

**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)

**Third Supplemental Testimony of Rudolph M. Reyes
on Behalf of Verizon Communications Inc.**

July 30, 2025

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1 **I. INTRODUCTION.**

2 **Q: Please state your name, position, and prior role in this proceeding.**

3 A: My name is Rudolph M. Reyes. I serve as Regional Vice President and Deputy General
4 Counsel for Verizon, and my business address is 360 Spear Street, San Francisco, CA 94105. I
5 previously submitted testimony in this proceeding on June 18, 2025.¹

6 **Q: Why is Verizon submitting this additional testimony?**

7 A: Verizon is submitting this supplemental testimony in response to the Assigned
8 Commissioner’s Ruling Requiring Additional Testimony dated July 23, 2025 (the “Ruling”).
9 The ruling found that Verizon’s prior testimony, including my own, did not provide the level of
10 detail and specificity required—particularly with respect to Question 7 of the Assigned
11 Commissioner’s Amended Scoping Memo and Ruling (“Amended Scoping Memo”).²

12 **Q: Is there anything you would like to say at the outset of your testimony?**

13 A: I want to begin by expressing my appreciation for the Assigned Commissioner’s candid
14 feedback and for the opportunity to supplement the record. I regret that my prior testimony did
15 not meet the Commission’s expectations. Verizon, and I personally, recognize the importance of
16 these issues to the Commission and the communities we serve. My objective with this testimony
17 is to address the identified gaps fully and transparently, ensuring that the Commission and all
18 parties have a clear, comprehensive, and accurate understanding of Verizon’s relevant practices
19 and compliance plans. In doing so, I seek to complete the record so the Commission has the
20 information it requires to expedite a decision in this proceeding.

21 **Q: Can you summarize the key points you intend to address in your testimony?**

22 A: My testimony will address the following points in detail:

- 23 • **Verizon’s Commitments to the FCC.** Verizon made clear and unequivocal
24 commitments to the Federal Communications Commission (“FCC”) to end the
25 Diversity, Equity, and Inclusion (“DEI”) programs identified in our letter to the
26 FCC.³ These commitments were reflected in the FCC’s order approving the

¹ See Second Supplemental Testimony of Rudolph M. Reyes on Behalf of Verizon Communications Inc. (June 18, 2025) (“Verizon Second Supplemental Testimony”).

² Assigned Commissioner’s Amended Scoping Memo and Ruling, A.24-10-006 (May 29, 2025).

³ Exhibit 1 to Verizon Second Supplemental Testimony – Letter from Vandana Venkatesh, Executive Vice President and Chief Legal Officer, Verizon, to Hon. Brendan Carr, Chairman, FCC (filed May 15, 2025) (“Verizon Letter to the FCC”).

1 transaction.⁴ Verizon will adhere to these commitments without exception, and
2 nothing in my current or prior testimony is intended to dilute or retract those
3 commitments. My aim is to explain how Verizon understands their scope and plans
4 to implement them.

- 5 • **Verizon’s Commitment to Inclusion and Economic Opportunity.** Verizon retains
6 a strong culture of inclusion and is committed to the economic advancement of all the
7 communities it serves, including diverse, rural, and economically disadvantaged
8 communities. While our methods to advance these goals have evolved in response to
9 legal and regulatory developments, we continue to believe that supporting the
10 economic advancement of all communities is a key part of the company’s civic
11 responsibility and essential to our business success.
- 12 • **Verizon’s Approach to Maintaining an Inclusive Supplier Program and**
13 **Community Outreach.** To advance these goals, Verizon is investing in and
14 expanding programs such as our Small Business Supplier Accelerator program and
15 Small Business Digital Ready and has made a commitment to spend \$5 billion with
16 small business suppliers over the next 5 years. These initiatives are designed to
17 broadly enhance the economic wellbeing of Californians by providing resources,
18 mentorship, and opportunities to small businesses across the State. Importantly,
19 while our outreach and support are now available to all small businesses, we will
20 continue to engage with and support diverse suppliers who are covered by the
21 Commission’s Supplier Diversity Program as part of our broader efforts, and plan to
22 continue to engage with organizations such as the CalAsian Chamber of Commerce,
23 California African American Chamber of Commerce, California Hispanic Chambers
24 of Commerce, Disability:IN, National LGBT Chamber of Commerce, National
25 Veteran Business Development Council, and more.⁵ This approach will benefit
26 diverse communities because, as detailed in my prior testimony, these communities

⁴ See Exhibit 3 to Verizon Second Supplemental Testimony – FCC Approval Order. *Frontier Commc’ns Parent, Inc. & Verizon Commc’ns, Inc., Application for Consent to Transfer Control*, Memorandum Opinion and Order, DA 25-421, at 15, ¶. 33 (rel. May 16, 2025) (“FCC Approval Order”).

⁵ See *infra* p. 24.

1 are broadly represented as owners of small businesses.⁶ This approach is also best
2 designed to expand economic opportunity by empowering individuals to establish and
3 grow their businesses, with benefits that extend beyond their engagement with
4 Verizon.

- 5 • **Compliance with GO 156 § 8 and Public Utilities Code § 8283.** We explain in a
6 detailed chart below how Verizon will comply with GO 156 in light of our
7 commitments to the FCC.⁷ Let me acknowledge specifically Verizon’s commitment
8 to the FCC that it “will not set quantitative goals for diverse spend”⁸ and our need to
9 comply with the requirement under the General Order 156 (“GO 156”) § 8 to “set
10 substantial and verifiable short-term (one year), mid-term (three years), and long-term
11 (five years) goals for the utilization of eligible suppliers under the Commission’s
12 Supplier Diversity Program.” Verizon can and will comply with the requirements of
13 California law in a manner consistent with the practices of other utilities. GO 156
14 § 8.2 establishes a set of “procurement goals for each major category of products and
15 services purchased from eligible suppliers.” These goals are an important part of the
16 Commission’s program, and we will use the Commission’s goals to report our short-
17 term, mid-term and long-term results in future GO 156 reports. Verizon will seek to
18 meet the Commission’s goals by maintaining a broad and inclusive outreach program
19 that includes diverse businesses, as I described above and in my prior testimony and
20 further elaborate here.

21 This approach to compliance with General Order 156 is consistent with the
22 practices of most other large utilities. In reports filed in 2025, 8 of the 12 companies
23 that qualify as large utilities in the State listed the Commission’s goals in their tables

⁶ See Verizon Second Supplemental Testimony at 7 (“For context, of the roughly 4 million small businesses in California:

- 45% are minority-owned.
- 43% are women-owned.
- 7% are LGBTQ-owned.
- 3.7% are veteran-owned.”

⁷ See *infra* p. 17-21.

⁸ Verizon Letter to the FCC at 2.

1 identifying short, medium, and long-term goals.⁹ Two of these companies, AT&T
2 and Charter, changed their supplier diversity practices in ways similar to Verizon
3 before filing their reports and made clear that these objectives were set by the
4 Commission.¹⁰ Other large utilities are likely to do the same given the commitments
5 they have made to the FCC.¹¹ If the Commission has concerns about this approach, it
6 should address this issue in an industry-wide proceeding rather than through this
7 transaction. That industry-wide proceeding would ensure that the Commission and its

⁹ AT&T, CalWater, Charter, PG&E, SCE, SDG&E, SoCalGas, and T-Mobile have adopted this approach. See AT&T 2024 Annual Report & 2025 Annual Plan Submitted Pursuant to California Public Utilities Commission General Order 156, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/att-go-156-2024-report-and-2025-plan-42525updated-final3.pdf> (“AT&T 2024 Annual Report & 2025 Annual Plan”); California Water Service 2024 Annual Report, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/2024-go156-annual-report-california-water-service-r1-update.pdf> (“Cal Water 2024 Annual Report & 2025 Annual Plan”); Charter Communications, 2024 Supplier Diversity Spending Report and 2025 Plan in accordance with General Order 156 (Apr. 4, 2025), available at <http://cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/charter-2024-go-156-report-and-2025-plan.pdf> (“Charter 2024 Annual Report & 2025 Annual Plan”); Pacific Gas and Electric Company, 2024 Annual Report and 2025 Plan, available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/pge-2024annual_2025plan-finrev-update.pdf (“PG&E 2024 Annual Report & 2025 Annual Plan”); San Diego Gas & Electric, 2024 Supplier Diversity Report and 2025 Annual Plan, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/sdge-2024-supplier-diversity-report-final.pdf> (“SDG&E 2024 Annual Report & 2025 Annual Plan”); Southern California Edison, General Order 156 2024 Annual Report/2025 Annual Plan, available at <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/sce-2024-g0-156-report-and-2025-plan.pdf> (“SCE 2024 Annual Report & 2025 Annual Plan”); Southern California Gas, Supplier Diversity 2024 Annual Report and 2025 Annual Plan (Mar. 3, 2025), available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/socalgas-supplier-diversity-2024-annual-report_2025-annual-plan.pdf (“SoCalGas 2024 Annual Report & 2025 Annual Plan”); T-Mobile, California Public Utilities Commission General Order 156 2024 Annual Report and 2025 Plan (Mar. 1, 2025), available at https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/news-and-outreach/documents/bco/go-156-procurement-plans/2024/t-mobile-go-156_2024-report-and-2025-plan_final_3-1-2025_corrected.pdf (T-Mobile 2024 Annual Report & 2025 Annual Plan”).

¹⁰ AT&T 2024 Annual Report & 2025 Annual Plan; Charter 2024 Annual Report & 2025 Annual Plan.

