frontier's ILEC subsidiaries include: Frontier California, CTC California, and Frontier Southwest (collectively, the "Frontier California ILECs"). Frontier's long-distance or IXC subsidiaries include: Frontier LD and Frontier America (together, the "Frontier California IXCs").[5] The transfer will be effectuated pursuant to the Agreement and Plan of Merger between Verizon and Frontier dated September 4, 2024, by which all of Frontier's subsidiaries, including the California Operating Subsidiaries, will become wholly owned indirect subsidiaries of Verizon.

Q: How will this be accomplished?

A: Under the Agreement, a wholly owned subsidiary of Verizon that was created for the purpose of the Transaction will be merged into Frontier Communications Parent, Inc., with the latter corporation surviving the Transaction. Frontier Parent will thus become a wholly owned, direct subsidiary of Verizon, and the California Operating Subsidiaries will become indirect, wholly owned subsidiaries of Verizon.

Q: Does this Transaction involve the transfer of Frontier's assets?

A: No. Verizon will acquire 100 percent of the stock of Frontier and the "California Operating Subsidiaries" will continue in existence as separate legal entities. Because this Transaction is occurring at the holding company level, there is no transfer, disposition, sale, or divestiture of any assets or property contemplated by the Transaction. No assets or property of Frontier or any of its California Operating Subsidiaries, including Frontier California, CTC California, or Frontier Southwest are being disposed of, sold, or divested, and each entity's assets

[5] Frontier America also holds a Competitive Local Exchange Carrier ("CLEC") certificate, but it is principally an IXC and a provider of non-regulated services. Both Frontier California IXCs also have operations in several other states.

and property will be unaffected by the Transaction; the California Operating Subsidiaries will remain the owners of these assets.

Q: Why is Verizon entering into the proposed Transaction?

A: The telecommunications industry is highly competitive and rapidly changing in terms of technology and consumer preferences. This Transaction significantly expands Verizon's fiber footprint and provides enhanced opportunities for further expansion, accelerating the company's delivery of premium broadband and mobility services to current and new customers. The proposed Transaction allows Verizon to offer additional services to consumers in the Frontier footprint in California. Verizon will assume all of Frontier's contracts, including wholesale contracts with other providers and retail contracts with business customers. By leveraging its significant financial strength, capital resources, and unparalleled technology, tools, and training, Verizon will in turn build on Frontier's post-bankruptcy efforts to deliver better service, increase value, and offer more choice to current Frontier customers.

Q: Please explain why expanding Verizon's fiber footprint is important to the company.

A: As described in our application and in this testimony, Verizon is best able to offer its premium broadband with a Fiber to the Premises ("FTTP") network. Post-Transaction, fiber consumers in the Frontier territories will have access to the full range of Verizon service plans, for which they are eligible, as well as Verizon's low-income plan. Verizon's plans provide a variety of speed and pricing choices for next-generation services. Customers who bundle mobility service with fiber home broadband are also the most loyal, so Verizon benefits from less churn with these customers. Ms. Ellis, in her testimony for Frontier, describes the challenges they have faced growing or maintaining their customer base and revenues without the offering of any wireless services.

FTTP is the most robust method for delivering home broadband services, even when compared to Verizon's Fixed Wireless Access ("FWA") services, which are becoming increasingly popular with consumers without access to broadband whose only broadband option is a copper-delivered service (e.g., DSL or copper-coaxial cable modem service). Verizon has been and will continue to expand its FTTP network, including in areas where its FWA service is available. Fiber can deliver top-end speeds that FWA is unlikely to reach, and does not face the

variabilities that fixed wireless service do. For example, wireless airwaves are less efficient at transmitting data than light through glass (fiber) and areal variability impacts radio transmissions far more than fiber, which is a controllable medium. Fixed wireless services can also face capacity constraints since they share a network for mobility, which is not the case with FTTP home broadband. For these reasons, Verizon is committed to FTTP, and Cal Advocates is incorrect to suggest that Verizon may "halt Frontier's fiber expansion and promote Verizon's cellular in-home broadband service, should the Proposed Transaction be approved."[6] Verizon's FTTP, FWA, and mobility services are all complementary pieces in Verizon's efforts to meet customer needs, as noted by Hans Vestberg, Verizon's Chairman and CEO, when announcing the Transaction, noting "[w]e already have a rapidly growing customer base in fixed wireless access. We have the best mobility customer base in the industry. Now we're adding size and scale to our best-in-class fiber offering."[7]

As recently announced, Verizon will continue to look for opportunities to accelerate its ongoing Fios builds, giving more customers access to the industry-leading product. Additional FTTP deployment also presents opportunities for Verizon to improve backhaul connections to cell sites and allow for further growth of Verizon's intelligent edge network to support Artificial Intelligence and Internet of Things applications. The Transaction is expected to expand Verizon's (and Frontier's) fiber footprint. Frontier is well on its way to completing its plan to build out its fiber network to 10 million homes by 2026. But Frontier does not have funding in place for further investment or additional fiber buildouts beyond that point. The Transaction will help ensure that Frontier's current planned buildout is completed (if not otherwise completed by Frontier by closing) and provide financial resources to consider future fiber deployment.

IV. THE PROPOSED TRANSACTION IS IN THE PUBLIC INTEREST AND WILL DELIVER SIGNIFICANT BENEFITS TO FRONTIER'S CURRENT AND FUTURE CUSTOMERS.

A. THE TRANSACTION WILL STRENGTHEN THE FINANCIAL CONDITION OF FRONTIER'S CALIFORNIA OPERATING SUBSIDIARIES. [VASINGTON]

[6] Cal Advocates Protest at 15.

[7] *See* Edited Transcript, VZ.N - Verizon Communications Inc to Acquire Frontier Communications Parent Inc Call, REFINITIV STREETEVENTS (Sept. 5, 2024), https://www.verizon.com/about/sites/default/files/2024-09/VZ_Acquire_Frontier_090524.pdf?msockid=295d169d4a836218090302004bcf63e5.

Q: How will the Transaction financially benefit Frontier?

A: As noted in Frontier's testimony, the Transaction will maintain or improve the financial condition of Frontier and its operating subsidiaries in California. Frontier faces significant obstacles to its continued growth and long-term competitiveness. After an extensive review of all opportunities available to navigate its future competitiveness, Frontier determined that the Transaction would allow the continuation of Frontier's fiber deployment strategy and will result in better service options for Frontier customers.

Q: Can you describe some of these financial challenges?

A: As noted in the Application and in its testimony, after emerging from its bankruptcy in 2021, Frontier shifted to a fiber first strategy, identified as the "Building Gigabit America™" initiative, and targeted passing 10 million locations nationwide with fiber by 2026. While Frontier is currently on track to meet this goal, it has incurred a significant amount of indebtedness 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.

Q: How will Verizon's acquisition of Frontier improve these conditions?

A: Verizon possesses the financial standing and expertise necessary to optimize the Frontier network. With a market capitalization of approximately $164 billion,[8] and revenues of approximately $134 billion and free cash flow of $18.7 billion in 2023,[9] Verizon has the financial qualifications to undertake the Transaction and operate the Frontier companies and assets. By leveraging its significant financial strength, capital resources, and unparalleled technology, tools, and training, Verizon will build on Frontier's post-bankruptcy efforts to deliver better service, increase value, and offer more choice to current Frontier customers.

B. THE TRANSACTION WILL IMPROVE SERVICE QUALITY AND EXPAND CONSUMER CHOICE FOR FRONTIER CUSTOMERS. [SULLIVAN/NUGENT]

[8] *See* Verizon Communications Inc. Market Cap, STOCK ANALYSIS, https://stockanalysis.com/stocks/vz/market-cap/ (last visited Jan. 24, 2025).

[9] Verizon finished 2023 with strong cash flow and wireless customer growth, VERIZON (Jan. 23, 2024), https://www.verizon.com/about/news/verizon-finishes-2023-strong-cash-flow-and-wireless-customer-growth?msockid=250672210de161c32c8266f40c71601b.

