

Joint Applicants Hearing Exhibit JA-11

A.24-10-006

Frontier/Verizon Joint Application for Transfer of Control

Second Supplemental Testimony of Rudolph M. Reyes on behalf of
Verizon Communications Inc. dated June 18, 2025

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

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

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

June 18, 2025

Table of Contents

I. Introduction.....	1
II. Background	4
III. Verizon’s New Policies.....	9
IV. Conclusion	22

Exhibit 1 – FCC Letter to Verizon

Exhibit 2 – Verizon Letter to the FCC

Exhibit 3 – FCC Approval Order

1 **I. INTRODUCTION.**

2 **Q: Please state your name, occupation, and business address.**

3 A: My name is Rudolph M. Reyes. My title is Regional Vice President and Deputy General
4 Counsel for Verizon. My business address is 360 Spear Street, San Francisco, CA 94105.

5 **Q: Please describe your background.**

6 A: I am a telecommunications attorney and public policy advocate with over twenty years of
7 experience leading complex regulatory, legislative, and community initiatives. I lead a team
8 responsible for state regulatory strategy, government affairs, and community engagement across
9 the western and southern United States.

10 Our team led the efforts in the proceeding in which the California Public Utilities
11 Commission (“Commission”) approved the company’s acquisition of TracFone. We have also
12 established innovative 5G infrastructure partnerships with leading California cities such as Los
13 Angeles, Long Beach, Sacramento, San Francisco, San Diego, and San José. I work hard to
14 establish strong relationships with policymakers, community leaders, and industry stakeholders,
15 championing initiatives that expand connectivity and economic opportunity for all.

16 Prior to this role, I served as Vice President - State Government Affairs and Associate
17 General Counsel for Verizon. I received an A.B. from Harvard College in 1994 and a J.D. from
18 Harvard Law School in 1998.

19 **Q: What is the purpose of this testimony?**

20 A. This testimony is submitted in support of the Joint Application (“Application”) filed in
21 this proceeding by Verizon Communications Inc. (“Verizon”), Frontier Communications Parent,
22 Inc. (“Frontier Parent”), and Frontier’s California local exchange and long distance subsidiaries,
23 in October 2024 requesting that the Commission or CPUC authorize the indirect transfer of
24 control of Frontier’s wholly owned subsidiaries to Verizon (the “transaction”). Specifically, this
25 testimony responds to the request in the ALJ’s amended scoping memo regarding the impact of
26 changes to Verizon’s practices and whether those changes are consistent with California law and
27 regulations and how these changes impact the public interest analysis of this transaction. This
28 testimony shows that the proposed transaction remains clearly in the public interest and
29 Verizon’s practices are in line with all statutory and regulatory requirements.

1 **Q: Is there anything you would like to say initially in response to this request?**

2 A: There are some overarching points that I think are important to understand before delving
3 into the specific questions on this issue.

4 First, it is essential to keep in mind that no one has effectively disputed the many public
5 interest benefits of this transaction, and no one has identified any meaningful harm that would
6 result from this transaction. As we have noted previously, this proposed transaction will build
7 upon Verizon's recognized leadership in building and deploying cutting-edge networks and its
8 commitment to prioritizing consumer choice while serving local communities. By leveraging its
9 significant financial strength, capital resources, and unparalleled technology, tools, and training,
10 Verizon will build on Frontier's post-bankruptcy efforts since April 2021 to deliver better
11 service, increase value, and offer more choice to current Frontier customers. As we consider the
12 important issue raised by the ALJ, that remains the backdrop in this proceeding.

13 Second, Verizon will continue to provide opportunities for qualified small businesses to
14 partner with us, although the programs in place to provide those opportunities necessarily have
15 evolved and changed over time. Verizon recently announced a commitment to invest \$5 billion
16 over the next five years in U.S. small business suppliers with the launch of its new Small
17 Business Supplier Accelerator. Investing in small businesses helps us develop a varied and
18 resilient supply chain in the face of geo-political uncertainty across the globe.

19 Third, Verizon also has a strong focus on compliance. Verizon invests significant
20 financial and personnel resources each year to ensure that its practices comply with federal, state,
21 and local requirements. As a regulated entity, Verizon sometimes must comply with different
22 requirements from federal and state regulators, and is confident that it does so.

23 **Q: Can you provide a brief summary of your testimony on the issues.**

24 A: With respect to the new issue in the Scoping Memo, the commitments that Verizon made
25 to the Federal Communications Commission ("FCC") in its May 15, 2025 letter to FCC
26 Chairman Brendan Carr (the "Verizon Letter" or "Letter")¹ are consistent with California law
27 and General Order ("GO") 156, and Verizon will continue to comply with the law and that order
28 as described in my testimony. These updated policies will not lead to any public interest harm

¹ See Exhibit 1 – Letter from Vandana Venkatesh, Executive Vice President and Chief Legal Officer, Verizon, to Hon. Brendan Carr, Chairman, FCC (filed May 15, 2025).