¹¹ Letter from Mark W. Nelson, Executive Vice President and General Counsel, T-Mobile, to Hon. Brendan Carr, Chairman, FCC, WC Docket No. 24-244 and GN Docket No. 24-286 (filed Jul. 8, 2025); Letter of Stephanie Kyoko McKinnon, General Counsel and Co-President of Business Operations, Skydance Media, to Hon. Brendan Carr, Chairman, FCC (filed Jul. 22, 2025).

1 utility partners can work collaboratively to update the Commission's programs
2 consistently.

- 3 • **Comprehensive Response to Supplemental Scoping Memo Question 7.** I will
4 address the Assigned Commissioner's request for a comprehensive review of
5 Verizon's last eight years GO 156 Annual Reports, comments from Verizon and its
6 trade association in R.21-03-010, and transcripts of the last eight years of Supplier
7 Diversity en banc hearings. As requested, I will identify the statements in these
8 materials that Verizon no longer supports because they do not reflect the company's
9 current plans and redline those statements to reflect Verizon's current practices.
- 10 • **The Transaction Is in the Public Interest and Should be Approved.** The record
11 strongly demonstrates that the transaction is in the public interest and should be
12 approved. Verizon's financial strength, resources, network, and commitment to
13 economic opportunity for all California citizens position us to deliver greater benefits
14 to California than Frontier could achieve on its own. The transaction will increase
15 service options and quality, expand opportunities for small and diverse businesses,
16 and contribute to the economic vitality of the State.

17 **Q: Is there anything further you would like to add at the start of this testimony?**

18 A: Verizon, as a company, and I personally, take the duty of candor under Rule 1.1 of the
19 Commission's Rules of Practice and Procedure with the utmost seriousness. We understand that
20 the Commission relies on the accuracy, completeness, and truthfulness of the record to make
21 informed decisions that affect millions of Californians. While we recognize that not all parties
22 may agree with our positions, we share a common interest in ensuring that the record is clear,
23 comprehensive, and honest. In this testimony, I am committed to providing the transparency,
24 detail, and forthrightness that the Commission has requested and that the public deserves. We
25 recognize the significance of these issues for the Commission, for California's communities, and
26 for the public interest. Verizon is committed to working constructively with the Commission
27 and the intervenors to expedite a successful conclusion to this proceeding.

1 **II. VERIZON’S COMMITMENTS TO THE FCC AND ITS APPROACH TO**
2 **ADVANCING THE ECONOMIC WELFARE OF DISADVANTAGED**
3 **COMMUNITIES.**

4 **Q: What are the commitments Verizon made to the FCC relative to supplier diversity?**

5 A: Verizon made clear, specific commitments to the FCC in its letter to Chairman Carr.

6 With respect to supplier diversity, the letter states:

7 Verizon has modified its approach to supplier diversity, and will not set quantitative goals
8 for diverse spend or require that its suppliers meet quantitative goals for diverse spend.
9 As a result, Verizon has removed the supplier diversity metric from its management pay
10 plan and eliminated supplier diversity programs that existed in individual departments.
11 Verizon’s supplier program and goals will now focus on increasing opportunities for
12 small businesses, including veteran-owned businesses, and on ensuring that our policy is
13 based on procurement from the most qualified suppliers.¹²

14 Verizon implemented these changes and they are not contingent on the closing of this
15 transaction. Nothing in my current or prior testimony is intended to hedge these commitments or
16 suggest Verizon will not comply. Rather, my aim is to explain how Verizon understands their
17 scope and plans to implement them in a manner that is consistent with California law.

18 Verizon remains firmly committed to fostering economic advancement in all the
19 communities it serves, including diverse, rural, and economically disadvantaged communities.
20 This is the end that Verizon seeks to achieve through its policies and programs. Verizon believes
21 that the company can significantly advance the economic interests of diverse suppliers through
22 its focus on small businesses.

23 **Q: What is your basis for this position?**

24 A: The primary policy objective of the Commission’s Supplier Diversity Program is to
25 ensure diverse suppliers “have the maximum practical opportunity to participate in the
26 performance of contracts” without “exclud[ing] any qualified businesses from ... contracting
27 opportunities.”¹³ In other words, GO 156 is a policy supporting an inclusive and equitable
28 supply chain that is focused on procuring the most qualified suppliers. Verizon’s goal of having
29 a robust and resilient supply chain is consistent with the goals of GO 156. A robust and resilient
30 supply chain is good business and what we have aspired to for many years. Specific supplier

¹² Verizon Letter to the FCC at 2.

¹³ CPUC General Order 156 at 13.

1 contracts are awarded based on competitive value, and we do not have quotas or preferences in
2 procurement practices. We believe this overall approach complies with both the FCC letter and
3 California’s goals as set forth in GO 156.

4 Intervenor share this understanding of the Commission’s policy as being one of
5 increasing opportunities for diverse suppliers without reducing opportunities for non-diverse
6 suppliers. As the Center for Accessible Technology stated: “Diversity is about economic
7 opportunity. Specifically, diversity efforts are focused on ensuring that traditionally
8 unrepresented and underrepresented groups—including people with disabilities, people of color,
9 women, LGBTQ+ individuals, and low-income families—have access to the same economic
10 opportunities as everyone else.”¹⁴

11 Verizon can achieve this policy goal through an expanded and inclusive focus on small
12 businesses. To be clear, Verizon has not eliminated any of its diverse suppliers because of its
13 changed practices, reduced its outreach budget, or cut its staffing dedicated to this work. It has
14 made a *new* commitment to invest **\$5 billion over five years** in spending with small businesses as
15 part of its Small Business Supplier Accelerator program, over and above the mentorship,
16 education, and support offered to small businesses through this program and the Small Business
17 Digital Ready program.

18 The efficacy of Verizon’s approach is confirmed by a detailed report that was
19 commissioned and underwritten by the California Office of the Small Business Advocate
20 (“CalOSBA”) and developed in collaboration with the California Asian Pacific Chamber of
21 Commerce, the California African American Chamber of Commerce, and the California
22 Hispanic Chambers of Commerce. The CalOSBA Report regarding the state of diverse
23 businesses in California affirms the points that I made in my prior testimony:

- 24 • ***Small businesses are diverse businesses.*** “Minority-owned small businesses are a pillar
25 of the overall California economy. They account for 45% of small businesses in the

¹⁴ Second Supplemental Testimony of Paul Goodman on behalf of Center for Accessible Technology at 4:10-13 (Jun. 27, 2025) (emphasis added) (“Second Supplemental Testimony of CforAT”); *see also* Second Supplemental Testimony Lucas Duffy of Cal Advocates at 5:14-15 (Jun. 30, 2025) (“Second Supplemental Testimony of Cal Advocates”) (stating that the Commission’s Supplier Diversity Program “results in increased participation of underrepresented minorities in the state’s economy”); Second Supplemental Testimony of Sunne Wright McPeak, on behalf of CETF at 16:8-9 (“Second Supplemental Testimony of CETF”) (“tackl[ing] poverty ... should be the primary metric for whether or not DEI is working”).

1 state, support 2.6 million jobs annually, and generate \$192.8 billion in economic
2 output.”¹⁵

- 3 • ***California’s small businesses are an engine for growth and prosperity.*** “California’s
4 small businesses, including minority-owned small businesses, are a driving force in the
5 state’s economy, making significant contributions to regional economic and fiscal
6 activity. Numbering approximately 1.9 million, these enterprises have a massive impact
7 on job creation, employing over 2.5 million people.”¹⁶
- 8 • ***Investing in small businesses delivers more economic benefits to the State than***
9 ***spending money with large corporations.*** “Small businesses offer substantial
10 economic, fiscal, and social benefits over large corporations. Locally owned small
11 businesses spend more money locally than non-local business[es], generating higher
12 local tax revenues and allowing more money to remain in the local economy. Small
13 businesses create local jobs, increase market competition, and build communities.
14 Additionally, small businesses are more innovative than large corporations, which is a
15 particularly valuable quality in California’s innovation-leading economy. Minority-
16 owned small businesses are more likely to generate these positive economic, fiscal, and
17 social impacts in historically underserved communities.”¹⁷

18 **Q. Can programs that support small businesses generally deliver meaningful benefits**
19 **to diverse communities and advance the objectives of the Commission’s Supplier Diversity**
20 **Program?**

21 A: Emphatically yes. CalOSBA’s stated mission is to support “economic growth and
22 innovation” by ensuring “that ALL California small businesses and innovative startups have the
23 information and direct support they need to better navigate resources, programs and

¹⁵ Beacon Economics, *The State of Diverse Businesses in California*, California Office of Small Business Advocate at 18, <https://calosba.ca.gov/wp-content/uploads/The-State-of-Diverse-Small-Businesses-in-California-Full-Report.pdf> (“CalOSBA Report”); *see also id.* at 22 (“There are over 4 million small businesses in California. Of those, about 1.9 million are minority-owned. Minority-owned businesses contribute massively to the number of people directly employed (over 2.5 million jobs) and to the personal incomes of employees of those establishments (over \$37 billion for employer firms, a small subset of total small businesses, alone).”).

¹⁶ *Id.* at 97.

¹⁷ *Id.* at 18.