Q: How will the Transaction benefit Frontier's customers? [Sullivan]

A: Verizon's proposed acquisition of Frontier will produce substantial benefits for California consumers by bringing its resources and award-winning industry expertise to bear in enhancing Frontier's fiber network and expanding consumer choices.

Q: What impact will the Transaction have on the strength and capabilities of Frontier's network? [Sullivan]

A: Over approximately the last four years, Frontier has invested billions in upgrading and expanding its fiber network, and now derives more than 50 percent of its revenue from fiber products. The Transaction will integrate Frontier's network into Verizon's leading portfolio of assets, including its best-in-class Fios services. As a result, Frontier's approximately 2.2 million fiber subscribers across its footprint, including more than 700,000 subscribers in California, will join Verizon's approximately 7.4 million Fios customers in nine states and Washington, D.C., thereby increasing Verizon's fiber footprint across the country and expanding the company's delivery of premium broadband services to consumers in the Frontier territories.

Verizon is managerially, technically, and financially well-qualified to complete the acquisition, assume ownership and control of the California Operating Subsidiaries, and operate Frontier's network. Verizon is a holding company whose subsidiaries are among the world's leading providers of communications, technology, information, and entertainment products and services to consumers, businesses, and government entities. Verizon has an established track record of delivering best-in-class in-home broadband service, including Fios and 5G Home broadband. Moreover, 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. Finally, as discussed above, Verizon has the financial qualifications to undertake the Transaction and operate the Frontier companies and assets.

Q: How will the Transaction facilitate broadband deployment? [Sullivan]

A: As noted above, Frontier is well on its way to completing its plan to build out its fiber network to 10 million homes by 2026. But Frontier does not have funding in place for further investment or additional fiber buildouts beyond that point. The Transaction will ensure that Frontier's current planned buildout is completed (if not completed by closing) and provide financial resources to consider future fiber deployment. Importantly, the Transaction will not

impact either company's plans under NTIA's Broadband Equity, Access, and Deployment ("BEAD") program—both companies are evaluating BEAD and other broadband subsidy opportunities independently of one another and, following closing, Verizon will honor all commitments Frontier has made in any broadband grant or deployment programs, including BEAD and the California Advanced Services Fund ("CASF") grant and the Federal Funding Account ("FFA") programs.

Q: What are the benefits of fiber deployment for consumers? [Sullivan]

A: Fiber deployment results in service improvements, for both voice and broadband services. In terms of resiliency, fiber provides better and more reliable service to customers because it is much less vulnerable to problems that can affect copper-based technologies (e.g., twisted copper pairs), such as weather, water, distance, and electrical interference. Fiber is immune to many environmental factors that affect copper cable, including electromagnetic and radio-frequency interference. It is less susceptible to temperature fluctuations. It can be submerged in water. It is lightweight, thin, and more durable than copper. Fiber lines do not corrode, have a much longer lifespan and require fewer repairs than copper lines. This resiliency is particularly important given the greater likelihood of climate change-driven weather events. Fiber also has other energy saving benefits over legacy copper-based networks. Fiber networks use laser light—not an electrical signal—reducing energy consumption. Verizon's 2023 Environmental, Social and Governance ("ESG") Report, in a verified statement, notes that "[o]ur fiber-delivered broadband services are at least 100 times more efficient on a kilowatt hour (KwH) per gigabyte basis than copper-delivered broadband services."[10]

Q: What other resources will Verizon bring to bear to improve network reliability for Frontier customers? [Sullivan]

A: In managing the improved network that will come from this Transaction, Verizon will utilize its innovative tools and technology to further improve Frontier's network reliability by deploying systems that aim to identify network problems on a prospective basis and resolve them rapidly if they do occur. From detection to diagnosis, Verizon uses performance-based alerting in its core network to trigger proactive action and to avoid or minimize customer impact. These tools also assess changes in the network with a common system that identifies whether the

[10] Verizon ESG Report 2023, at 45, https://www.verizon.com/about/sites/default/files/Verizon-2023-ESG-Report.pdf.

second path on a diverse network is available before performing maintenance on the first and warns of potential service impact, thereby providing further protection for consumers. When problems are detected, Verizon employs advanced capabilities to enable remote fixes. These strategies allow for increased agility and flexibility, improved scalability of equipment, enhanced performance through optimized network bandwidth, and the retirement of legacy resources resulting in reduced energy demand and fewer repair dispatches. Verizon's Network Reliability Program comprehensively and proactively addresses key infrastructure functions that support its network centers. Under this program, Verizon performs monthly and annual tests and routines on back-up power systems, including batteries and generators, to ensure they are operational for emergency situations. The Network Reliability Program also includes ensuring proper network alarms and surveillance, circuit diversity, and failover testing.

Another critical tool used by Verizon, particularly considering recent natural disasters and population-displacing events, is its Business Continuity & Event Management Framework. Based on an all-hands approach and supporting a set of core values relevant to disasters, Verizon maintains a plan for its copper and fiber facilities regarding continuity of operations and continuity of management, including alerting lists and alternate temporary locations deemed necessary to facilitate the installation, maintenance, and restoration of critical telecommunications and information services under conditions ranging from local emergencies to more widespread disasters. Importantly, this framework is benchmarked against Federal Emergency Management Agency ("FEMA") and Occupational Safety and Health Administration ("OSHA") standards to ensure that it remains current and incorporates the latest updates. Verizon also maintains a comprehensive and robust safety program applied to both copper and fiber facilities that proactively addresses work environments and their potential hazards. Verizon's Environment, Health, and Safety ("EHS") department has earned ISO 14001 (environmental) and 45001 (health and safety) certifications for its environment, health, and safety management system. Verizon's commitment to safe and environmentally responsible work practices extends to the suppliers who provide services and products to Verizon, who must go through a robust assessment and screening process.

Verizon uses technology and tools that allow for end-to-end viewing of the network, which enables real-time network and equipment troubleshooting. The tools also enable Verizon's technicians to have accurate information about the history of problems that exist and

how to address them. Verizon also has tools that allow a Fios specialist to automatically run tests from its network all the way to the customer's premises to identify and address the most common causes of troubles. One innovative tool supports Verizon customer service agents while the agent is talking to a customer. The tool reviews the customer's description of the issue to assist the agent in determining the best course of action to resolve the customer's issue. Another tool allows Fios field technicians to measure the Wi-Fi signal within a customer's premises for proper placement of the router within the customer's home, as well as to identify areas that may need extenders to boost strength and coverage. Verizon also deploys technology that enables the company to collaborate with the Fios customer to diagnose and fix troubles at the customer's premises using the customer's smartphone camera. The camera allows Verizon's specialists to look at the customer's network and equipment connections from a remote location and guide the customer to fix the problem, if possible. Customers appreciate not having to schedule an appointment for a technician to come to the premises and getting service restored quickly. Verizon and other customers benefit because Verizon can direct its technician resources to problems that cannot be fixed by the customer with guidance from Verizon.

Verizon also offers best-in-class training for its technicians, including instructor-led courses that are aligned with industry best practices for broadband builds and maintenance of facilities. The program includes 13 mobile classroom labs that can be moved to where learners are located and employs an "experiential learning approach," allowing learners to develop skills with maximum retention by performing the job during training that mirrors the on-the-job experience in detailed learning laboratories. Verizon's Reliability Matters training aims to train employees to ensure they have all the resources they need before interacting with the network, to pause during network activity to ensure actions are going according to plan, and to confirm once complete that the intended result was achieved. Finally, network installation standards and requirements involve an annual review of Verizon Installation Procedure requirements, training on the Installation Procedure, and quality audits of installation and engineering jobs.

The fiber services of both Verizon and Frontier are known for their 99.9% reliability and high speeds. The technology that Verizon brings to its network results in fewer customer calls regarding service issues, and Verizon's tools ensure that more problems get resolved without dispatches.

Frontier has taken on a number of initiatives to improve service quality for its customers. Following the close of the Transaction, Verizon will conduct an in-depth audit of Frontier's fiber and copper networks and will implement some or all the measures described above, as needed, to align the networks with Verizon's standards, which will benefit Frontier customers in the California footprint. As part of this review, Verizon will determine how best to address Frontier's service quality and compliance with General Order 133's service metrics.