1 that the Commission should evaluate in its consideration of the transaction. Moreover, there are
2 many, un rebutted public interest benefits that this transaction offers.

3 Verizon recognizes that the regulatory and policy landscape surrounding diversity,
4 equity, and inclusion (“DEI”) has changed. The Supreme Court, the President’s Executive
5 Orders, and federal mandates require changes in the way companies approach DEI issues moving
6 forward. Joint Applicants believe that post-transaction Verizon can comply with GO 156,
7 applicable sections of California Public Utilities Code, and other state law, without creating any
8 conflict with Verizon’s commitments to the FCC in its Letter to Chairman Carr.

9 To summarize our responses to the individual questions posed to the applicants, my
10 testimony will show the following:

- 11 • Verizon will not set quantitative goals for diverse spend and, instead, will focus on
12 increasing opportunities for small businesses, including veteran-owned businesses.
13 (Question 1)
- 14 • There are no relevant differences between the applicants with respect to their
15 positions on these issues. (Question 2)
- 16 • With respect to policies and practices that could be associated with discrimination,
17 Verizon acknowledged that certain policies could be applied in a discriminatory
18 manner, but neither Verizon nor Frontier believes that any of their previous policies
19 resulted in unlawful discrimination. (Question 3)
- 20 • Verizon remains committed to a robust supply chain and continues to believe
21 expanding opportunities for all suppliers is smart business and critical to excellence,
22 but we are no longer solely relying on a supplier diversity program to advance these
23 values because we believe that a more broad-based approach to suppliers is needed to
24 build and maintain our networks and serve our customers. Our modified approach
25 continues to ensure that we work with a wide range of suppliers to provide our
26 customers with superior services and experiences. (Question 4)
- 27 • Verizon has changed its strategy for supporting suppliers but not its commitment to
28 complying with GO 156. (Question 5)
- 29 • Verizon’s ability to report on the diversity of its workforce is not impacted by the
30 removal of the workforce representation metric from its short-term incentive
31 compensation plan. There is no inconsistency between Verizon removing an internal

metric and collecting data related to representation and reporting data on actual results. When Verizon said in the Verizon Letter that it was removing the metric, it meant as a measure in its compensation plan; the data to report on representation within Verizon's workforce remains available and will be provided. (Question 6)

- Verizon has a broad view of inclusion and opportunity. Verizon will continue to provide opportunities for all qualified small businesses to partner with us. (Question 7)
- California should interpret Verizon's commitments in the Verizon Letter as being consistent with the California requirements. A broader view of the requirements of California's programs would raise potentially fatal concerns about the constitutionality and lawfulness of the GO 156 program. (Question 8)

II. BACKGROUND

Q: Can you describe your understanding of California's supplier diversity requirements?

A: My understanding is that California Public Utilities Code Section 8283 and GO 156 mandate that a utility with gross annual California revenues exceeding \$25 million, including wireless, wireline, and broadband providers, submit annually to the Commission a detailed and verifiable plan and report on its procurement from diverse suppliers.

Section 8.2 of the GO requires substantial and verifiable goals for the utilization of women, minority, disabled veterans and LGBT (lesbian, gay, bisexual, or transgender) business enterprises. Additionally, as of 2025, the GO requires the following initial minimum long-term goals for each major category of products and services the utility purchases from outside vendors: 15% for minority-owned business enterprises, 5% for women-owned business enterprises, 1.5% for Disabled Veteran Business enterprises and 1.5% for LGBT enterprises. The GO has not set a goal for persons with disabilities enterprises.

Q: Did Verizon's 2024 report comply with the GO 156's requirements?

A: Yes. Verizon met the requirements of California's supplier diversity program in its report. It detailed its performance as it relates to the program's goals and ongoing efforts to comply with those goals.

1 **Q: Does Verizon intend to file reports in future years that comply with GO 156**
2 **requirements?**

3 A: Yes.

4 **Q: What is your understanding of the meaning of a “goal” in this context?**

5 A: Importantly, the Commission itself has explained that goals are not quotas or mandates.
6 “Substantial goals” are defined as “goals which are realistic and clearly demonstrate a utility’s
7 commitment to encourage the participation of WMDVBEs in utility purchases and contracts.”²
8 Goals are defined as targets which, when achieved, mean progress has been made in a preferred
9 direction.³

10 **Q: What does the required reporting look like?**

11 A: Each utility must submit an annual plan and report to the CPUC that includes:
12 • CPUC-mandated goals for increasing procurement from diverse suppliers.
13 • Methods for encouraging both prime contractors and grantees to meet those goals.
14 • A description of outreach and program activities to support those goals.
15 • Category-by-category numerical results showing actual procurement from each
16 CPUC-identified category of suppliers.
17 • Details on progress in meeting the CPUC’s goals, explanations for any shortfalls, and
18 future plans to improve performance.
19 • Data on subcontracting, workforce and board composition, and other required
20 metrics.