1 regulations.”¹⁸ The word “ALL” is capitalized in their report, and while CalOSBA is dedicated
2 to supporting small businesses generally, its inclusive programs provide valuable support to
3 advance the interests of diverse small businesses as well. We respectfully disagree with the
4 assertion that programs open to all California small businesses, such as those of CalOSBA,
5 cannot advance the interests of diverse small businesses.¹⁹ As the CalOSBA Report conclusively
6 demonstrates, programs that invest in small businesses in California contribute to the prosperity
7 of diverse communities and directly serve the interests underpinning the Commission’s Supplier
8 Diversity Program:

- 9 • “Because small businesses play such a significant role in the short- and long-term health
10 of people, communities, and the state economy, it is important to promote small business
11 growth. This is particularly true in disadvantaged communities that have potentially seen
12 lower local economic growth because of lower small business entrepreneurship.”²⁰
- 13 • “It is important to monitor and support the growth of small businesses, particularly in
14 disadvantaged areas, to foster economic diversity and bridge existing economic, fiscal,
15 and social gaps.”²¹
- 16 • “By recognizing the economic, fiscal, and social impacts of small businesses, California
17 can develop more effective strategies to promote diversity, inclusivity, and overall
18 economic well-being.”²²
- 19 • “Minority-owned small businesses accelerate innovation by employing their unique
20 perspectives and adapting swiftly to changing market conditions. They also foster an
21 entrepreneurial spirit within marginalized communities, inspiring others to pursue their
22 own business ventures.”²³

¹⁸ *Id.* at 110.

¹⁹ *See, e.g.*, Second Supplemental Testimony of CforAT at 16-17 (asserting that Verizon’s “All Small Businesses Matter” approach “fails to acknowledge the overwhelming evidence . . . that the creation of diversity, equity, and inclusion requires internal and meaningful use of diversity initiatives.”).

²⁰ CalOBSA Report at 18.

²¹ *Id.* at 97.

²² *Id.*

²³ *Id.* at 25.

- 1 • “Small businesses also play a vital role in community-building, circulating local revenue
2 and actively engaging with communities. Minority-owned small businesses empower
3 marginalized communities and showcase their cultural diversity, enriching the social
4 fabric and creating a more inclusive environment.”²⁴
- 5 • “Minority-owned small businesses indirectly foster innovation by nurturing an
6 entrepreneurial spirit within marginalized communities. By providing tangible examples
7 of success and role models for aspiring entrepreneurs from similar backgrounds, minority
8 small business owners inspire and encourage others to pursue their own business
9 ventures. Successful minority-owned small businesses serve as catalysts for economic
10 empowerment and social mobility, offering a pathway to self-sufficiency and
11 prosperity.”²⁵
- 12 • “Additionally, small businesses, including minority-owned enterprises, are significant
13 contributors to job creation. As these businesses thrive and expand, they generate
14 employment opportunities, reducing unemployment rates and stimulating economic
15 growth. They often prioritize hiring locally, thereby fostering community resilience and
16 providing income sources for residents. The inclusive nature of minority-owned small
17 businesses allows them to address employment disparities and contribute to narrowing
18 the wealth gap within marginalized communities.”²⁶
- 19 • “Minority-owned small businesses play a vital role in empowering and uplifting
20 marginalized communities. They serve as beacons of hope and inspiration, providing
21 platforms for individuals from diverse backgrounds to succeed and thrive.”²⁷

22 Verizon’s own experience with its Small Business Digital Ready program directly
23 confirms these CalOSBA findings: as I previously testified, in California for 2024, 65% of its
24 small business grant awardees were people of color, 9% LGBT, 17% disability-owned, 4%
25 veteran, and 57% women.²⁸

²⁴ *Id.*

²⁵ *Id.* at 92.

²⁶ *Id.*

²⁷ *Id.* at 94.

²⁸ Verizon Second Supplemental Testimony at 15.

1 **Q: How do these CalOSBA findings relate to the public interest standard for reviewing**
2 **the transaction?**

3 **A:** Verizon’s small business programs aim to deliver precisely the benefits described by the
4 CalOSBA Report to all California communities, including diverse communities. The company’s
5 work in the State is already underway. Verizon is hosting events on August 5 and August 7 at its
6 Innovation Labs in San Francisco and Los Angeles. These events will provide local small
7 businesses an overview of Verizon’s Small Business Supplier Accelerator and Small Business
8 Digital Ready programs and its \$5 billion small business commitment; discuss the ways that
9 Verizon is working with small businesses by providing specialized training, faster payment
10 terms, and beneficial contract terms; and include workshops on topics like contract negotiation
11 and access to capital. Scores of small businesses have already signed up to participate. I have
12 attached the invitations to these events as Exhibit 1 to my testimony. Verizon’s programs will
13 deliver tangible benefits to the public interest by promoting incremental spending, mentorship,
14 outreach, and support to small businesses in California, broadly including entities with diverse
15 ownership. The CalOSBA report confirms that this approach will be effective at advancing the
16 interests underpinning the Commission’s Supplier Diversity Program.

17 **III. THE LEGAL ENVIRONMENT SURROUNDING DEI AND VERIZON’S**
18 **FILINGS AT THE FCC**

19 **Q: Has the legal and regulatory environment surrounding DEI programs changed in**
20 **recent years?**

21 **A:** Yes, the legal and regulatory environment governing DEI programs has shifted
22 significantly in recent years. This shift has been driven by a combination of judicial decisions,
23 executive actions, regulatory enforcement, private litigation, and regulatory agency directives at
24 the federal and state level. The landscape that once encouraged or even required certain
25 initiatives has evolved, with much greater scrutiny on programs that take race, gender, or other
26 protected characteristics into account. As a result, companies like Verizon have had to carefully
27 reassess their DEI-related policies and practices to ensure ongoing compliance with both the
28 letter and the spirit of the law. We recognize that this is a sensitive and important area of public
29 policy, and we have approached these changes with the seriousness and diligence they require.

1 **Q: How did the Supreme Court’s 2023 decision in *Students for Fair Admissions, Inc. v.***
2 ***President & Fellows of Harvard College* affect Verizon’s assessment of its DEI programs?**

3 A: The Supreme Court’s decision in the *Harvard* case marked a pivotal moment in the
4 national conversation about the use of race and other protected characteristics in organizational
5 decision-making.²⁹ Finding that certain race-conscious university admissions processes violate
6 the Equal Protection Clause and federal anti-discrimination statutes, the Court’s decision
7 heightened scrutiny of any program that considers race.

8 After the decision was issued, even though it was focused on college admissions and did
9 not directly bear on our business, Verizon reviewed its own DEI programs. At that time, we
10 concluded—and I testified previously—that our programs were lawful and consistent with both
11 federal and state requirements. We believed, and continue to believe, that our prior initiatives
12 were designed and implemented in good faith to promote equal opportunity and were not in
13 violation of the law. However, we also recognized that the legal environment was continuing to
14 evolve, and we remained attentive to further developments.

15 **Q: What actions did the federal government take to expand and enforce prohibitions**
16 **against the consideration of race and other protected characteristics in government and**
17 **corporate decision-making?**

18 A: Following the Supreme Court’s 2023 decision, the federal government took a series of
19 actions to broaden and enforce prohibitions against the consideration of race and other protected
20 characteristics in both government and private sector decision-making. These actions included
21 new guidance and enforcement activity by the Equal Employment Opportunity Commission
22 (“EEOC”),³⁰ the issuance of an Executive Order applicable to government contractors such as

²⁹ *Students for Fair Admissions, Inc. v. President & Fellows of Harvard Coll.*, 600 U.S. 181, 206-07 (2023) (“Any exception to the Constitution’s demand for equal protection must survive a daunting two-step examination known in our cases as ‘strict scrutiny.’ ... Under that standard we ask, first, whether the racial classification is used to ‘further compelling governmental interests.’ ... Second, if so, we ask whether the government’s use of race is ‘narrowly tailored’—meaning ‘necessary’—to achieve that interest.”) (citations omitted).

³⁰ See U.S. Equal Employment Opportunity Commission Bulletin, *EEOC and Justice Department Warn Against Unlawful DEI-Related Discrimination* (Mar. 19, 2025), <https://content.govdelivery.com/accounts/USEEOC/bulletins/3d7be2f>; see also *What To Do If You Experience Discrimination Related to DEI at Work*, U.S. Equal Employment Opportunity Commission (Mar. 19, 2025), <https://www.eeoc.gov/what-do-if-you-experience-discrimination-related-dei-work>; *What You Should Know About DEI-Related Discrimination at Work*, U.S. Equal Employment Opportunity

1 Verizon,³¹ and, most relevant to this proceeding, direct actions by the FCC. In particular, the
2 dimensions of the changes for companies regulated by the FCC were foreshadowed by Chairman
3 Brendan Carr when, in eliminating the agency’s DEI programs, he stated that “[i]n the very first
4 section of the Communications Act, Congress stated that it created the FCC for the purpose of
5 regulating interstate and foreign commerce in communication ‘without discrimination on the
6 basis of race, color, religion, national origin, or sex,’ 47 U.S.C. § 151, and Congress has
7 expressly tasked the FCC with the important mission of increasing accessibility in the
8 communications sector, see e.g., CVAA, Pub. L. No. 111-260, 124 Stat. 2751 (2010).”³² As a
9 company subject to federal regulation and as a government contractor, Verizon took these
10 developments seriously.

11 **Q: What communications did Verizon receive from the FCC regarding the company’s**
12 **DEI programs, and what was the substance of those communications?**

13 A: In early 2025, Verizon received a letter from FCC Chairman Brendan Carr stating that he
14 expected “all regulated companies to end invidious forms of DEI discrimination, given the scope
15 of the FCC’s EEO rules and other authorities.”³³ The letter was direct and unequivocal, stating
16 that the Chairman was “concerned by the apparent lack of progress at Verizon.”³⁴ “To aid the
17 FCC’s resolution of these matters,” Chairman Carr concluded the letter by directing Verizon to
18 “reach out to the agency personnel that have been working on Verizon’s pending transactions at
19 the FCC” as “the FCC personnel most familiar with Verizon’s operations due to their merger
20 review activity.”³⁵

Commission (Mar. 19, 2025), <https://www.eeoc.gov/wysk/what-you-should-know-about-dei-related-discrimination-work> (together, “EEOC Guidance”).