Q: What impact will the Transaction have on the service options and discounts available to Frontier's customers? [Nugent]

A: Following the close of the Transaction, many consumers in the Frontier territories, including customers in California, will be able to purchase for the first time a low-income broadband plan voluntarily made available by Verizon over Fios and other bundled plans, which Verizon offers to consumers throughout its footprint. Critically, similar plans and bundled service options are not offered to consumers by Frontier today. Post-Transaction, consumers in the Frontier territories will have access to the full range of Verizon service plans for which they are eligible. Verizon's plans provide a variety of speed and pricing choices for next-generation services, making affordable broadband available to all eligible consumers.

Q: What additional Verizon service offerings and benefits will become available to Frontier customers post-Transaction? [Nugent]

A: In addition to service reliability, the Transaction will extend Verizon's award-winning customer service and premium offerings to Frontier's customers. Indeed, Verizon's broadband services receive top ratings across multiple customer surveys.[11] For example:

- Verizon won J.D. Power awards for residential internet service provider customer satisfaction.[12]

[11] *See, e.g.,* Kelly Huh, Verizon Fios Internet Review: Customers Call It "Reliable" and "Smooth", REVIEWS.ORG (Sept. 12, 2024) https://www.reviews.org/internet-service/verizon-fios-internet-review/.

[12] Can You Reach Me Now? Wireless Internet Providers Certainly Can and with High Levels of Satisfaction, J.D. Power Finds, J.D. POWER (Oct. 10, 2024), https://www.jdpower.com/business/press-releases/2024-us-residential-internet-service-provider-satisfaction-study.

- For the period through September 2024 for the East region, Verizon ranked first in customer satisfaction for residential internet service and cable TV service.[13]
- Verizon was named the best gaming ISP for 2024 and is a ten-time winner of the fastest internet service provider award by PC Magazine.[14]
- Opensignal ranked Verizon Fios first for upload speed, download speed, service quality, and video quality.[15]
- Verizon Fios specifically was named to the 2025 Forbes Best Customer Service list, which honors the top 300 companies and brands that customers say best serve their needs across a variety of customer service categories.[16]
- Verizon was a finalist for the 2024 Reuters Events Customer Service Organization of the Year award, which honors an organization that has set new standards in customer service by implementing groundbreaking initiatives aimed at improving customer satisfaction and loyalty.

The Transaction will enable current Frontier customers, as well as any new customers in Frontier's California footprint, to enjoy this superior level of service going forward.

Q: What additional benefits will the Transaction create for low-income customers? [Nugent]

A: Verizon offers a voluntary, nationwide low-income pricing option, which greatly enhances the affordability of home internet service for eligible customers. This option—known as Verizon Forward—was launched in 2020 to help increase access to affordable and reliable broadband for economically disadvantaged consumers, and Verizon continues to offer the program to those who qualify. Post-Transaction, Verizon will offer Verizon Forward to more

[13] Satisfaction Higher among Live TV Streaming Customers, J.D. Power Finds, J.D. POWER (Sept. 26, 2024), https://www.jdpower.com/business/press-releases/2024-us-television-service-provider-satisfaction-study.

[14] Eric Griffith, *The Best Gaming ISPs for 2024*, PC MAG (Dec. 14, 2023), https: //www.pcmag.com/articles/the-best-gaming-isps-for-2024.

[15] Francesco Rizzato & Robert Wyrzykowski, USA Fixed Broadband Experience Report May 2023, Opensignal (May 23, 2023), https://www.opensignal.com/2023/05/23/usa-fixed-broadband-experience-report-may-2023.

[16] Alan Schwarz, *2025 Best Customer Service*, FORBES (Oct. 22, 2024), https://www.forbes.com/lists/best-customer-service/.

customers across California. In light of the sunset of federal funding for the Affordable Connectivity Program, which helped connect nearly twenty-three million households across the country, Verizon announced updates to Verizon Forward under which select plans are currently available for as low as $20 a month. Plans include:

- **Fios:** 300 Mbps at $20 per month for eligible residential customers who qualify for Verizon Forward.
- **5G Home and LTE Home:**[17] $20 per month for Verizon Forward customers who combine in-home wireless internet service with a postpaid mobile unlimited plan that includes 5G Ultra Wideband.

Unlike other providers' home internet assistance programs, which limit subscribers to slower speeds and fewer features than those offered to the general public, Verizon Forward offers subscribers the same service available to all customers. Eligible subscribers can choose the plan that works best for them and apply Verizon Forward's discounts and savings—all with no equipment charges or annual contracts.

Q: What impact will the Transaction have on the ability of Frontier's customers to personalize their services? [Nugent]

A: Frontier's current customers and any new customers in the Frontier-served areas of California will be able to further personalize their plans to best suit their needs. Verizon offers a variety of advanced, next-generation services that can be tailored or combined. For example, Verizon's myHome allows new and existing customers to select the plans that provide the best match for their requirements based on service and price. This feature is always available to Verizon customers, meaning customers can change their plan's components and features from month to month. The myHome program also offers a variety of Verizon and third-party subscription offerings at a discount compared to retail rates.

Following the Transaction, consumers in Frontier's territory in California will benefit from an opportunity to select the optimum combination of services for their individualized needs

[17] 5G Home is Verizon's 5G-based fixed wireless access service and LTE Home is Verizon's 4G LTE-based fixed wireless access service.

from an expanded menu of services. As a result, they will be able to enjoy the enhanced consumer choice and convenience that Verizon customers enjoy today.

Q: What pricing benefits will the Transaction have for Frontier customers? [Nugent]

A: Consumers in Frontier's territory in California will also benefit from consistent pricing. Frontier has commonly offered promotions that provide an incentive or low introductory rate for new customers for a specified period. In contrast, Verizon does not engage in extensive promotional pricing; rather, customers pay the same rates whether they are a new customer or an existing one.

Q: What benefits will the Transaction create with respect to the availability of bundled service offerings? [Nugent]

A: As noted above, Frontier does not have a mobile wireless offering and is thus at a competitive disadvantage to companies with more robust bundling options, including cable companies that offer mobile services through mobile virtual network operator agreements. Verizon's discounted bundles of home broadband, mobility, and other services will be extended to Frontier customers and any new customers in California, resulting in significant savings. For example, current Verizon customers with a qualifying Fios Home Internet plan can receive select 5G mobile plans for as little as $35 per line per month. Similarly, customers with a qualifying Verizon wireless mobile plan can receive Fios Home Internet starting for as low as $35 per month. Verizon customers can save up to $300 a year by bundling their in-home broadband and mobile wireless service plans. Indeed, Verizon offers one of the highest-rated internet and mobile bundles, according to industry experts.

Current Frontier customers and any new customers in California will benefit from added amenities and expanded choices. For example, several of Verizon's Fios fiber plans offer certain forms of Wi-Fi for free and exclusive third-party protection services, such as Cloud and Verizon Home Device Protect. In addition, depending on their plan and continued availability, Frontier customers will have new content service choices—currently, the third-party content choices under Verizon's myHome program include Apple One; a Disney bundle including Disney +, Hulu, and ESPN +; Netflix; Max; and YouTube premium as well as a Walmart + membership option.

Q: Will the change in control resulting from the Transaction result in any inconveniences to Frontier's customers? [Nugent]

A: No. Because the proposed change in control does not require any customer migration, the Transaction will be seamless for Frontier's customers.[18] Customers will continue to receive high-quality communications services without interruption, and by the nature of the Transaction, Frontier will continue to be bound by all of its regulatory obligations and all of its contracts, including wholesale contracts with other providers and retail contracts with business customers.

C. CUSTOMERS WILL BENEFIT FROM VERIZON'S MANAGEMENT. [VASINGTON]

Q: Will Verizon maintain or improve the quality of management of Frontier's California operating subsidiaries?