21 **Q: Has Verizon met the CPUC goals in recent years?**

22 A: No. In 2024, Verizon reported \$609,511,303 of its total procurement from diverse
23 suppliers, which is 17.22% and below the Commission’s aggregate goal of 22.5%. Breaking
24 down this goal into the categories established by GO 156, Verizon’s 2024 reported results were
25 as follows:

² GO 156 at §§ 8 to 8.1.

³ *Id.* at § 1.3.16; *see also PegaStaff v. Public Utilities Com.*, 239 Cal. App. 4th 1303, 1325 (Cal. Ct. App. 2015) (“A ‘goal’ is defined in section 1.3.13 as ‘a target which, when achieved, indicates progress in a preferred direction. A goal is neither a requirement nor a quota.’”) (internal citation omitted).

Category	2024 Result %
Minority Business Enterprise (MBE)	15.05%
Women Business Enterprise (WBE)	1.90%
Lesbian, Gay, Bisexual, Transgender Business Enterprise (LGBTBE)	0.11%
Disabled Veteran Business Enterprise (DVBE)	0.10%
Persons with Disabilities Business Enterprise (DBE)	0.07%
Total	17.22%

Q: Does Verizon’s failure to meet these goals mean that it has not complied with these requirements?

A: No. Although GO 156 encourages diversity within the utility procurement sector, it does not demand that utilities establish quotas or require fixed set-aside amounts, does not punish the utilities if they fail to meet the goals, and contains protections for suppliers that do not meet the definition of diversity.⁴

Q: Given that Verizon will no longer set its own quantitative goals for diverse spend at the corporate level, how will Verizon ensure compliance with GO 156 going forward?

A: Instead of setting quantitative goals for diverse spend, Verizon will comply with GO 156 by focusing on increasing opportunities for small businesses, maintaining access to a wide pool of suppliers, and continuing to ensure procurement is based on selecting the most qualified suppliers. To back this plan, Verizon recently announced a commitment to invest \$5 billion over the next five years in U.S. small business suppliers with the launch of its new Small Business

⁴ D.18-03-021, 2018 Cal. PUC LEXIS 109, at *9 (March 22, 2018) (“GO 156 encourages diversity within the utility procurement sector, does not demand that utilities establish quotas or contain fixed set-aside amounts, does not punish the utilities if they fail to meet their goals, and contains protections for non-WMDVLGBTBEs.”). *See also* D.18-03-021, 2018 Cal. PUC LEXIS 109, *13-*14 (“GO 156 contains provisions to assist non-WMDVLGBTBEs. ... Section 6.3.5, subpart (1), of the subcontracting program provides that the WMDVLGBTQ procurement programs may not be administered to the exclusion of qualified non-WMDVLGBTBEs: ‘It is the policy of the utility that business enterprises owned by women, minority, disabled veteran and LGBT person shall have the maximum practicable opportunity to participate in the performance of contracts. However, this policy shall not be used to exclude qualified non-WMDVLGBTBEs from participating in utility contracting.’”).

1 Supplier Accelerator.⁵ This strategy aligns with the CPUC’s supplier diversity objectives given
2 that a significant proportion of small businesses in California are owned by individuals from GO
3 156 target groups, including minorities, women, LGTBQ, and disabled veterans.

4 For context, of the roughly 4 million small businesses in California:

- 5 • **45% are minority-owned.**⁶
- 6 • **43% are women-owned.**⁷
- 7 • **7% are LGBTQ-owned.**⁸
- 8 • **3.7% are veteran-owned.**⁹

9 Currently, there are 3,428 small businesses in Verizon’s supply chain that are registered
10 with the Small Business Administration (“SBA”). Through Verizon’s Small Business Supplier
11 Accelerator, Verizon aims to increase the number of California SBA-registered small businesses
12 in Verizon’s supplier ecosystem towards the goal of meeting our commitment to \$5 billion small
13 business supplier spend in five years. Verizon’s commitment to significantly increase its small
14 business spend in California and nationwide will materially advance the goals set forth in GO
15 156. Given the need for a resilient and broad-based supply chain, it is imperative that carriers,
16 including Verizon, draw from a variety of suppliers who can enable us to bring best in class
17 services and products to our California customers.

18 **Q: What are some additional examples of Verizon’s efforts to reach these goals?**

19 Verizon also recognizes the importance of supporting a broad array of community
20 partners that drive business development and growth across all the various communities that
21 Verizon serves. Verizon partners with community organizations to support expanding these

⁵ *Verizon Announces a \$5B Commitment to Continue Investing in America and Supporting Small Businesses*, Verizon (May 13, 2025), available at <https://www.verizon.com/about/news/verizon-announces-commitment-supporting-small-businesses>.