³¹ Exec. Order No. 14151, Ending Radical and Wasteful Government DEI Programs and Preferencing, (Jan. 29, 2025).

³² News Release from the Office of Chairman Brendan Carr, “Chairman Carr Ends FCC’s Promotion of DEI (Jan. 21, 2025), <https://docs.fcc.gov/public/attachments/DOC-409054A1.pdf>.

³³ Exhibit 2 to Verizon Second Supplemental Testimony – Letter from Brendan Carr, Chairman, FCC, to Hans Vestberg, Chairman and Chief Executive Officer, Verizon at 1 (filed Feb. 27, 2025) (“FCC Letter to Verizon”).

³⁴ *Id.*

³⁵ *Id.*

1 **Q: What public statements did FCC Chairman Carr make regarding DEI programs**
2 **and the approval of transactions such as Verizon’s?**

3 A: Chairman Carr said publicly that companies that sought FCC approval for transactions
4 under the FCC’s broad transactional authority needed to end their DEI policies that promote
5 “invidious discrimination.” He stated, for example, that “[a]ny businesses that are looking for
6 FCC approval, I would encourage them to get busy ending any sort of their invidious forms of
7 DEI discrimination.”³⁶ He further explained that the FCC “can only under the statute move
8 forward and approve a transaction if we find that doing so serves the public interest,” and that he
9 did not “see a path forward where the FCC could reach the conclusion that approving the
10 transaction is going to be in the public interest” for companies that continued to promote DEI
11 programs the FCC deemed unlawful.³⁷

12 **Q: So is it correct to say that this is not an issue that is unique to Verizon?**

13 A: Yes, that is correct. Chairman Carr’s letter makes clear that his expectations apply to “all
14 regulated companies to end invidious forms of DEI discrimination, given the scope of the FCC’s
15 EEO rules and other authorities.”³⁸ The FCC has initiated investigations against other major
16 companies, including Comcast and Disney, even where there was no pending transaction.³⁹ T-
17 Mobile and Skydance/Paramount made very similar commitments related to DEI in connection
18 with their transaction approval proceedings.⁴⁰ And the FCC approved these transactions based in

³⁶ Jeff Green and Kelcee Griffis, *FCC’s Carr Threatens to Block M&A for Companies with DEI*, Bloomberg (Mar. 21, 2025), <https://www.bloomberg.com/news/articles/2025-03-21/fcc-s-carr-threatens-to-block-m-a-for-companies-with-dei-plans?embedded-checkout=true>.

³⁷ *Id.*

³⁸ FCC Letter to Verizon at 1.

³⁹ *See, e.g.*, Letter of Hon. Brendan Carr, Chairman, FCC, to Brian Roberts, CEO, Comcast Corporation (Feb. 11, 2025) (initiating an FCC investigation into Comcast’s DEI initiatives); Hon. Brendan Carr, Chairman, FCC, to Robert A. Iger, CEO, The Walt Disney Company (Mar. 27, 2025) (opening an investigation into the DEI practices of Disney and its subsidiary, ABC). In addition, T-Mobile changed its DEI programs in response to the shifting regulatory landscape while the FCC was undergoing review of its acquisition of Lumos Communications.

⁴⁰ Letter from Mark W. Nelson, Executive Vice President and General Counsel, T-Mobile, to Hon. Brendan Carr, Chairman, FCC, WC Docket No. 24-244 and GN Docket No. 24-286 (filed Jul. 8, 2025); Letter of Stephanie Kyoko McKinnon, General Counsel and Co-President of Business Operations, Skydance Media, to Hon. Brendan Carr, Chairman, FCC (filed Jul. 22, 2025).

1 part on the commitments these applicants made to end their DEI policies.⁴¹ AT&T and Charter
2 have proactively changed their programs in similar ways. This is an industry-wide issue, and
3 Verizon’s actions were not unique, but rather consistent with the approach taken by other
4 companies facing the same legal and regulatory environment.

5 **Q: Verizon’s May 15 letter to the FCC says the company “recognizes that some DEI**
6 **policies and practices could be associated with discrimination”; does Verizon believe that**
7 **its past DEI programs resulted in unlawful discrimination?**

8 A: No. As I have testified, we believed our programs were designed to promote equal
9 opportunity and were consistent with applicable law. However, we also recognized that the
10 regulatory environment had changed and that we needed to take account of the direction from the
11 federal government, including the FCC.

12 **Q: What is the process for challenging transaction conditions at the FCC?**

13 A: There is no practical way to do so. If a company will not agree to conditions sought by
14 the FCC, the FCC Chair may designate an applicant’s transfer application for hearing by an
15 Administrative Law Judge.⁴² Applicants are precluded from seeking judicial review until the
16 conclusion of the hearing and FCC review and action based on the hearing record.⁴³ There are
17 no time limits on the length of this process and, as a practical matter, the designation for hearing
18 of an application to acquire a company is commonly considered a de facto rejection of
19 transactions due to the uncertain duration and outcome of the process. The FCC has employed
20 this action under both Democratic and Republican leadership.⁴⁴ I am not aware of any

⁴¹ FCC Approval Order; *Applications of T-Mobile US, Inc. and United States Cellular Corporation for Consent to Transfer Control*, Memorandum Opinion and Order, DA 25-605, at 65, ¶. 123 (rel. Jul. 11, 2025); *Applications for Consent to the Transfer of Control of Paramount Global*, Memorandum Opinion and Order, FCC 25-43, at 26, ¶. 58 (rel. Jul. 24, 2025).

⁴² Under the Communications Act, the FCC cannot simply deny a transfer application. It is required to first hold an evidentiary hearing. *See* 47 U.S.C. § 312(c).

⁴³ 47 U.S.C. § 402(b) (authorizing appeals from decisions and orders of the FCC to the United States Court of Appeals for the District of Columbia for parties whose application to transfer, assign, or dispose of its authorization is denied by the FCC).

⁴⁴ The last “major” transaction that fell apart after an FCC Hearing Designation Order was the proposed merger of Comcast and Time Warner in 2015, under the Obama administration. *See* Shalini Ramachandran, Joe Flint, Bret Kendall, *FCC Staff Recommends Hearing on Comcast-Time Warner Cable Merger* (Apr. 23, 2015), <https://www.wsj.com/articles/fcc-staff-recommends-hearing-on-comcast-time-warner-cable-merger-1429751499> (reporting that FCC staff “reached a conclusion that the best option for the FCC is to issue a ‘hearing designation order.’”). The EchoStar-DirecTV merger suffered a similar

1 transaction that the FCC has set for hearing that has survived this process. Indeed, the most
2 recent FCC hearing designation order was by Chairwoman Jessica Rosenworcel in the
3 Standard/Tegna merger and the parties, after unsuccessfully trying to secure judicial review,
4 withdrew their merger application and terminated the transaction after the designation.⁴⁵

5 **Q: Have there been instances where the FCC modified existing programs involving**
6 **protected characteristics like race or gender to comply with new legal interpretations?**

7 A: Yes, for example, when the United States Supreme Court struck down a racial preference
8 in a federal contracting program,⁴⁶ the Clinton-appointed FCC responded by changing the FCC's
9 spectrum auction program that previously included race- and gender-based bidder preferences in
10 its competitive bidding processes.⁴⁷ The FCC replaced explicit race or gender-based preferences
11 in the competitive bidding process with preferences for small businesses. The FCC reasoned that
12 “[b]ecause we have evidence which supports a conclusion that many designated entities,
13 including minority and women-owned businesses, would qualify as small businesses, and thus,
14 benefit from such provisions, we believe that our action is fully consistent with the Budget
15 Act.”⁴⁸

fate under the Bush administration in 2002. *See Application of EchoStar Communications Corporation (a Nevada Corporation), General Motors Corporation, and Hughes Electronics Corporation (Delaware Corporations) (Transferors) and EchoStar Communications Corporations (a Delaware Corporation) (Transferee)*, Hearing Designation Order, 17 FCC Rcd 20559 (2002).

⁴⁵ *Consent to Transfer Control of Certain Subsidiaries of TEGNA Inc. to SGCI Holdings III LLC*, Hearing Designation Order, 39 FCC Rcd 12842 (2023) (commencing a hearing before the Administrative Law Judge to determine whether the transaction would be in the public interest); Complaint at 6, *SGCI Holdings III LLC and Soohyung Kim v. FCC*, No. 1:24-cv-01204 (D.D.C. Apr. 24, 2024) (“That ‘Hearing Designation Order’ (or HDO) was a pocket veto. It was a move that the Media Bureau knew would prolong the application-approval process by at least *another year*. It was a move that ensured the deal would not close on time. It was a move designed to remove every commissioner other than the chairwoman from the deal. And given its deal-killing consequences, it was a move that the Media Bureau had never previously deployed for a transaction like Standard General’s. It worked.”); *Applications to Transfer Control of Certain Subsidiaries of TEGNA Inc. to SGCI Holdings III LLC*, Status Report and Withdrawal of Appearance, MB Docket No. 22-162 (filed May 25, 2025) (withdrawing the parties’ application for transfer of control).

⁴⁶ *Adarand Constructors, Inc. v. Peña*, 515 U.S. 200 (1995).

⁴⁷ *Implementation of Section 309(j) of the Communications Act – Competitive Bidding*, Fifth Report and Order, 9 FCC Rcd 5532 (1994) (establishing special competitive bidding provisions, including “entrepreneurs’ blocks,” for businesses owned by members of minority groups or women); *see* 47 C.F.R. § 1.2110.