A: Yes. As the Commission is aware, Verizon is a holding company whose subsidiaries are among the world's leading providers of communications, technology, information, and entertainment products and services to consumers, businesses, and government entities. Verizon has an established track record of delivering best-in-class in-home broadband service, including Fios and 5G Home broadband.

California customers will benefit from Verizon's experienced management team. Verizon's Executive Leadership Team has the skills and experience to oversee this Transaction and successfully integrate the Frontier companies into the Verizon network. Verizon's Executive Leadership Team includes: Hans Vestberg (Chairman and CEO), Sowmyanarayan Sampath (Executive VP and CEO Verizon Consumer Group), Kyle Malady (Executive VP and CEO Verizon Business Group), Shankar Arumugavelu (Executive VP & President of Verizon Global Services), Leslie Berland (Executive VP & Chief Marketing Officer), Samantha Hammock (Executive VP & Chief Human Resources Officer), Joe Russo (Executive VP & President of Global Networks and Technology), Stacy Sharpe (Executive VP & Chief Communications Officer), Tony Skiadas (Executive VP & Chief Financial Officer), and Vandana Venkatesh (Executive VP & Chief Legal Officer). This senior management team is supported by a larger group of professionals, including regional, state and local managers.

[18] Verizon is acquiring all of Frontier and thus all of Frontier's back office systems. Not having to transition customers to new systems at closing will facilitate a seamless experience for Frontier customers.

D. THE TRANSACTION WILL PROVIDE CONTINUITY FOR FRONTIER'S EMPLOYEES. [VASINGTON/SULLIVAN]

Q: What will be the impact of the Transaction on Frontier employees? [Vasington]

A: The Transaction will provide continuity for Frontier's employees, including the technicians that work on Frontier's network. Verizon has a longstanding relationship and demonstrated experience working with the Communications Workers of America and the International Brotherhood of Electrical Workers, which represent employees at Verizon and Frontier. Verizon will honor Frontier's collective bargaining agreements covering Frontier's unionized workforce in California. For employees who are not represented by unions, Verizon has agreed, for no less than one year following the Transaction's effective date, to maintain and provide the following: (i) base salary or wage rate, target annual cash bonus or commission-based opportunity, and target equity award opportunity, in each case, that are no less favorable than what was provided by Frontier; (ii) qualifying severance benefits for qualifying separations that are no less favorable than the severance benefits in place at Frontier; and (iii) benefits plans and arrangements that are no less favorable in the aggregate than what was provided by Frontier (other than defined benefit pension, supplemental retirement, post-retirement medical and life, and deferred compensation benefits).

Q: Please describe Verizon's worker safety program. [Sullivan]

A: Verizon maintains a comprehensive and robust safety program applied to both copper and fiber facilities that proactively addresses work environments and their potential hazards. Verizon's Environment, Health, and Safety department has earned ISO 14001 (environmental) and 45001 (health and safety) certifications for its environment, health, and safety management system. Verizon's commitment to safe and environmentally responsible work practices extends to the suppliers who provide services and products to Verizon, who must go through a robust assessment and screening process.

Q: Please describe Verizon's training programs. [Sullivan]

A: Verizon offers best-in-class training for its technicians, including instructor-led courses that are aligned with industry best practices for broadband builds and maintenance of facilities. The program includes 13 mobile classroom labs that can be moved to where learners are located and employs an "experiential learning approach," allowing learners to develop skills with

maximum retention by performing the job during training that mirrors the on-the-job experience in detailed learning laboratories. Verizon's Reliability Matters training aims to train employees to ensure they have all the resources they need before interacting with the network, to pause during network activity to ensure actions are going according to plan, and to confirm once complete that the intended result was achieved. Finally, network installation standards and requirements involve an annual review of Verizon Installation Procedure requirements, training on the Installation Procedure, and quality audits of installation and engineering jobs.

E. THE TRANSACTION WILL BE FAIR AND REASONABLE TO VERIZON'S AND FRONTIER'S SHAREHOLDERS. [VASINGTON]

Q: Will the Transaction be fair and reasonable to Verizon's and Frontier's shareholders?

A: Yes. The Transaction will strengthen Frontier's networks, improve service quality, expand consumer choices, and increase ties with local communities that Frontier supports. Verizon's and Frontier's boards of directors have concluded that the Transaction is in the interest of the shareholders and of the respective companies. And the shareholders of Frontier approved the Transaction on November 13, 2024.[19]

F. THE TRANSACTION WILL BENEFIT THE LOCAL ECONOMIES SERVED BY FRONTIER'S OPERATING COMPANIES IN CALIFORNIA. [VASINGTON]

Q: As a national company, how will Verizon ensure that it continues to serve local communities?

A: As Verizon acquires Frontier's operations, it will bring its local focus and track record of good corporate citizenship and investing in the communities in which it operates to wireline services and potential customers in the Frontier territories. Specifically, Verizon regularly invests in education and small business in the communities in which it operates, with a focus on bridging the digital divide and supporting the public safety community. This commitment was evident during the tragic fires in Southern California earlier this month. Verizon took numerous steps to support the hardest hit communities, including offering customers in the hardest hit areas unlimited call/text/data, deploying a Wireless Emergency Communication Center for public use,

[19] *Frontier Stockholders Approve Acquisition by Verizon*, FRONTIER (Nov. 13, 2024), https://investor.frontier.com/news/news-details/2024/Frontier-Stockholders-Approve-Acquisition-by-Verizon/default.aspx.

providing free Wi-Fi and charging stations for public use in several locations, including in its retail stores, and supporting first responders by deploying numerous Verizon Frontline Crisis Response team resources. In addition, the Verizon Foundation provided a donation of $500K to the Los Angeles Fire Department Foundation to supply LAFD firefighters with essential tools, and another $500K to the American Red Cross to assist with shelters and other disaster relief. The company has also developed numerous innovative public safety tools to benefit these communities not only in times of crisis, but also to address day-to-day public safety challenges. Verizon has invested millions in these areas in a variety of programs to create a better environment for its customers and employees. It plans to follow this practice in the communities within the Frontier footprint post-Transaction.

Q: Can you provide some examples?

A: Verizon works with nonprofit partners and edtech leaders on the Verizon Innovative Learning initiative with a goal of reaching 10 million youth with digital skills training by 2030. Verizon also offers a free online curriculum for small business owners called Small Business Digital Ready, which includes courses, expert coaching, peer networking, and exclusive incentives and grant opportunities for small businesses.

In addition, Verizon has established a formal volunteer program for employees and has committed to volunteer over 2.5 million hours by end of year 2025 to support communities across the country. Since 2019, Verizon employees have volunteered over 2.4 million hours, including 85,000 hours in California.

Q: Will there be any changes to Frontier's California Operating Subsidiaries' participation in California's public purpose or universal service programs following consummation of the Transaction?

A: No. The Transaction will not change the California Operating Subsidiaries' participation in these programs, including the CASF (and its FFA component), the California High-Cost Fund-B, the California Teleconnect Fund, the California LifeLine Program, and the California Deaf & Disabled Telecommunications Program.

Q: Does Verizon apply the principles and goals of the Commission's Environmental and Social Justice Action Plan, and will approval of this transaction further those goals?

A: Yes. Following close of the Transaction, Verizon will further the principles and goals of the Commissions' Environmental and Social Justice Action Plan. The Transaction will help ensure that Frontier's current planned buildout is completed (if not otherwise completed by Frontier by closing) and provide financial resources to consider future fiber deployment. This includes in rural and low-income areas. Further, fiber consumers in the Frontier territories will have access to the full range of Verizon service plans, for which they are eligible, as well as Verizon's low-income plan. Verizon also plans to bring its local focus and track record of good corporate citizenship and investing in the communities in which it operates to wireline services and potential customers in the Frontier territories. For example, in collaboration with our national non-profit partner Digital Promise, the Verizon Innovative Learning program equips each student and teacher at select Title I middle and high schools across America with a device and up to a four-year data plan and provides students without reliable home internet access with a mobile hotspot. The market value of the Verizon Innovative Learning program's donation is on average more than $2.3 million per school. Verizon Innovative Learning has reached more than 1.3 million students since 2012 and in California, there are 63 Title I middle and high schools participating in the program, reaching over 44,000 students.