⁶ California Office of the Small Business Advocate & Beacon Economics, *The State of Diverse Businesses in California* at 2 (June 2023), available at https://calosba.ca.gov/wp-content/uploads/The-State-of-Diverse-Business-in-California_v1.pdf.

⁷ U.S. Small Bus. Admin., Office of Advocacy, *2024 Small Business Profile: California* at 2 (Nov. 19, 2024), available at <https://advocacy.sba.gov/wp-content/uploads/2024/11/California.pdf>.

⁸ Ctr. for LGBTQ Econ. Advancement & Research & Movement Advancement Project, *LGBTQ-Owned Small Businesses in 2021* at 4 (2022), <https://www.lgbtmap.org/file/LGBTQ-Small-Businesses-in-2021.pdf>.

⁹ U.S. Small Bus. Admin., Office of Advocacy, *2024 Small Business Profile: California* at 3 (Nov. 19, 2024), available at <https://advocacy.sba.gov/wp-content/uploads/2024/11/California.pdf>.

1 opportunities. In 2024, as just a few examples, Verizon participated in the CPUC's Small
2 Business Expo on October 9th in Riverside, California and held an event with the National
3 Veteran Business Development Council (NVBDC) called "Vet's Night Out" held on October
4 29th - 30th in Detroit, Michigan. Verizon also hosted a Small Business Partner Summit in
5 Washington, D.C. on February 28th. And Verizon participated in the Wireless Infrastructure
6 Association's annual conference in May in Atlanta, Georgia, among many others.

7 In the upcoming month, Verizon will attend and sponsor the Women's Business
8 Enterprise National Council ("WBENC") 2025 National Conference in New Orleans. Verizon
9 will also attend and participate in Orange County Inland Empire Small Business Development
10 Council's Southern California Contracting Conference in Riverside, California to raise
11 awareness of the Small Business Digital Ready and Small Business Supplier Accelerator
12 programs with small business attendees.

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 respond?**

17 A: This is a temporally and substantively broad question. It would be infeasible for Verizon
18 to identify and parse every assertion it has made on these issues. Verizon retains its longstanding
19 commitment to promoting opportunity for all qualified entities and individuals throughout its
20 supply chain, and that has not changed. But the policies that Verizon employs to meet those
21 principles inevitably change over time. Policies from twenty or even five years ago might not
22 meet the realities of this moment.

23 The primary relevant change Verizon stated in its Letter to the FCC is that it will no
24 longer set quantitative goals for diverse spend or require that its suppliers meet quantitative goals
25 for diverse spend. Additionally, Verizon stated that it has removed the supplier diversity metric
26 from its management pay plan. Verizon's supplier program and goals will now focus on
27 increasing opportunities for small businesses, reflecting a different approach to promoting
28 inclusion and opportunity.

1 **III. VERIZON’S NEW POLICIES**

2 **Q: Why did Verizon change its policies with respect to DEI?**

3 A: Verizon changed its policies in response to a change in the federal policy and regulatory
4 landscape, as well as the related FCC inquiry. As the Commission is aware, the FCC sent
5 Verizon a letter on February 27, 2025 expressing concerns about Verizon’s DEI policies.¹⁰ The
6 FCC sent similar letters expressing concerns about DEI programs to other major
7 telecommunications and media companies.¹¹ And the FCC Chair publicly stated he would
8 closely review mergers and acquisitions involving companies that continue promoting “invidious
9 forms of DEI discrimination.”¹²

10 In response to the FCC’s inquiry regarding Verizon’s DEI practices, precipitated by the
11 change in regulatory and policy landscape, Verizon agreed to changes to its programs and
12 practices. In subsequently approving the Joint Applicants’ transfer of FCC licenses and
13 authorizations, the FCC made clear that Verizon’s adherence to the commitments in the Verizon
14 Letter is an important federal objective that was material to the FCC’s approval.¹³ The FCC
15 explained, for example, that “[w]e ... recognize Verizon’s commitment to equal opportunity

¹⁰ See Exhibit 3 – Letter from Hon. Brendan Carr, Chairman, FCC to Hans Vestberg, CEO, Verizon (dated February 27, 2025).

¹¹ The FCC has in recent months issued investigations into the DEI practices of of several media and telecommunications companies. 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. See Letter of Mark L. Nelson, Executive Vice President & General Counsel, T-Mobile US, Inc., to Hon. Brendan Carr, Chairman, WC Docket No. 24-151 (Mar. 27, 2025) (describing “changes and clarifications” to T-Mobile’s DEI policies, programs, and activities). On March 28, 2025, the FCC approved T-Mobile’s acquisition of Lumos. *Domestic Section 214 Application Granted for the Transfer of Control of Subsidiaries of the Lumos Fiber Entities To Trailblazer Holdco, LLC*, DA 25-283 (rel. March 28, 2025).