⁴⁸ *Implementation of Section 309(j) of the Communications Act – Competitive Bidding; Amendment of the Commission’s Cellular PCS Cross Ownership Rule; Implementation of Sections 3(n) and 332 of the*

1 **Q: Why is it important for the Commission to understand both the continuity and the**
2 **change in Verizon’s approach to these issues?**

3 A: It is important for the Commission to understand that while Verizon’s means of
4 advancing economic opportunity has changed in response to the change in federal approach, our
5 underlying commitment to supporting disadvantaged communities has not wavered. We are not
6 denying the significance of the change in our programs, and we are not seeking to minimize the
7 impact of the new legal and regulatory environment. Rather, we are being fully transparent
8 about the reasons for these changes and the steps we are taking to ensure that our efforts remain
9 effective, inclusive, and compliant with all applicable laws.

10 **IV. VERIZON’S PLANS TO COMPLY WITH CALIFORNIA LAW**

11 **Q: The Assigned Commissioner’s July 23, 2025 ruling questions “the consistency of**
12 **Joint Applicants’ position in this proceeding and the position they have simultaneously**
13 **taken at the FCC.” Is it possible for Verizon to comply with GO 156 in light of its**
14 **commitments to the FCC?**

15 A: Yes. Verizon can and will comply with GO 156 and Pub. Util. Code Section 8281-8290.2
16 while remaining consistent with the commitments it made to the FCC. We appreciate the
17 opportunity to provide greater detail regarding Verizon’s plans for compliance.

18 **Q: What are the relevant elements of GO 156 and the Public Utilities Code, and how**
19 **Verizon will comply with these requirements?**

20 A: GO 156 and the related provisions of the California Public Utilities Code, particularly
21 Sections 8281–8290.2, establish a comprehensive framework to promote supplier diversity and
22 workforce inclusion among regulated utilities in California. GO 156 requires utilities with gross
23 annual California revenues exceeding \$25 million to submit annual reports and detailed plans for
24 increasing procurement from women-, minority-, disabled veteran-, and LGBT-owned business
25 enterprises. GO 156 also sets forth minimum aspirational goals for procurement from these
26 groups and requires utilities to describe their outreach, reporting, and compliance activities.

27 We will continue to submit annual reports, reflecting the Commission’s goals to track our
28 progress in procuring business from women-, minority-, disabled veteran-, and LGBT-owned
29 business enterprises, and maintain robust data collection and transparency practices. The

Communications Act Regulatory Treatment of Mobile Services, Sixth Report and Order, 11 FCC Rcd 136, 143, ¶ 11 (1995).

1 following table provides a detailed account of how Verizon will comply with each relevant legal
 2 requirement under GO 156 and the Public Utilities Code.

Legal Requirement	Detailed Explanation of Compliance
GO 156, Section 6: Implementation	<ul style="list-style-type: none"> • Verizon will communicate available sourcing opportunities to eligible suppliers through its Small Business Supplier Accelerator program and other outreach to eligible suppliers.
GO 156, Section 6.1: Internal Program Development and Employee Training	<ul style="list-style-type: none"> • Verizon has a dedicated small business supplier team that is appropriately sized to provide direction and guidance and to implement Verizon’s program in a manner that’s consistent with the CPUC’s Supplier Diversity Program requirements. <ul style="list-style-type: none"> ○ The team consists of 5 full time employees (“FTEs”), some of whom focus on stakeholder engagement and outreach (with community partner orgs, chambers, and other small, diverse, and veteran-owned business organizations) and others who focus on data analytics, regulatory reporting, and compliance. • Program details and contact information are published on Verizon’s website at: https://www.verizon.com/about/our-company/small-business-supplier. • Verizon’s dedicated small business supplier team is intimately familiar with CPUC Supplier Diversity Program requirements and is building out the Small Business Supplier Accelerator program, including guidance documents regarding program implementation and key performance indicators to help ensure program effectiveness.
GO 156, Section 6.2: External Outreach Activities	<ul style="list-style-type: none"> • Verizon is investing \$5 billion over 5 years through its Small Business Supplier Accelerator to empower small businesses, many of which are minority-, women - LGBTQ- and veteran-owned, to work with Verizon and other large corporations. • Verizon will broaden its outreach to include a greater focus on small business organizations, and will continue to engage with diverse supplier communities as well as other constituencies such as rural and economically disadvantaged communities. • Targeted outreach includes: <ul style="list-style-type: none"> ○ Providing tailored offerings (online training and webinars, mentorship and peer coaching, and opportunity matchmaking) direct to small businesses based on their existing capabilities.

Legal Requirement	Detailed Explanation of Compliance
	<ul style="list-style-type: none"> ○ Tracking small business participants’ progress through each stage of the program to support successful completion. ○ Highlighting partnership opportunities based on business needs. ○ Connecting small businesses with larger businesses in our supply chain and providing feedback on go to market strategies. ○ Monitoring whether participants are matching with potential opportunities, being invited to participate in contracting and subcontracting bids, and ultimately becoming Verizon suppliers to ensure our outreach efforts are effective. ● The Accelerator program also will engage in outreach by partnering with community and small business focused organizations to reach small, diverse and veteran-owned businesses within the demographics that those partner organizations serve. <ul style="list-style-type: none"> ○ This includes leveraging and growing Verizon’s longstanding relationship with community partner organizations, including Women’s Business Enterprise National Council (WBENC), the National Minority Supplier Development Council, the National LGBT Chamber of Commerce, and the Veterans Business Development Officers. ● Verizon will host in-person regional summits in key urban and rural markets in California, engaging community partners and local chambers to invite their members and encourage participation in Verizon’s Small Business Supplier Accelerator program. As I noted previously, two of these events will be held in San Francisco and Los Angeles in early August, and planning is underway for a dedicated event in a rural California community. ● Verizon also will provide small businesses with information on eligibility criteria and the benefits of being certified as a small and/or diverse supplier.

Legal Requirement	Detailed Explanation of Compliance
<p>GO 156, Section 6.3: Subcontracting Program</p>	<ul style="list-style-type: none"> • Verizon is setting a minimum percentage commitment on small business supplier spend for contracts with prime suppliers to support Verizon’s \$5B spend with small business suppliers across 5 years. <ul style="list-style-type: none"> ○ Verizon will provide public recognition and award opportunities for prime suppliers who demonstrate leadership and success in working with small business suppliers (i.e., who go above and beyond the minimum required threshold for small business spend). • To ensure subcontracting opportunities are widely accessible and shared with a diverse range of businesses, Verizon also will invite Small Business Supplier Accelerator participants who’ve reached a high level of readiness to participate in matchmaking opportunities—either as a direct supplier or a subcontractor to a prime contractor. • Accelerator participants who do participate in the matchmaking/mentorship will have access to our platform that will list current supplier opportunities and also tie back to the Small Business Digital Ready program. • Additionally, Verizon will maintain a database of highly qualified, trained small businesses, including diverse and veteran-owned businesses, from which Verizon teams and prime suppliers can search for small business subcontractors that have the relevant expertise needed for their opportunities.
<p>GO 156, Section 6.3.5: Clearinghouse to Become an Eligible Diverse Subcontractor</p>	<ul style="list-style-type: none"> • Verizon’s program includes informing subcontractors of CPUC’s Clearinghouse and certification process and the benefits of completing the Clearinghouse process. • For example, last year, we sent an email to our suppliers regarding the clearinghouse process and centralized database, explaining that completing the CPUC Clearinghouse process means the company will be identified as a certified supplier in the Clearinghouse’s centralized directory and included in pertinent bid and educational announcements. We provided links to the application process and encouraged suppliers to learn more about the process via the clearinghouse website and FAQs. We plan to engage in similar outreach to our suppliers this year. • We also continuously monitor the status of our suppliers’ expiration dates and earlier this year, we proactively contacted

Legal Requirement	Detailed Explanation of Compliance
	suppliers to remind them to maintain or renew their certifications.
GO 156, Section 8: Substantial and Verifiable Goals	<ul style="list-style-type: none"> Verizon will list the CPUC’s minimum goals for procurement from women-, minority-, disabled veteran-, and LGBT-owned business enterprises as the short-, mid-, and long-term targets in its reports, which Verizon acknowledges are an important part of the Commission’s GO 156 program. While Verizon will not set independent internal quantitative goals for diverse spend, it will use the Commission’s minimum goals as benchmarks in its annual reports, consistent with the approach taken by AT&T and Charter. Verizon will report its actual spend against these goals and provide narrative explanations for any shortfalls, as required by GO 156.
GO 156, Section 9: Annual Report	<ul style="list-style-type: none"> Verizon will continue to collect, disaggregate, and report detailed data on procurement from suppliers, including demographic breakdowns as required by GO 156.
GO 156, Section 10: Annual Plan for Supplier Diversity Expenditures	<ul style="list-style-type: none"> Verizon will submit an annual plan that references the Commission’s short-, mid-, and long-term procurement goals for diverse suppliers as described above, a description of planned program activities for the next year, strategies for recruiting small, diverse, and veteran-owned suppliers in low utilization categories, and plans for encouraging prime contractors to subcontract with such suppliers. The plan will also address compliance with program guidelines and outline methods for monitoring and evaluating progress.
Public Utilities Code Sections 8281-8290.2: Annual Reporting on Workforce Diversity	<ul style="list-style-type: none"> Verizon will continue to publish employee diversity metrics, including the employment of women, minority, disabled veteran, and LGBT individuals at all organizational levels. Verizon will collect and report this data annually, as required by Section 8290.2(a)(1) and consistent with the Commission’s orders, and will describe its policies and activities that promote equitable recruitment and hiring. Although Verizon has removed internal workforce diversity goals from its compensation plans, it will maintain the collection and public reporting of workforce demographic data and describe any ongoing efforts to ensure inclusion, equal opportunity and nondiscrimination, consistent with federal law.