Verizon's commitment to achieving environmental and social justice goals is best expressed by a message in our 2023 ESG Report from our Chairman and CEO, Hans Vestberg. He said:

> At Verizon, running our business responsibly is the foundation of our strategy, driving long-term financial success by building a more sustainable future for our shareholders, customers, employees and society. Operating as a responsible business is essential to earning our customers' trust and building a world class brand. By championing digital responsibility and inclusion, promoting diversity, mitigating climate risk and creating meaningful work for our employees, we are forging a purpose-driven and resilient business, with long-term growth and strong financial stability. Citizen Verizon, our company-wide responsible business plan, is an investment in the communities we serve that helps our customers today and builds our customer base for tomorrow.[20]

Q: You described earlier Verizon's low-income service plans and education-related initiatives, which promote digital inclusion. Please provide examples of Verizon's commitment to protecting the environment.

[20] Verizon ESG Report 2023, at 5, https://www.verizon.com/about/investors/esg-resources-hub.

A: Verizon's commitment to support sustainable deployment, materials, and continuing operations is best demonstrated by our actions we already have taken to achieve operational net zero emissions. Because most of our operational carbon footprint comes from the electricity that we use to power our networks, our path to operational net zero is focused on two key drivers: 1) maximizing the energy efficiency of our networks and facilities; and 2) transitioning to renewable energy.

Improving Energy Efficiency. As Verizon migrates some copper-based services to fiber technologies, we decommission switches and activate newer intelligent edge network platforms. Our fiber-delivered broadband services are at least 100 times more efficient on a kilowatt hour (KwH) per gigabyte basis than copper-delivered broadband services. Other energy efficiency initiatives include:

- *Network cooling*. Verizon implements interventions to reduce overall site energy usage, such as upgrading cooling systems with "free cooling" economizers that bring outside air in when it is cooler outside. We also deploy artificial intelligence ("AI") solutions across a number of technical network facilities to enhance cooling system capacity and telecommunications equipment capabilities.

- *Data centers*. Verizon data centers leverage the full range of environmental tolerances allowed by most server, storage, and network hardware suppliers, enabling us to implement energy-saving practices such as free cooling, waterside economizers, evaporative cooling, aisle containment, and passive exhaust. We also leverage the full limits of our power and cooling infrastructure by monitoring and managing the power demand profile at each layer of distribution. In some locations, we use machine learning algorithms to support energy conservation.

- *Administrative and technical buildings*. Verizon is proud to partner with the U.S. Environmental Protection Agency (EPA) ENERGY STAR program by pursuing ENERGY STAR certification for 100% of our eligible facilities. We have achieved 668 ENERGY STAR certifications for our properties since 2001 by implementing new retail store designs, upgrading with LED lighting, maintaining space temperatures, improving building controls, and managing equipment maintenance routines. For the 10th consecutive year, the EPA named Verizon an ENERGY STAR Partner of the Year and

again recognized us with a Sustained Excellence designation. Additionally, Verizon has completed 359 LEED-certified projects since 2009.

- *Fleet*. Verizon's fleet includes hybrid light-duty pickup trucks and vans. We have purchased many small bucket trucks and outfitted them with battery systems to drive the aerial lift equipment, thus minimizing combustion engine idling. We have also downsized many of the engines in replacement vans and recalibrated software in older vans to improve fuel economy. Verizon is also developing remote-based solutions to reduce the number of fleet vehicle dispatches to customer premises.

Transitioning to Renewable Energy. In 2021, Verizon joined the Clean Energy Buyers Association to support the transition to a cleaner, more prosperous, zero-carbon energy future. To achieve our interim renewable energy targets and long-term operational net zero goal, we are helping to accelerate the transition to greener electrical grids. The Verizon companies are working to bring additional renewable energy to the grids by entering into long-term power purchase agreements for solar and wind power under development.

- *Green financing*. Verizon is one of the largest corporate green bond issuers in the country. Our green bond program is instrumental to company efforts to meet our interim renewable energy targets and long-term operational net zero goal. As of June 2024, the company had issued a total of $6 billion in green bonds and allocated the net proceeds primarily to virtual power purchase agreements for new renewable energy projects.

G. THE PROPOSED TRANSACTION WILL NOT ALTER THE COMMISSION'S JURISDICTION OVER THE CALIFORNIA OPERATING SUBSIDIARIES. [VASINGTON]

Q: Will the Transaction impact the Commission's authority over Frontier's regulated subsidiaries currently operating in California?

A: No. Frontier's three California ILECs will remain subject to the Uniform Regulatory Framework after the Transaction, and Frontier's two long distance companies in California will remain subject to the limited regulations applicable to California interexchange carriers.

Q: Will there be any changes to Verizon's regulatory responsibilities in California?

A: No, Verizon and its subsidiaries will continue to conduct business in California in accordance with all applicable laws, rules, and Commission orders. Upon completion of the

Transaction, the California Operating Subsidiaries' will retain all of their various authorities to offer incumbent and competitive local exchange and interexchange services, ETC designations, Carrier of Last Resort ("COLR") obligations, and all other applicable regulatory certifications.

Q: Will these entities continue to meet COLR obligations under Verizon's ownership?

A: Yes. Verizon will continue to provide basic voice telecommunications services under Frontier's California Operating Subsidiaries' existing certifications and will meet applicable COLR and other obligations associated with the public purpose and universal service programs.

H. MITIGATION MEASURES ARE NOT NEEDED. [VASINGTON]

Q: Will mitigation measures be necessary under Section 854(c)(8)?

A: This Transaction will result in no adverse consequences to customers, employees, shareholders, or the public in California; thus, no mitigation measures are necessary in order for the Commission to find that the Transaction is in the public interest.

V. THE PROPOSED TRANSACTION WILL NOT ADVERSELY AFFECT COMPETITION. [VASINGTON]

Q: Will this Transaction adversely impact competition?

A: No. Verizon and Frontier do not materially compete and have no plans to do so in California. Verizon is not an ILEC anywhere in California, and it does not operate any ILECs in California. Frontier is not a mobile wireless carrier anywhere in California.

Q: What impact will the Transaction have on competition for services offered by companies other than ILEC and wireless operations?

A: There are some overlaps of fiber facilities for non-mass-market uses, such as Verizon's deployment of fiber facilities in some portions of Frontier's territory used to support Verizon's wireless network and to serve a small number of business customers.

According to the most recent FCC Voice Telephone Services Report, as of December 31, 2023, there were 6,111,000 business and government-grade lines in California.[21] Verizon's existing California-based business providers, doing business as Verizon Business, together

[21] FCC, Voice Telephone Services: Status as of December 31, 2023 (rel. November 2024), State-Level Subscriptions, Table S1, available at: https://www.fcc.gov/voice-telephone-services-report.

represented roughly 256,700 of those lines across California, or just under four percent of the total. Verizon's subsidiary, MCImetro Access Transmission Services LLC filed to discontinue small business and residential services across the country, including in California, and the Commission recently approved its discontinuance of such service.[22] As discussed above, on the mobile wireless front, post-Transaction the combined company will be able to offer a bundle of home broadband and mobile wireless services, which will benefit California customers in the Frontier service territory. Verizon will continue to make mobile wireless service available to customers in Frontier's territory, as well as offer fixed wireless in parts of Frontier's territory. Other wireless providers are also aggressively competing with their own mobile and fixed wireless options.

Consequently, not only will the Transaction not result in a reduction in the number of competitors or eliminate the possibility of a future new competitor in any Frontier service area, but it will also permit greater competition in the increasingly popular bundled offering.

Q: Please summarize the competitive impact of the Transaction.

A: The Transaction does not pose any threat of competitive harm. Dr. Aron provides economic analysis and additional evidence supporting this conclusion in her testimony. Indeed, the financial strength, product depth, capital resources, and unparalleled technology, tools and training that Verizon will bring to the Frontier territory will enhance competition in California and increase the choices available to customers in the state.