¹² See Jeff Green & Kelcee Griffis, *FCC’s Carr Threatens to Block M&A for Companies with DEI*, Bloomberg (Mar. 21, 2025), available at <https://www.bloomberg.com/news/articles/2025-03-21/fcc-s-carr-threatens-to-block-m-a-for-companies-with-dei-plans>.

¹³ See Exhibit 2 – 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, para. 33 (rel. May 16, 2025) (“FCC Approval Order”). Actions taken by the FCC staff on delegated authority have “the same force and effect, and shall be ... enforced in the same manner, as orders ... of the Commission.” 47 U.S.C. § 155(c)(3); see also *Star Wireless, LLC v. FCC*, 522 F.3d 469, 474 (D.C. Cir. 2008).

1 employment and nondiscrimination as strengthening its investment and service quality efforts. ...
2 We accept Verizon's commitment to modify its practices as firm and definite, and expect that
3 these changes will prevent DEI discrimination in the post-transaction company, as consistent
4 with the law and the public interest.”¹⁴

5 We continue to believe that Verizon's inclusive culture sets us apart. It is why we are the
6 market leader and what makes Verizon a great place to work. But our programs and practices
7 have never been static. They have evolved as our business and the world around us have evolved.
8 Verizon will continue to need the best talent to deliver the best experiences to our customers. To
9 be the best, we need the best. Our customers live, work, and play in all communities across
10 California and the United States. Having different perspectives throughout our workforce helps
11 us drive innovation and develop new ideas to meet their needs. We will continue to support a
12 workplace where everyone is empowered to succeed. We will continue to recruit and develop top
13 talent from all backgrounds, create a caring and inclusive culture, and make a meaningful
14 societal impact.

15 **Q: Question 1 asked that Verizon “[d]escribe any and all specific actions Applicants**
16 **will take pursuant to the commitments made in the Verizon Letter.” How do you respond?**

17 A: The changes are focused on the following: Verizon will not set quantitative goals for
18 diverse spend but will continue to report on its results and supplier programs as required on the
19 CPUC's goals. The focus of our supplier program will be on increasing opportunities for small
20 businesses, including veteran-owned businesses, maintaining access to a wide pool of suppliers
21 and continuing to ensure procurement is based on selecting the most qualified suppliers.

22 The Verizon Letter noted that the regulatory and policy landscape, as informed by Court
23 decisions, the President's Executive Orders, and federal mandates, required changes in the way
24 companies approach DEI issues moving forward. Verizon made the following specific
25 commitments:

- 26 • Verizon changed its HR structure and will no longer have a team or any individual
27 roles focused on DEI.
- 28 • Verizon removed references to DEI or “diversity, equity and inclusion” from its
29 employee training materials and is ensuring that all training materials are focused on

¹⁴ FCC Approval Order at 15, para. 33.

1 achieving the company's core business objectives or compliance obligations and not
2 on separate DEI objectives; it is ensuring that its training is consistent with guidance
3 released by the U.S. Equal Employment Opportunity Commission addressing training
4 that could facilitate discrimination in the workplace.

- 5 • Verizon updated its corporate policy to more specifically require that sponsorships
6 and memberships centrally focus on advancing core business objectives and
7 increasing shareholder value.
- 8 • Verizon ceased participation in recognition surveys focused on protected
9 characteristics.
- 10 • Verizon modified its approach to supplier diversity, and will not set quantitative goals
11 for diverse spend or require that its suppliers meet quantitative goals for diverse
12 spend.
- 13 • Verizon removed the supplier diversity metric from its management pay plan and
14 eliminated supplier diversity programs that existed in individual departments.
- 15 • Verizon's supplier program and goals will now focus on increasing opportunities for
16 small businesses, including veteran-owned businesses, maintaining access to a wide
17 pool of suppliers and continuing to ensure that our policy is based on procurement
18 from the most qualified suppliers.
- 19 • To the extent that Verizon maintains Employee Resource Groups which are focused
20 on demographic criteria or protected characteristics, it will not draw distinctions
21 based on any protected characteristic in granting permission to groups and events.
- 22 • Verizon's annual bonus/Short Term Incentive (STI) plan historically included a goal
23 to increase the representation of women and minorities in the company's U.S.
24 workforce from the prior year's representation, and Verizon has removed this metric
25 and will no longer maintain any workforce diversity goals.
- 26 • Consistent with guidance released by the U.S. Equal Employment Opportunity
27 Commission, Verizon will not engage in DEI-related disparate treatment in hiring
28 decisions.
- 29 • Verizon will not have hiring, training, leadership or development programs that are
30 limited by race, gender or other demographic characteristics.

- Verizon is removing its “Diversity and Inclusion” website and updating other company websites and future communications to remove references to “DEI” or “diversity, equity and inclusion.” Verizon has removed references to DEI from all recruitment marketing materials and will ensure all future recruitment initiatives do not disfavor any protected groups.
- Verizon communicated these changes and the commitments to our employees and provided confirmation of this employee notice to the FCC.
- All of the above will apply to Frontier, following the close of our proposed transaction.