1 **Q: How will Verizon approach outreach activities under GO 156, and will there be any**
2 **changes to the communities or organizations Verizon engages?**

3 A: As I discussed above, Verizon has shifted away from its prior focus on specific categories
4 of minority-owned suppliers, but through its new Small Business Supplier Accelerator program,
5 Verizon will continue prior outreach activities to the communities identified in GO 156. Verizon
6 will also broaden its outreach activities to ensure that our efforts are as inclusive and effective as
7 possible. While we are expanding our engagement to include a wider range of small business
8 organizations, diverse and non-diverse, we are not ending outreach to the communities or
9 organizations we have previously addressed. Our goal is to ensure that all qualified suppliers—
10 including businesses owned by women, minorities, disabled veterans, and LGBT individuals—
11 are aware of and have access to opportunities within our supply chain. We believe that by
12 expanding our outreach, we can better identify and address barriers to participation, foster
13 greater competition, and ultimately deliver more value to our customers and communities. This
14 approach is consistent with the requirements of GO 156 and reflects our ongoing commitment to
15 economic opportunity for all communities we serve.

16 **Q: Please expand on the details of the outreach elements of the Small Business Supplier**
17 **Accelerator program.**

18 A: Verizon is committed to extensive external outreach to small businesses through our new
19 Small Business Supplier Accelerator program. We will collaborate with a wide array of
20 community and industry-based organizations, including those with deep ties to historically
21 underrepresented urban and rural segments of California, as well as chambers of commerce and
22 business development centers. This outreach will include hosting Small Business Supplier
23 Accelerator Regional Summits in key urban and rural markets and utilizing webinars to provide
24 accessible program information. As I noted previously, two of these events will be held in San
25 Francisco and Los Angeles in early August, and planning is underway for a dedicated event in a
26 rural California community.

27 Through the Small Business Supplier Accelerator and Small Business Digital Ready
28 platforms, we offer a comprehensive suite of online courses designed to build essential
29 qualifications and accelerate the readiness of small businesses. Recognizing the value of direct
30 support, we also offer one-on-one mentorship, group, and peer coaching opportunities. To

1 further enhance access, Verizon is developing a small business database for our suppliers to
2 identify small business opportunities.

3 Understanding and addressing common challenges faced by small businesses, Verizon is
4 actively working to minimize these barriers. We offer more favorable contractual terms,
5 including faster payment timelines and reduced insurance and indemnification requirements. We
6 will also host virtual matchmaking events to raise awareness of resources and drive participation.

7 These integrated efforts—encompassing outreach, training, mentorship, and improved
8 contractual terms—will expand opportunities for all small businesses, including diverse and
9 veteran-owned businesses, enhance their awareness of bidding opportunities, and equip them to
10 successfully compete for contracts. Our objective is to increase the number of small businesses
11 in Verizon’s supplier ecosystem to meet our goal of investing \$5 billion in U.S. small business
12 suppliers over the next five years. This commitment, alongside ongoing internal collaboration to
13 embed small business engagement across our operations, will foster greater supply chain
14 resiliency and strengthen our partnerships within the communities we serve.

15 **Q: Can you provide some examples of organizations with whom Verizon will seek to**
16 **partner, and are these new partnerships or extensions of ongoing relationships?**

17 A: Verizon plans to expand its community partnerships to help drive small businesses into
18 Verizon’s Small Business Supplier Accelerator program. Its existing partnership with numerous
19 community and business organizations will be the backbone to support further program growth.
20 Some of the groups with whom Verizon has long standing relationships that it plans to continue
21 partnering with include:

- 22 • APIA Chamber of Commerce and Entrepreneurship (ACE)
- 23 • CalAsian Chamber of Commerce
- 24 • California African American Chamber of Commerce
- 25 • California Chamber of Commerce
- 26 • California Hispanic Chambers of Commerce
- 27 • CPUC Small and Diverse Business Expo
- 28 • Disability:IN
- 29 • National LGBT Chamber of Commerce (NGLCC)
- 30 • National Minority Supplier Diversity Council (NMSDC)
- 31 • National Veteran Business Development Council (NVBDC)
- 32 • United States Hispanic Chamber of Commerce (USHCC)
- 33 • US Black Chambers, Inc.
- 34 • US Pan Asian American Council (US PAAC)
- 35 • Women’s Business Enterprise National Council (WBENC)

1 Verizon will explore additional engagements with other groups, including organizations that
2 focus on rural areas, and community-based organizations that work with and support small
3 businesses, as well as with jurisdictions and governmental agencies who work to connect
4 entrepreneurs and small businesses to business opportunities.

5 **Q: What is Verizon’s plan for reporting activities under GO 156, and will there be any**
6 **changes to the data collected or information provided to the Commission?**

7 A: Verizon will continue to provide the same data in our GO 156 reports as we have in the
8 past. Our reporting will remain comprehensive and transparent, including detailed breakdowns
9 of procurement by supplier category, outreach activities, subcontracting, workforce and board
10 diversity, and progress toward the Commission’s goals. There may be some differences in the
11 data that Verizon receives from prime contractors about subcontractors, because some suppliers
12 have indicated to Verizon that they will no longer provide this information to any of their
13 customers.

14 **Q: How will Verizon set supplier diversity goals in its GO 156 reports, and what is the**
15 **current industry practice in this area?**

16 A: For supplier diversity goals, it is common practice among large utilities in California to
17 reference the Commission’s minimum goals as the short-, medium-, and long-term targets in
18 GO 156 reports. In the most recent reporting year, 8 out of 12 major utilities listed the
19 Commission’s minimum goals in their reports.⁴⁹ This practice is consistent with the aspirational
20 nature of the goals set forth in GO 156 and provides a clear, standardized benchmark for
21 performance. Verizon will likewise reference the Commission’s minimum goals in our reports,
22 ensuring consistency and comparability across the sector. We believe this approach is both
23 reasonable and effective in reporting on supplier diversity while maintaining compliance with
24 both GO 156 requirements and federal requirements.

25 **Q: Are there examples of other utilities that have changed their DEI practices and**
26 **updated the language in their GO 156 reports?**

27 A: Yes, there are clear examples of other major utilities that have recently changed their DEI
28 practices and updated the language in their GO 156 reports to reflect these changes. For
29 instance, AT&T’s report references the “minimum goals provided by the PUC” and states:

⁴⁹ AT&T, CalWater, Charter, PG&E, SCE, SDG&E, SoCalGas, and T-Mobile have adopted this approach. *See supra* note 9.

1 “Supplier contracts are awarded based on competitive value. We ensure that all suppliers are
2 evaluated based on their ability to deliver quality products and services that meet our standards
3 and deliver value to our customers. We do not have quotas or preferences in our procurement
4 practices and do not select suppliers based on a particular set of goals, but we strive to be
5 inclusive.”⁵⁰

6 Charter takes a similar approach in its report, explaining: “GO 156 Section 8.2
7 establishes certain procurement goals. As stated earlier, ‘Goals’ identified in this report
8 represent the aspirational measurements established by the Commission in GO 156. The table
9 above incorporates the Commission’s aspirational goals and required reporting categories, and
10 Charter reports our spend against the categories of suppliers enumerated by the Commission.
11 Charter evaluates suppliers based on merit and selects the most qualified suppliers. Charter
12 reports its procurement and supplier data in accordance with GO 156 requirements.”⁵¹ These
13 examples demonstrate that Verizon’s approach is consistent with current industry practice and
14 regulatory expectations.

15 **Q: Has the Commission actively reviewed and engaged with supplier diversity reports
16 from other utilities, and what does this indicate about regulatory expectations?**

17 A: Yes, the Commission has actively reviewed supplier diversity reports from other utilities.
18 For example, AT&T’s final report was a “revised” version that the company updated “to address
19 two items raised by the CPUC[.]”⁵² This demonstrates that the Commission is engaged in a
20 substantive review process and that utilities are responsive to Commission feedback.

21 **Q: If the Commission were to believe that Verizon’s proposed approach to GO 156
22 compliance is inadequate, what would be the process best suited to resolve its concerns?**

23 A: Verizon takes very seriously its duty to comply with all applicable Commission rules and
24 regulations and believes that the approach to compliance outlined herein fully satisfies its
25 obligations. If the changes adopted by Verizon and many other large utilities present interpretive
26 and compliance concerns with GO 156, the Commission could consider opening a Rulemaking
27 to consider how best to address the issue. Given that multiple utilities are facing similar

⁵⁰ AT&T 2024 Annual Report & 2025 Annual Plan at 10.

⁵¹ Charter 2024 Annual Report & 2025 Annual Plan at 18.

⁵² AT&T 2024 Annual Report & 2025 Annual Plan at 2, n.2.

1 challenges and have adopted similar approaches, we believe that a consistent, industry-wide
2 solution would provide the greatest clarity and fairness for all regulated utilities in California.
3 Verizon is committed to working collaboratively with the Commission and other stakeholders to
4 ensure that our programs and reporting continue to meet California’s high standards.

5 **V. EXPANDED RESPONSE TO SUPPLEMENTAL SCOPING MEMO QUESTION 7**

6 **Q: The Ruling states that Verizon avoided answering Question 7 of the Amended**
7 **Scoping Memo, “replying evasively and deficiently.” How does Verizon respond?**

8 A: I regret that my prior testimony did not meet the Commission’s expectations. It was not
9 my intention to be evasive, but rather to provide a concise response that summarized our
10 position. Verizon and I appreciate this opportunity to elaborate on and clarify my initial
11 response. We take our obligations of candor to the Commission very seriously, and we provide
12 this Supplemental Testimony with that obligation top of mind.