Q: Cal Advocates, in their protest, state, "Joint Applicants claim that the Proposed Transaction will not adversely impact competition because Verizon is not an ILEC in California and Frontier is not a mobile provider in California. However, this neglects the competitive pressure that Verizon's fixed wireless access broadband product could bear on Frontier's broadband Products." (Cal Advocates Protest at 16). Please describe Verizon's Fixed Wireless Access broadband product.

A: FWA is a type of 5G or 4G LTE wireless technology that enables fixed-location broadband access using radio frequencies for "last mile" connectivity instead of cables (e.g.,

[22] D.25-01-009. Verizon's operating subsidiaries currently do not offer broadband services to residential or small business customers.

fiber-optic, copper twisted-pair, and copper coaxial cable). FWA can be used to connect homes and businesses to the internet. Verizon offers FWA to eligible locations across the country using either 5G wireless (Verizon 5G Home) or 4G-LTE wireless (Verizon LTE Home).

FWA systems typically consist of a base station on a pole, building, or tower connected to a fiber backhaul network and a number of subscriber units spread out over a wide area. The base station then uses radio waves to communicate with the subscriber units, making it possible for consumers to connect to the fixed network and access high-speed data services. Contrast this with wired broadband, which requires a wired connection running from the backbone network all the way to the customer's location. Verizon offers its FWA service to locations in areas where it has sufficient capacity on its wireless network. Verizon engineers and plans its wireless network for mobility services, but there are areas where we have excess capacity (i.e., beyond capacity needed for expected mobility demand), and we are able to offer FWA to customer locations in these areas.

Q: How does Verizon determine the availability of FWA?

A: As described earlier, Verizon plans and engineers its wireless network for mobility, and FWA is a secondary business case that uses excess capacity available from the mobile network. In order to determine where FWA is available, Verizon first determines its coverage area from a base station that has excess capacity, which includes every location within the area served by that base station. Then Verizon determines which locations are "open for sale," which means that the location meets all criteria for qualification, including minimum signal threshold. The final criteria is "total capacity," which is the total number of FWA subscribers that the network can support from that node. Capacity changes in real time as customers churn off the network, Verizon builds new sites, or makes site adjustments. Base stations do not have the same amount of capacity; they depend on several factors, such as spectrum availability, backhaul, subscriber locations, etc. Some can support 40-50 customers; some may be 10-15 customers. As subscribing customers are added in a given area, the availability changes and may even close if the total capacity is filled. The availability and capacity of Verizon's FWA services may change over time as Verizon deploys more radio frequency spectrum, base stations, and backhaul facilities, and more customers subscribe to the service.

Q: Does Verizon price its FWA and Fios services differently in specific geographic regions or for specific customer groups?

A: No. The price for each specific FWA and Fios plan that Verizon offers is the same for all customers across the country.[23]

Q: How many FWA subscribers does Verizon have in California?

A: As of December 1, 2024, Verizon had **[BEGIN CONFIDENTIAL ("BC")]** [redacted] **[END CONFIDENTIAL ("EC")]** FWA subscribers at nonresidential locations and **[BC]** [redacted] **[EC]** FWA subscribers at residential locations in California. These figures are statewide, not just in Frontier's territory. This is a small number when compared to the total number of broadband connections in California. In the most recent CPUC Fixed Broadband Adoption Report, with data as of December 31, 2021, there were 8,892,028 broadband connections statewide. Dr. Aron describes the overall broadband market in Frontier's territory in her testimony.

Q: Is Cal Advocates correct to be concerned about "the competitive pressure that Verizon's fixed wireless access broadband product could bear on Frontier's broadband Products"?

A: No. Dr. Aron explains in her testimony why, as an economist, she concludes that there is no reason to be concerned about the impact of this Transaction on competition for Frontier's broadband services. Frontier customers have many options for broadband service. Verizon's FWA is a small, albeit growing, part of the broadband market in the state, but its growth is necessarily limited by the extent of excess capacity in the Verizon mobile wireless network. After the Transaction, Verizon's FWA will continue to be available to many customers in Frontier's service territory, as it is today for many customers in Verizon's current ILEC territories. FWA is a compelling alternative for many customers in copper-served areas (i.e., those served with DSL over copper telephone lines or copper coaxial cable modem service), whether those customers are Verizon customers or not. That will not change due to the Transaction. There is only a positive impact on broadband competition from this Transaction, as

[23] The only exception to this is in the state of New York, which requires broadband providers to offer a low-income service at a specific price.

Verizon will be more capable of improving and expanding Frontier's network over time, enhancing competition with other providers.

Q: Cal Advocates also says that "[t]o the extent that Frontier's wholesale network access customers currently compete with Verizon, the acquisition could impact the ability of those customers to compete after existing agreements expire." (Cal Advocates Protest at 16) Is this a valid concern?

A: Not at all. It ignores Verizon's long history as a wholesale provider facilitating competition in its ILEC areas and nationally, including formerly in the Frontier California territories that it used to operate. Verizon has extensive experience as a wholesaler operating under regulatory mandates as well as voluntary commercial arrangements, and competition has flourished in geographic and product markets where Verizon operates both as a retailer and as a wholesale supplier to its retail competitors. The same will be true in the Frontier ILEC territories after the Transaction.

As an ILEC, Verizon and its predecessor companies have been and are subject to federal and state laws and regulations applicable to such entities, including interconnection and unbundling requirements under sections 251 of the Communications Act of 1934, as amended, and related wholesale requirements. This is true today for the nine states and the District of Columbia where Verizon is an ILEC, and it was true in the past for other states where Verizon was an ILEC, including the states where Verizon transferred its operations to Frontier and other entities. Frontier operates several ILECs in California, and, under Verizon's parent ownership, these ILECs will continue to be subject to the wholesale regulatory obligations that apply to them in California, including any interconnection agreements. Therefore, there is no reason to suppose or assume that there will be any harms to competition arising from the Transaction. This is particularly true given Verizon's history of operating successfully as a wholesale provider in areas where there is no regulatory compulsion or control.

Q: Why do you believe that Verizon's operational history eliminates concerns about competition for wholesale service?

A: For many years, Verizon has voluntarily offered services to its retail competitors as a commercial opportunity. For example, when some regulatory unbundling arrangements that provided resale opportunities were ended more than twenty years ago, Verizon developed a

commercial product called Wholesale Advantage, which "is a bundle of loop, switching, and enhanced features such as Voice Mail, offered through a commercially negotiated agreement between Verizon and a CLEC."[24] CLECs have been successfully competing with Verizon in its ILEC territory using Wholesale Advantage for more than twenty years. Verizon also sells backhaul connections for cell sites used by wireless network competitors, including AT&T and T-Mobile.

Also, as a wireless network provider, Verizon voluntarily offers commercial wholesale arrangements to mobile virtual network operators ("MVNOs"). MVNOs are resellers of wireless network capacity; they do not own or operate wireless networks. Verizon is a network provider to a number of MVNOs, including cable companies, who are among our largest competitors for retail services.

Q: What does Verizon's experience as a wholesale provider and the structure of this Transaction lead you to conclude about Cal Advocates' concerns related to this issue?

A: Cal Advocates concerns are unfounded because Verizon has a long and successful history as a wholesale provider facilitating competition. This is true for both regulated and commercial wholesale arrangements. After the Transaction with Verizon, Frontier's wholesale business will continue, and Verizon will ensure continued compliance with all related requirements.

Q: Joint Commenters state in their protest that "... it appears that both Verizon and Frontier offer wholesale services and business services as well." (Joint Commenters Protest at 11). Are there any concerns about wholesale or business competition?

A: Wholesale issues are discussed above and in Dr. Aron's testimony. In terms of business competition, Dr. Aron also is addressing the issue and finds that there are no concerns about the competitive impact of this Transaction on those services and customers. Here is a brief summary of Verizon's service to business customers, nationally and in California.