Q: What conclusion should the Commission draw from Verizon’s commitments?

A: The Commission should know that Verizon is committed to compliance with its regulators’ requirements. Our new approach to promoting small businesses generally will not only support the Commission’s goals with respect to the suppliers of concern in GO 156 but will also provide public interest benefits to all businesses.

Q: What can you tell us about Verizon’s new policy approach to focusing on small business opportunities?

A: Verizon announced in May a new commitment to invest \$5 billion over the next five years in U.S. small business suppliers with the launch of its new Small Business Supplier Accelerator.¹⁵ The program helps create a pipeline for American small businesses, many of which are minority-, women-, LGBTQ-, and veteran-owned,¹⁶ to work with Verizon and other large corporations. This program is designed to strengthen small businesses – the backbone of the U.S. economy – and to help the country create a more resilient supply chain.

Prior to the launch of the program, Verizon connected with over 100 small businesses within Verizon’s network to understand their biggest challenges in working with large companies, like Verizon, and what resources are necessary for scaling up. A few key themes we heard were:

¹⁵ *Verizon Announces a \$5B Commitment to Continue Investing in America and Supporting Small Businesses*, Verizon (May 13, 2025), available at <https://www.verizon.com/about/news/verizon-announces-commitment-supporting-small-businesses>.

¹⁶ See *supra* Sect. II, p. 7; *infra* Sect. III, pp. 14-15.

- Difficulty in becoming an approved vendor and lack of access to opportunities,
- Lack of transparency in the contracting process and access to information around opportunities, and
- Need for resources and increased support on networking, marketing, financial, and technical assistance.

Through Verizon's Small Business Supplier Accelerator, we aim to alleviate some of these barriers for small businesses through our program, with these goals in mind:

- Provide resources to help support small business growth by leveraging the success of Verizon's programs supporting small businesses, like Small Business Digital Ready.
- Reward small businesses by including differentiating program features, including faster payment terms, modified insurance requirements, and adjusted indemnification requirements.
- Create a pipeline for small businesses to be a Verizon supplier with a goal of making it easier for small businesses to join the network of suppliers to Verizon and other large corporations by building capacity; on top of the \$5 billion in supplier spend, we are hosting regional seminars, training, and providing other resources.

Verizon recognizes that small businesses are the backbone of the American economy and a staple in our local communities. Our long-standing commitment and investment in small businesses aims to empower local businesses and communities with financial, technology and business expertise and resources to advance economic growth and foster job creation.

Q: Verizon has testified previously about its Small Business Digital Ready program. How does that fit into this effort?

A: That program is a critical part of this effort. Small Business Digital Ready is an externally focused resource platform that offers free online courses, tools, coaching, peer networking, and other funding opportunities to the broader small business community. The Small Business Supplier Accelerator is focused on bringing in small businesses within Verizon's value chain and network of suppliers by taking the learnings of Small Business Digital Ready and offering more focused courses, tools, coaching, and opportunities on working with large organizations like Verizon.

Small Business Digital Ready also provides small businesses with access to grants where small businesses can apply for funding to take their business to the next level. When we

1 announced the new program, we also made public a new Small Business Digital Ready grant
2 opportunity where eligible small businesses who are Digital Ready members can apply for
3 \$10,000 grants. Since 2021, Verizon has awarded \$13.5 million in grants to support small
4 businesses. Verizon has supported nearly half a million (498,000) small businesses through
5 Small Business Digital Ready since 2021, and 70,000 of those small businesses are based in
6 California. That puts us almost halfway to the company's goal to equip one million small
7 businesses with the skills and resources they need to thrive in the digital economy by 2030.
8 Verizon offers a comprehensive commitment to small businesses that extends beyond a financial
9 investment, aiming to equip these vital economic drivers with the tools and resources small
10 businesses need to grow and protect their businesses using technology.

11 **Q: How will this Small Business Accelerator program uniquely support California?**

12 A: The small business sector powers California's economy. As of 2024, California was
13 home to 4.2 million small businesses, representing 99.9% of all businesses within the state, and
14 employing 7 million people, or 47.1% of employees statewide.¹⁷ When such businesses grow as
15 a sector, all of the individual businesses within that sector have an opportunity to grow.

16 California leads the nation with approximately 1.5-1.6 million women-owned businesses,
17 representing between 39-43.7% of all businesses in the state.¹⁸ A 2023 report by the California
18 Office of Small Business Advocate highlighted that minority-owned small businesses in
19 California contribute significantly to the economy (\$192.8 billion in economic output annually)
20 and support 2.56 million jobs.¹⁹ California has the highest number of veteran-owned businesses
21 in the U.S., with 31,060.²⁰

¹⁷ U.S. Small Bus. Admin., Office of Advocacy, 2024 Small Business Profile: California at 1 (Nov. 19, 2024), available at <https://advocacy.sba.gov/wp-content/uploads/2024/11/California.pdf>.