13 **Q: Question 7 of the revised Scoping Memo asked for Verizon to “[i]dentify any**
14 **assertions Verizon has made in the context of its GO 156 reports, participation in en banc**
15 **hearings, or with respect to rulemaking R. 21-03-010 that Verizon no longer supports.”**
16 **How do you further respond in this testimony?**

17 A: As directed by the Ruling, Verizon verifies that it has completely reviewed: its last eight
18 Annual Reports and Annual Plans filed pursuant to GO 156; statements Verizon made during the
19 Supplier Diversity en banc hearings from the last eight years;⁵³ and its comments with respect to
20 rulemaking R. 21-03-010, including comments by a trade association speaking on behalf of
21 industry members including Verizon. Attached as Exhibits 2, 3, 4, and 5 are redlined versions of
22 these documents, as directed by the Ruling. The redlines and accompanying comments are
23 intended to clearly identify any statements or representations that, if made today, would be
24 expressed differently in light of recent changes to Verizon’s corporate policies and practices,
25 particularly those related to DEI. My goal is to leave no ambiguity about Verizon’s current
26 positions and to demonstrate our commitment to transparency.

⁵³ Verizon did not speak during the Supplier Diversity en banc hearings in 2019 or 2020. Accordingly, Verizon does not provide redline transcripts for those years.

1 **Q: What do the redlines indicate?**

2 A: The redlines indicate deletions, additions, and modifications reflecting changes in
3 Verizon's policies and practices as a result of its commitments to the FCC and the evolution of
4 its plans and programs.

5 **Q: Do the redlines indicate that the statements in question were not accurate at the**
6 **time they were made?**

7 A: No, the statements were accurate when made. Changes indicated in redline reflect
8 Verizon's diligent, good-faith efforts to incorporate current policies and practices and
9 demonstrate how the documents and transcripts would read if filed by Verizon today. All tables
10 and reported numbers are unchanged. The short, medium and long-term goals set forth in
11 Verizon's GO 156 reports will be modified beginning with Verizon's 2025 Annual Report to
12 refer to the Commissions' goals as set forth in GO 156.

13 **Q: Can you summarize the major changes reflected in the redlines?**

14 A: Yes. Consistent with federal legal and regulatory developments, the changes reflect
15 Verizon's commitments to the FCC, its elimination of the DEI programs described in the letter,
16 and the evolution of Verizon's plans and practices to focus on the advancement of opportunities
17 for small businesses, including those with diverse ownership. As discussed above, Verizon will
18 no longer establish numerical goals for supplier diversity and instead will refer to the minimum
19 goals established by the Commission, consistent with the practice of other large utilities. The
20 redlines delete references to programs that have now been modified or replaced and remove DEI
21 nomenclature that Verizon no longer employs. These references are often revised or
22 supplemented to address Verizon's current plans to invest in small business suppliers, which will
23 have the effect of advancing supplier diversity.

24 **Q: The Ruling directs Joint Applicants to indicate whether they still stand behind six**
25 **example statements they have made at various points in the past. What is your response?**

26 A: These prior statements require some modifications and clarifications to accurately reflect
27 current policy and practice, as reflected in the chart below. I have also included a redline of a
28 relevant statement in Verizon's opening comments in R.21-03-010 as a seventh statement in the
29 chart below. These revisions are reflective of the other redlines included in the attached exhibits.

Source	Original Quote	Revised Quote	Redline
<p>Quote 1 from Amended Scoping Memo Verizon 2022 General Order 156 Compliance Filing at 3.</p>	<p>“Verizon’s supplier diversity program aims to foster diverse supplier capabilities that helps us create the networks that move the world forward. A diverse supply chain enables us to deliver supply chain solutions that create great customer experiences. We know that accelerating diverse business development contributes to the prosperity of present and future supplier communities, fuels business growth and prioritizes economic parity.”</p>	<p>“Verizon's supplier program aims to foster diverse supplier capabilities that help us create the networks that move the world forward. A broad-based and resilient supply chain enables us to deliver supply chain solutions that create great customer experiences. We know that taking intentional actions to accelerate business development across all the communities we serve contributes to the prosperity of present and future supplier communities, fuels business growth and prioritizes economic parity.”</p>	<p>“Verizon’s supplier diversity program aims to foster diverse supplier capabilities that helps us create the networks that move the world forward. A diverse <u>broad-based and resilient</u> supply chain enables us to deliver supply chain solutions that create great customer experiences. We know that accelerating diverse <u>taking intentional actions to accelerate business development across all the communities we serve</u> contributes to the prosperity of present and future supplier communities, fuels business growth and prioritizes economic parity.”</p>
<p>Quote 2 from Amended Scoping Memo Verizon 2022 General Order 156 Compliance Filing at 4.</p>	<p>“Providing the best service on the best network means working with a diverse set of suppliers. Verizon is committed to supplier diversity and economic inclusion because it ensures our customers have access to superior</p>	<p>“Providing the best service on the best network means working with a broad set of suppliers, reflecting all the communities we serve. Verizon is committed to fostering a broad range of supplier opportunities that drives economic</p>	<p>“Providing the best service on the best network means working with a diverse <u>broad</u> set of suppliers, <u>reflecting all the communities we serve</u>. Verizon is committed to supplier diversity <u>fostering a broad range of supplier opportunities that</u></p>

Source	Original Quote	Revised Quote	Redline
	<p>service and experiences. A diverse and inclusive supply chain is not only the right thing to do, it's smart business."</p>	<p>inclusion, such as our \$5B Small Business Supplier Accelerator, because it ensures our customers have access to superior service and experiences. An inclusive supply chain is not only the right thing to do, it's smart business."</p>	<p><u>drives economic inclusion, such as our \$5B Small Business Supplier Accelerator,</u> because it ensures our customers have access to superior service and experiences. A diverse and <u>An</u> inclusive supply chain is not only the right thing to do, it's smart business."</p>
<p>Quote 3 from Amended Scoping Memo Verizon 2023 General Order 156 Compliance Filing at 5-6.</p>	<p>"Verizon recognizes that supplier diversity is more than a social commitment, it is a key driver of innovation and economic performance and we pledge our support and collaborate with community partners that drive diverse business development and growth."</p>	<p>Verizon recognizes that building a broad and inclusive supply chain is more than a social commitment, it is a key driver of innovation and economic performance, and we pledge our support and collaborate with community partners that drive inclusive business development and growth for all the communities we serve.</p>	<p>Verizon recognizes that supplier diversity <u>building a broad and inclusive supply chain</u> is more than a social commitment, it is a key driver of innovation and economic performance, and we pledge our support and collaborate with community partners that drive <u>small and</u> diverse business development and growth <u>for all the communities we serve.</u></p>
<p>Quote 4 from Amended Scoping Memo Verizon 2020 General Order 156 Compliance Filing at 3.</p>	<p>"Diverse suppliers deliver broad perspectives and experiences and through their innovation, can offer us high</p>	<p>No change</p>	<p>No change. These are factual statements about the capabilities of diverse suppliers that Verizon continues to support.</p>

Source	Original Quote	Revised Quote	Redline
	quality products and services as well as cost effective solutions.”		
Quote 5 from Amended Scoping Memo Verizon 2023 GO 156 Compliance Filing at 3.	“Fostering an inclusive and equitable supply chain starts at the top. Verizon’s Board understands that diverse business growth contributes to the prosperity of present and future supplier communities and has approved Verizon's short-term incentive plans for management employees with a performance measure related to supplier diversity for well over a decade.”	“Fostering an inclusive and equitable supply chain that is focused on procuring the most qualified suppliers starts at the top. Verizon’s Board understands that small and diverse business growth contributes to the prosperity of present and future supplier communities. For this reason, Verizon has approved a \$5 billion Small Business Supplier Accelerator program to expand its broad-based and resilient supply chain across all the communities Verizon serves.”	“Fostering an inclusive and equitable supply chain <u>that is focused on procuring the most qualified suppliers</u> starts at the top. Verizon’s Board understands that <u>small and</u> diverse business growth contributes to the prosperity of present and future supplier communities. and has approved Verizon's short-term incentive plans for management employees with a performance measure related to supplier diversity for well over a decade. <u>For this reason, Verizon has approved a \$5 billion Small Business Supplier Accelerator program to expand its broad-based and resilient supply chain across all the communities Verizon serves.</u> ”
Quote 6 from Amended Scoping Memo	“Even to the detriment of some in the media who	“Even to the detriment of some in the media who	“Even to the detriment of some in the media who

Source	Original Quote	Revised Quote	Redline
<p>Rudy Reyes speaking at the California Public Utilities Commission’s 2021 Supplier Diversity En Banc. Video at https://www.adminmonitor.com/ca/cpu/c/en_banc/20211014/, at 2:16-2:19.</p>	<p>criticize us, [we have] a very strong commitment to diversity and inclusion.... When I talk about diversity, I’m speaking much more broadly than supplier diversity, I’m talking about employee diversity, just under 60% of our employees are women or people of color, board of directors 6/10 of our members are women or people of color. Our customers in our communities, we serve all of our customers and communities and strive to have very strong digital equity and inclusion.... Last year we spent \$5.7 billion on supplier diversity...over a ten year period that’s \$50 billion, as in b, dollars on supplier diversity.”</p>	<p>criticize us, Verizon has a very strong commitment to inclusion and equal opportunity internally and externally. Internally, this is reflected in our workforce, where just under 60% of our employees are women or people of color, and on our board, where six of our 10 members are women or people of color. Externally, we actively work to bridge the digital divide for all the communities we serve. We have spent tens of billions of dollars of investment with diverse suppliers over the last decade, and our focus going forward is to create even broader opportunities. That is why we have launched a new \$5 billion Small Business Supplier Accelerator, building a more resilient and inclusive supply chain.”</p>	<p>criticize us, [we have] <u>Verizon has</u> a very strong commitment to diversity and inclusion <u>and equal opportunity internally and externally</u>. When I talk about diversity, I’m speaking much more broadly than supplier diversity, I’m talking about employee diversity, <u>Internally, this is reflected in our workforce, where just under 60% of our employees are women or people of color, and on our board of directors,</u> where 6/10 six of our 10 members are women or people of color. Our customers in our communities, we serve all of our customers and communities and strive to have very strong digital equity and inclusion... <u>Externally, we actively work to bridge the digital divide for all the communities we serve. Last year we spent \$5.7 billion on supplier diversity...over a ten</u></p>