Verizon Business Group offers service to enterprise (i.e., large business and government) customers in some Frontier territories, but this is not a significant level of competition. First,

[24] *See* Ordering Local Services, VERIZON BUSINESS, https://www22.verizon.com/wholesale/local/order/services/wholesale-advantage.html (last visited Jan. 24, 2025).

Frontier does not heavily focus on what Verizon considers to be enterprise customers. Frontier defines enterprise customers as businesses with 30-200 full-time employees, while Verizon defines enterprise customers as those that have (a) $1 billion turnover; or (b) 25 locations and 500 employees, and (ii) buys at least $600,000 of service from Verizon.

Verizon Business Group serves customers in **[BC]** ■ **[EC]** "lit buildings"[25] in Frontier's territory in California. The buildings that Verizon serves are locations for national and international enterprise customers who have locations in many areas—they are not the product of Verizon targeting or marketing to specific customer locations in Frontier areas.

Dr. Aron provides a further evaluation of facts related to business service competition in her testimony.

VI. SCOPING MEMO QUESTIONS.

Verizon provides the following responses to questions 1-25 as directed by the Assigned Commissioner Scoping Memo in this proceeding.[26]

Q: 1. Does the proposed transaction provide short-term and long-term economic benefits to customers? [Vasington]

A: Yes, this Transaction will generate significant short-term and long-term economic benefits for California ratepayers. As Mr. Nugent explains above,[27] following the close of the Transaction, Verizon will offer its service plans to many current Frontier customers. Critically, this includes a national low-income broadband plan and bundled service options not offered by Frontier today. Post-Transaction, consumers in the Frontier territories will have access to the full range of Verizon service plans for which they are eligible. Verizon's plans provide a variety of speed and pricing choices for next-generation services. Additional service plan options that will be available to eligible consumers in the Frontier footprint following the Transaction are detailed below.

[25] A "lit building" is one in which the Verizon Business Group has fiber connected to electronics for enterprise services.

[26] *See* Assigned Commissioner Scoping Memo and Ruling Requesting Additional Information and Ruling on Oral Motion at 6-8.

[27] *See infra* at Section IV(B).

For example, unlike Frontier, Verizon offers a voluntary, nationwide low-income pricing broadband option, which greatly enhances the affordability of home internet service for eligible customers.[28] This plan—known as Verizon Forward[29]—was launched in 2020 to help increase access to affordable and reliable broadband for economically disadvantaged consumers, and Verizon continues to offer the program to those who qualify.[30] Post-Transaction, Verizon will offer Verizon Forward to Frontier fiber wireline customers in California. In light of the sunset of federal funding for the Affordable Connectivity Program ("ACP"), which helped connect nearly 23 million households across the country, Verizon announced updates to Verizon Forward under which select plans are currently available for as low as $20 a month. Plans include:

- Fios: 300 Mbps at $20 per month for eligible residential customers who qualify for Verizon Forward and Lifeline.
- 5G Home/LTE Home: $20 per month for Verizon Forward customers who combine in-home wireless internet service with postpaid mobile unlimited plan that includes 5G Ultra Wideband.

Unlike many other providers' home internet assistance programs, which limit subscribers to slower speeds and fewer features than those offered to the general public, Verizon Forward offers subscribers the same service available to all customers. Eligible subscribers can choose the plan that works best for them and apply Verizon Forward's discounts and savings—all with no equipment charges or annual contracts.

Current Frontier customers and any new customers in the Frontier territories in California will be able to further personalize their broadband plans to best suit their needs. Verizon offers a variety of advanced, next-generation services—including Verizon mobility and fixed in-home

[28] Frontier does offer federal and state Lifeline broadband service discounts. In California, Frontier also previously offered and has continued to make available to existing customers two broadband plans to qualifying low-income households, identified as Frontier Fundamental Simply Internet and Affordable Broadband.

[29] How Verizon Forward Works, VERIZON, https://www.verizon.com/discounts/verizon-forward/ (last visited Jan. 24, 2025).

[30] New York State issued a report last month that showed Verizon is the only major provider voluntarily offering a low-income plan. *See* DPS Issues Report on Low-Income Internet Accessibility in New York State, NEW YORK DEPARTMENT OF PUBLIC SERVICE (Sept. 24, 2024), https://dps.ny.gov/news/dps-issues-report-low-income-internet-accessibility-new-york-state.

broadband plans—that can be tailored or combined. For example, Verizon's myHome allows new and existing customers to select the plans that provide the best match for their requirements based on service and price. This feature is always available to Verizon customers, meaning customers can change their plan's components and features from month to month. The myHome program also offers a variety of Verizon and third-party subscription offerings at a discount compared to retail rates. Following the Transaction, consumers in the Frontier California territories will benefit from an opportunity to select the optimum combination of services for their individualized needs from an expanded menu of services. As a result, they will be able to enjoy the enhanced consumer choice and convenience that Verizon customers enjoy today.

Current Frontier customers and any new customers in the Frontier territories in California will also benefit from consistent pricing. Frontier has commonly offered promotions that provide an incentive or low introductory rate for new customers for a specified period. By contrast, Verizon does not engage in extensive promotional pricing; rather, customers pay the same rates whether they are a new customer or an existing one. Additionally, Frontier does not have a mobile wireless offering and is thus at a competitive disadvantage to companies with more robust bundling options, including cable companies that offer mobile services through mobile virtual network operator agreements. Verizon's discounted bundles of home broadband, mobility, and other services will be extended to Frontier customers and any new customers in the Frontier territories, resulting in significant savings. For example, current Verizon customers with a qualifying Fios (Fiber Optic Service) Home Internet plan can receive select 5G mobile plans for as little as $35 per line per month. Similarly, customers with a qualifying Verizon wireless mobile plan can receive Fios Home Internet starting for as low as $35 per month.[31] Verizon customers can save up to $300 a year by bundling their in-home broadband and mobile wireless service plans.[32] Indeed, Verizon offers one of the highest-rated Internet and mobile bundles, according to industry experts.[33]

[31] *See* Mobile + Home Discount (Fios) FAQs, VERIZON, https://www.verizon.com/support/mobile-home-discounts-faqs/#bothsvcs (last visited Jan. 24, 2025).

[32] *See id.*

[33] Best Internet and Mobile Bundles of 2024, CNET, https://www.cnet.com/home/internet/best-internet-and-mobile-bundles/ (last visited Jan. 24 2025).

Frontier customers and any new customers in the Frontier territories will benefit from added amenities and expanded choices. For example, several of Verizon's Fios fiber plans offer certain forms of Wi-Fi for free and exclusive third-party protection services, such as Cloud and Verizon Home Device Protect. In addition, depending on their plan, and continued availability, Frontier customers will receive better content choices—currently, the third-party content choices under Verizon's myHome program include Apple One; a Disney bundle including Disney +, Hulu, and ESPN +; Netflix; Max; and YouTube premium; as well as a Walmart + membership option.[34]

Further, because the proposed change in ownership will occur at the holding company level and does not require any customer migration, the Transaction will be seamless to Frontier's customers.[35] Customers will continue to receive high-quality communications services without interruption, and by the nature of the Transaction, Verizon will assume all of Frontier's contracts, including wholesale contracts with other providers and retail contracts with business customers. Finally, as described below, Verizon will utilize its innovative tools and technology to further improve Frontier's network reliability by deploying systems that aim to identify network problems on a prospective basis and resolve them rapidly if they do occur. Please see my testimony in Section V above for additional information.

Q: 2. Does the proposed transaction adversely affect competition? [Vasington]

A: Section 854(b)(3) requires the Commission to find that the Transaction does not "adversely affect competition."[36] In analyzing the effect on competition, the Commission must consider only the effects on competition that would result from the Transaction. Related to this question, the Commission is also required by Section 854(b)(3) to request an advisory opinion from the California Attorney General regarding the Transaction's effect on competition. The Transaction will not adversely affect competition.

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[34] *See* Stevie Rosignol-Cortez, How Verizon is Bundling Streaming Services to Win Customers, BARRON'S (Oct. 11, 2024), https://www.barrons.com/articles/verizon-stock-ceo-netflix-max-disney-bundle-2900fb51.