¹⁸ Katherine Perez, Women Owned Businesses in California, CalChamber Women's Leadership Council at 2 (March 2025), available at <https://advocacy.calchamber.com/wp-content/uploads/2025/03/Women-Owned-Businesses-in-California-Report.pdf>.

¹⁹ California Office of the Small Business Advocate & Beacon Economics, The State of Diverse Businesses in California at 2 (June 2023), available at https://calosba.ca.gov/wp-content/uploads/The-State-of-Diverse-Small-Businesses-in-California_Executive-Summary.pdf.

²⁰ American Fidelity Life Insurance, *From Service to Entrepreneurship: A Look at Veteran-Owned Businesses Across the U.S.* (May 2024), available at <https://amfilife.com/advice/leading-industries-for-veteran-owned-businesses-across-america/>; U.S. Small Bus. Admin., Office of Advocacy, 2024 Small Business Profile: California at 3 (Nov. 19, 2024), available at <https://advocacy.sba.gov/wp-content/uploads/2024/11/California.pdf>.

1 All of these businesses are part of the California landscape and will inevitably benefit
2 from Verizon's aggressive efforts to promote opportunity. For example, there are over 64,000
3 small businesses in California registered in Verizon's Small Business Digital Ready program,
4 over 25,000 registered in 2024 alone. As noted, the program provides opportunities for \$10,000
5 grants and many of these Small Business Digital Ready grants are provided to diverse
6 businesses. Specifically, in California, for 2024, 65% of the small business grant awardees were
7 people of color; 9% LGBT, 17% disability-owned; 4% veteran; and 57% of total grantees were
8 women.

9 Verizon has had longstanding relationships with critical community partners including
10 the National Minority Supplier Development Council, the Women's Business Enterprise
11 National Council, the National LGBT Chamber of Commerce, and the Veterans Business
12 Development Officers. Many of the members of these organizations are small businesses, and in
13 recognition of this, many of these community partners are developing specific programming to
14 support their small business communities within their membership. The Small Business Supplier
15 Accelerator aims to strengthen our relationships with these organizations, to conduct outreach
16 and raise awareness of the Small Business Supplier Accelerator's free resources, and to drive
17 more small businesses to our program.

18 Additionally, California is a key market for Verizon, and we are planning on hosting
19 multiple regional small business supplier summits within California on a regular basis. While we
20 are in early stages of development, our initial plan is to work with the local Chambers of
21 Commerce and Small Business Development Centers to host these summits to raise awareness of
22 Verizon's suite of small business programs and opportunities for engagements, including
23 Verizon's Small Business Supplier Accelerator and Small Business Digital Ready, for their
24 members and others in California's small business community. As described above, our Small
25 Business Digital Ready program currently serves small businesses in California.

26 **Q: What are some other tools Verizon will use to promote these policies?**

27 A: Verizon Skill Forward provides skills to help program participants pave new career
28 opportunities with job-relevant programs from edX and is part of Verizon's goal to make quality
29 education accessible for all. There are more than 250 courses spanning 84 unique professional
30 certificate programs across in-demand areas of AI, business coding, communication, finance IT

1 and more. Verizon offers access to a suite of edX development and exploration tools including
2 career tips, resources, job board and industry related events and workshops.

3 **Q: Question 2 asked whether there are any differences between the applicants with**
4 **respect to these issues. How do you respond?**

5 A: I am not aware of any relevant differences between the Applicants' positions on these
6 issues, as demonstrated in the supplemental testimony of Frontier witness Allison Ellis. The
7 changes in the policy and regulatory landscape apply to both Frontier and Verizon independent
8 of the pending transaction. Verizon intends to carry through its updated policies to Frontier upon
9 close of the transaction. As Frontier witness Allison Ellis testifies, Frontier has policies and
10 practices in place which are consistent with the FCC's non-discrimination objectives and that
11 would not change if the transaction did not close.

12 **Q: Question 3 included the following statement in Verizon's letter to the FCC:**
13 **"Verizon recognizes that some DEI policies and practices could be associated with**
14 **discrimination." Part (a) of the question asked: "Which policies and practices is Verizon**
15 **referencing?" How do you respond?**

16 A: Verizon was responding to the FCC's concerns that certain policies could be applied in a
17 discriminatory manner, but neither Verizon nor Frontier (see Testimony of Allison Ellis)
18 believes that any of their previous policies resulted in unlawful discrimination.

19 **Q: Part (b) of the question asked the following: "Is it Verizon's view that its prior DEI**
20 **policies and practices were discriminatory?" How do you respond?**

21 A: No, as stated above, Verizon does not believe that its prior DEI policies and practices
22 were discriminatory.

23 **Q: Part (c) of the question asked the following: "Is it Frontier's view that its prior DEI**
24 **policies and practices were discriminatory?" How do you respond?**

25 A: We would refer you to the Testimony of Allison Ellis, but to summarize, Ms. Ellis
26 confirmed that Frontier does not believe its policies and practices were discriminatory.