Source	Original Quote	Revised Quote	Redline
			<p>year period that's \$50 billion, as in b, dollars on supplier diversity. <u>We have spent tens of billions of dollars of investment with diverse suppliers over the last decade, and our focus going forward is to create even broader opportunities. That is why we have launched a new \$5 billion Small Business Supplier Accelerator, building a more resilient and inclusive supply chain.</u>"</p>
<p>Opening Comments in R.21-03-010 (GO 156 Rulemaking) filed May 1, 2022.</p>	<p>Verizon is strongly committed to diversity and inclusion. Diversity, equity, and inclusion are among Verizon's core principles. We believe that diverse businesses have the greatest economic impact in our communities and enable Verizon to better serve our customers through innovative, high quality, and cost effective solutions. In addition to our robust supplier</p>	<p>Verizon is strongly committed to fostering an inclusive and equitable supply chain that is focused on procuring the most qualified suppliers; these are among Verizon's core principles. We believe that small and diverse businesses have a great economic impact in our communities and enable Verizon to better serve our customers through innovative, high</p>	<p>Verizon is strongly committed to fostering an diversity and inclusion <u>and equitable supply chain that is focused on procuring the most qualified suppliers; these are among Verizon's core principles. We believe that <u>small and diverse</u> businesses have the <u>a</u> greatest economic impact in our communities and enable Verizon to better serve our customers through</u></p>

Source	Original Quote	Revised Quote	Redline
	<p>diversity program that continues to meet (and exceed) our General Order (“GO”) 156 aggregate targets, Verizon also has one of the most diverse boards in corporate America, with six of ten board members who are women or people of color. Finally, 59.3% of our workforce in the U.S. are women or people of color.</p>	<p>quality, and cost effective solutions. Consistent with the goals of the CPUC’s GO 156 Supplier Diversity Program, Verizon has launched a new \$5 billion Small Business Supplier Accelerator. This program is designed to create a pipeline for American small businesses—many of which are minority-, women-, LGBTQ-, and veteran-owned—to work with Verizon, fostering a resilient and inclusive supply chain reflecting all the communities we serve. Verizon also has one of the most diverse boards in corporate America, with six of ten board members who are women or people of color. Finally, just under 60% of our workforce in the U.S. are women or people of color.</p>	<p>innovative, high quality, and cost effective solutions. In addition to our robust supplier diversity program that continues to meet (and exceed) our General Order (“GO”) 156 aggregate targets, <u>Consistent with the goals of the CPUC’s GO 156 Supplier Diversity Program,</u> Verizon has <u>Verizon has</u> launched a new \$5 billion Small Business Supplier Accelerator. This program helps <u>launched a new \$5 billion Small Business Supplier Accelerator. This program helps</u> American small businesses—many of which are minority-, women-, LGBTQ-, and veteran-owned—to work with Verizon, fostering a resilient and inclusive supply chain reflecting all the communities we serve. <u>American small businesses—many of which are minority-, women-, LGBTQ-, and veteran-owned—to work with Verizon, fostering a resilient and inclusive supply chain reflecting all the communities we serve.</u> Verizon also has one of the most diverse boards in corporate America, with six of ten board members who are women or people of color. Finally, just under 60% <u>59.3%</u> of our workforce in the U.S. are women or people of color.</p>

1 **VI. THE TRANSACTION IS IN THE PUBLIC INTEREST.**

2 **Q: What is the Commission being asked to determine in this proceeding?**

3 A: The Commission is being asked to make a comprehensive determination that the
4 proposed transaction as a whole will not be “adverse to the public interest.”⁵⁴ Specifically, the
5 Commission must consider whether Verizon’s acquisition of Frontier’s California operating
6 subsidiaries will adversely affect the interests of California ratepayers, communities, and the
7 State at large. This determination is guided by the standards set forth in Public Utilities Code
8 Section 854(c), which requires the Commission to consider a range of factors, including service
9 quality, economic benefits, competition, and impacts on disadvantaged and diverse communities.
10 Verizon fully recognizes the gravity of this responsibility and is committed to providing the
11 Commission with a clear, candid, and complete record to support its decision.

12 **Q: What is the overall evidence regarding whether the transaction will serve the public
13 interest, including for disadvantaged communities?**

14 A: The evidence in the record overwhelmingly demonstrates that the transaction will serve
15 the public interest. Verizon possesses the financial standing and expertise necessary to
16 optimize the Frontier network. By leveraging its financial strength, capital resources, and
17 unparalleled technology, tools and training, Verizon will deliver better service, increased value,
18 and more choice to current Frontier customers in California, including those in rural, low-
19 income, and historically underserved areas.

20 **Q: Please review the general benefits of the transaction for California and its
21 communities.**

22 A: The transaction will deliver a range of significant benefits to California and its
23 communities. First, it will stabilize and strengthen the financial position of the Frontier
24 operating companies, ensuring their long-term viability and ability to invest in critical
25 infrastructure beyond 2026, which they would not be able to do absent the transaction. Second,
26 Verizon’s scale and resources will make possible the expanded deployment of fiber and
27 advanced wireless technologies, improving service quality and expanding access to high-speed
28 broadband. Third, the transaction will enhance customer choice and experience by integrating

⁵⁴ D.07-05-061, 2007 Cal. PUC Lexis 227, at *34 (May 24, 2007); *see also* D.07-03-047, 2007 Cal. PUC Lexis 309, at *6 (Mar. 15, 2007) (noting the primary question for Commission is whether the “adverse to the public interest.”) (citation omitted).

1 Verizon’s product offerings (including expanded bundled offerings), network management
2 practices, and market-leading customer service. Fourth, the transaction will support local
3 economies by creating jobs, supporting small businesses, and fostering innovation as explained
4 in detail above. Finally, Verizon’s commitment to compliance, transparency, and engagement
5 with stakeholders will ensure that these benefits are realized in a manner consistent with the
6 public interest and the Commission’s policy objectives.

7 **Q: How does Frontier’s capacity to invest in California compare to Verizon’s, and why**
8 **is this relevant?**

9 A: Frontier’s capacity to invest in California is, unfortunately, quite limited. As detailed in
10 the record, Frontier’s financial challenges and high debt burden constrain its ability to make
11 sustained, large-scale investments. Verizon’s balance sheet, operational scale, wireless network,
12 and proven track record in deploying and maintaining advanced networks position it to deliver
13 superior services that California’s communities require and deserve.⁵⁵ This disparity is highly
14 relevant because, without the transaction, Frontier’s ability to provide exceptional service would
15 be severely hampered, to the detriment of consumers and the State’s broader economic goals.

16 **Q: How significant is Frontier’s current supplier spending to the economic wellbeing of**
17 **diverse communities in California?**

18 A: Standing alone, Frontier’s contribution to the economic wellbeing of diverse
19 communities through its supplier spending in California is small. While Frontier has reported
20 respectable supplier diversity percentages, the absolute scale of its spending and engagement
21 with diverse suppliers is limited by its overall financial position and declining total spend.
22 Frontier’s ability to drive meaningful economic opportunity for diverse communities is
23 inherently constrained by its size and resources.

⁵⁵ FCC Approval Order at ¶ 34 (“Based on the record before us, we conclude that Verizon is more likely to invest in and improve service quality in the Transaction market areas than Frontier would absent the Transaction. While the record indicates that Frontier has deployed fiber, no commenter disputes that it does not have funding in place for enhanced investment and additional fiber buildouts. Overall, we find that the proposed Transaction will result in public interest benefits and therefore serves the public interest, convenience, and necessity.”) (citations omitted).

1 **Q: Do you agree with the intervenors' claim that the transaction presents a risk to**
2 **Frontier's diverse suppliers?**

3 A: No, I do not. The most direct threat to the economic wellbeing of Frontier's diverse
4 suppliers is its decline in spending, which will only continue if the transaction is not approved.
5 The transaction gives any Frontier suppliers not already working with Verizon exposure to a
6 vastly larger company and an opportunity to expand their business. Verizon has not eliminated
7 any diverse suppliers as a result of the changes it has made in its programs, and it has greatly
8 enhanced the opportunities for small business suppliers with its new \$5 billion commitment.
9 When this larger opportunity is combined with the scale and reach of Verizon's supplier
10 engagement, particularly with small businesses, the transaction will deliver tangible benefits for
11 suppliers that greatly exceed what Frontier could achieve on its own.

12 **VII. CONCLUSION**

13 **Q: Is there anything else you would like to say on this matter?**

14 A: I appreciate the opportunity to provide this additional testimony and to clarify Verizon's
15 position and commitments. Verizon is fully committed to candor, compliance, and the
16 advancement of economic opportunity for all Californians. The record demonstrates that this
17 transaction is in the public interest, and I respectfully urge the Commission to approve it
18 promptly so that these benefits can begin to be realized for the people and communities of
19 California.

20 **Q: Does this conclude your testimony?**

21 A: Yes.