[35] Verizon is acquiring all of Frontier and thus it will have access to all of Frontier's back office systems. Not having to transition customers to new systems at closing will facilitate a seamless experience for Frontier customers.

[36] Pub. Util. Code § 854(b)(3).

Verizon is not an incumbent local exchange carrier anywhere in California, and Frontier is not a mobile wireless carrier anywhere in California. Therefore, this Transaction will not reduce competition.

There are some overlaps of fiber facilities for non-mass-market uses, such as Verizon's deployment of fiber facilities in some portions of Frontier's territory used to support Verizon's wireless network and to serve a small number of business customers. However, those facilities' overlaps are not related to fiber-to-the-premises facilities serving everyday customers. In fact, several overlaps result from Verizon serving national or global customers who happen to have an office in these locations, rather than Verizon targeting these locations. According to the most recent FCC Voice Services Report, as of June 2022, there were 6.7 million business and government-grade lines in the state of California. Verizon's existing California-based business providers, doing business as Verizon Business, together represented roughly 256,700 of those lines across California, including those portions of the state outside the Frontier footprint, or just under 4 percent of the total. The FCC has not issued any updated reports since last year, but Verizon's most recent submission of data to the FCC shows that Verizon Business lost over 50,000 lines over the past two years and now has a total of 205,212 lines. Moreover, the Commission recently granted MCImetro Access Transmission Services' request to discontinue residential and small business local exchange telephone services in California pursuant to Application 23-10-002.[37] As such, any overlap is *de minimis*.

On the mobile wireless front, after the Transaction is complete, Verizon will be able to offer a bundle of home broadband and mobile wireless services to Frontier fiber customers—an offering Frontier is unable to make today. Following the Transaction, Verizon will continue to make mobile wireless service available to customers in Frontier's territory, as well as continue to offer fixed wireless in parts of Frontier's territory. 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. Please see my testimony in Section V above for additional information.

[37] *See* A.23-10-002, Application of MCImetro Access Transmission Services LLC (U-5253-C) to Discontinue Local Exchange Service (Oct. 2, 2023); D.25-01-009.

Q: 3. How will the proposed transaction impact competition for services currently provided by either of the applicants in any geographic area? How will the proposed transaction impact competition for services anticipated to be provided by the applicants, if any, in any geographic area? [Vasington]

A: The Transaction will not impact competition for services currently provided by either of the applicants in any geographic area. Please see my testimony in Section V above for additional information.

Q: 4. Does the proposed transaction maintain or improve the financial condition of the resulting public utility doing business in the state? [Vasington]

A: Yes. Please see my testimony in Section IV.A above.

Q: 5. Does the proposed transaction maintain or improve the quality of service to public utility customers in the state? [Sullivan]

A: Yes. Please see my testimony in Section IV.B above.

Q: 6. Does the proposed transaction maintain or improve the quality of management of the resulting public utility doing business in the state? [Vasington]

A: Yes. Please see my testimony in Section IV.C above.

Q: 7. Is the proposed transaction fair and reasonable to affected public utility employees, including both union and nonunion employees? [Vasington]

A: Yes. Please see my testimony in Section IV.D above.

Q: 8. Is the proposed transaction fair and reasonable to the majority of all affected public utility shareholders? [Vasington]

A: Yes. Please see my testimony in Section IV.E above.

Q: 9. 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? [Vasington]

A: Yes. Please see my testimony in Section IV.F above.

Q: 10. 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? [Vasington]

A: Yes. Please see my testimony in Section IV.G above.

Q: 11. Does the proposed transaction provide mitigation measures to prevent significant adverse consequences that may result? If so, what should those conditions or measures be? What mechanisms should the Commission use to enforce mitigation conditions or measures? [Vasington]

A: No. There are no adverse consequences, and thus no need for prevention or mitigation or related enforcement mechanisms. Please see my testimony in Section IV.H above.

Q: 12. What impacts would the proposed transaction have on environmental and social justice communities? [Vasington]

A: Verizon has a strong corporate commitment to improving the environment and social justice. Please see my testimony in Section IV.F above for additional information. Also, in her testimony, Ms. Ellis for Frontier notes that Frontier has won CASF grants that impact environmental and social justice communities. Verizon is committed to meeting the requirements of those (and all other) grants that Frontier has been awarded.

Q: 13. Would approval of the transaction affect the achievement of any of the nine goals of the Commission's Environmental and Social Justice Action Plan? [Vasington]

A: Yes. The Transaction is consistent with the principles and goals of the Commission's Environmental and Social Justice Action Plan, and specifically promotes achievement of Goals 2, 3, 4, and 7. Please see my testimony in Section IV.F above for additional information.

Q: 14. Before the approval of any transactions, does Frontier have unmet compliance obligations, pursuant to prior Commission decisions? If so, how should the Commission ensure that these obligations are met in the future?

A: Please see Testimony of Allison M. Ellis at page 24.

Q: 15. What public benefits will be realized as a result of the proposed transaction? [Vasington]

A: The Transaction is in the public interest and will deliver significant benefits to Frontier's current and future customers in California. Please see the testimony in Section IV above.

Q: 16. Are there any additional commitments the Joint Applicants should be required to meet, including additional investments in California, as part of this transaction? [Vasington]

A: No. The Transaction will result in significant benefits for California consumers and there are no negative impacts requiring mitigation. Additional commitments are not required as part of this Transaction. Please see my testimony in Section IV.H above.

Q: 17. What compliance methods should the Commission use to ensure the Joint Applicants meet any commitments required as a condition of approval of this transaction, including investments in California? [Vasington]

A: No commitments are required as a condition of approval of this Transaction. Please see my testimony in Section IV.H above.

Q: 18. Is there a specific geographic region, group of individuals, or businesses that would be impacted by the proposed transaction? [Vasington]

A: The Application seeks approval of a proposed parent-level Transaction in which Verizon will acquire 100 percent of Frontier and its California Operating Subsidiaries. The Transaction will result in no adverse consequences to customers, employees, shareholders, or the public, including to any specific region, group of individuals, or businesses in California. Please see my testimony in Section IV.H above.

Q: 19. How would the proposed transaction impact the provision of LifeLine? [Vasington]

A: The Transaction will not change the California Operating Subsidiaries' participation in the California LifeLine Program. Please see my testimony in Section IV.F above.

Q: 20. How would the proposed transaction impact existing COLR service? [Vasington]

A: The proposed Transaction will not impact compliance with existing COLR service requirements. Please see my testimony in Section IV.G above.

Q: 21. How would the proposed transaction impact the quality of, and access to, service to California consumers in metropolitan areas, rural areas, or other geographically distinct markets? What services would be affected? [Sullivan]

A: The proposed Transaction will maintain or improve the quality of service to public utility ratepayers in the state and will create new opportunities for broadband expansion. Please see my testimony in Section IV.B above. Dr. Aron testifies that there are no harms to competition in rural areas arising from the Transaction.

Q: 22. Are there other potential negative impacts of this proposed transaction? [Vasington]

A: No. Please see my testimony in Section IV.H above.

Q: 23. Would the transaction lead to positive impacts, such as increased efficiency or innovation? [Vasington]

A: Yes. The Transaction will lead to positive impacts and deliver significant benefits to Frontier's current and future customers in California. Please see the testimony in Section IV above.

Q: 24. Do the potential benefits of this proposed transaction exceed any potential negative effects? [Vasington]

A: The Transaction will result in significant benefits and no adverse consequences for customers, employees, shareholders, or the public in California. Please see my testimony in Section IV above.

Q: 25. Should the Commission approve the application? [Vasington]

A: Yes. With significant resulting benefits, it is in the interest of California consumers and the California economy that this Transaction be approved consistent with the procedural schedule, without delay.

VII. CONCLUSION.

Q: Please summarize the testimony.

A: Verizon is fully qualified to acquire control over Frontier. The Transaction also serve the public interest as a result of the many benefits that it will create for customers, employees and the State of California. The Commission should therefore approve the Transaction and should permit it to be consummated at the earliest opportunity.