27 **Q: Question 4 asks the following: "Verizon's 2022 GO 156 Report features the**
28 **following quote from CEO Hans Vestberg: "Providing the best service on the best network**
29 **means working with a diverse set of suppliers. Verizon is committed to supplier diversity**
30 **and economic inclusion because it ensures our customers have access to superior service**
31 **and experiences. A diverse and inclusive supply chain is not only the right thing to do, it's**

1 **smart business.’ Explain how Verizon reconciles its stated priorities in the 2022 Report**
2 **with those expressed in the 2025 Letter.” How do you respond?**

3 A: We continue to believe that expanding opportunity to all is smart business and critical to
4 excellence, but we are no longer relying on “diversity, equity, and inclusion” policies to advance
5 that. In order to meet the needs of our customers and in an evolving regulatory environment, we
6 believe that having a varied and broad-based group of suppliers is essential to meeting these
7 strategic goals. Verizon aims to provide opportunity to as many qualified vendors as possible,
8 and we know that our efforts to expand opportunity across the board will also benefit suppliers
9 identified by GO 156 in addition to other suppliers. That is consistent with California’s
10 directive.²¹ Verizon’s efforts to expand opportunities for small businesses will continue to be
11 critical to our ability to provide the best service on the best network. Incidentally, our ability to
12 provide the best service on the best network for more customers is what this transaction is all
13 about, regardless of the policies we employ to get there.

14 **Q: Question 5 asks: “The Verizon Letter indicates that Verizon has ‘eliminated**
15 **supplier diversity programs that existed in individual departments.’ Explain how**
16 **Applicants intend to comply with GO 156 going forward.” How do you respond?**

17 A: Verizon intends to comply with GO 156 moving forward. Verizon’s Letter to the FCC
18 stated that Verizon will focus on “increasing opportunities for small businesses, including
19 veteran-owned businesses,” and will no longer set its own quantitative goals for diverse spend.
20 Although Verizon has changed its policies, its dedication to small businesses will continue to
21 result in more opportunities for all suppliers, including the many diverse suppliers in California
22 that make up many of California’s small businesses.²²

23 With respect to the specific requirements of GO 156, Verizon will continue to submit its
24 annual report. Verizon will still collect data on and report numerical results for each category,
25 showing its progress over time vis-à-vis the Commission’s goals. It will also provide data on
26 subcontracting, workforce, and board diversity, and all other required metrics in GO 156.

27 For any areas where we do not meet the Commission’s goals, we will outline our plan to
28 improve performance as required by GO 156. Our approach will be to increase outreach and

²¹ See *supra* Sect. II, pp. 5-7.

²² See *supra* Sect. II, p. 7; Sect. III, pp. 14-15.

1 opportunities for suppliers including small businesses generally and our belief is that focus will
2 lift up all suppliers and small businesses, including the categories of suppliers identified in GO
3 156. Verizon remains committed to transparency and compliance with all Commission
4 requirements, and will keep the Commission informed of any material changes.

5 While Verizon no longer sets quantitative goals for diverse spend, Verizon has been clear
6 that we still have regulatory and contractual reporting requirements that must be met in many
7 jurisdictions, including California. As such, Verizon will continue to request that suppliers report
8 supplier spend on a quarterly basis to support our efforts in meeting regulatory and contractual
9 reporting requirements such as those in GO 156.

10 **Q: Does Verizon intend to reach the goals outlined in GO 156?**

11 A: Yes, as stated previously, Verizon's commitments to the FCC are consistent with
12 California law and GO 156, and Verizon will continue to comply with the law and that order.

13 **Q: How can Verizon achieve the Commission's goals without setting its own goals?**

14 A: Eliminating quantitative goals for diverse spend represents a change in policy, but the
15 small business program's broad reach within California's demographically rich small business
16 landscape, combined with the inclusion of veteran-owned businesses and maintaining access to a
17 wide pool of suppliers, makes this approach consistent with the requirements of GO 156.

18 **Q: Are there other ways in which Verizon's new approach meets the principles of GO**
19 **156?**

20 A: Yes, this approach is in line with the principles of GO 156 in at least three other ways.
21 First, GO 156 makes clear that its programs may not be administered to the exclusion of non-
22 diverse suppliers from contracting.²³ Verizon's approach advances that principle. Second,
23 California law makes clear that utilities "are not authorized or permitted to give preferential
24 treatment to minority enterprises."²⁴ The Commission has stated that GO 156 is "an equal
25 opportunity program, aimed at maximizing participation of [minority enterprises] in utility
26 procurement contracting. It is not a set-aside program."²⁵ Indeed, the Commission concluded
27 that "[t]he utility retains its authority to use its legitimate business judgment to select the supplier

²³ See *supra*, Sect. II note 4.

²⁴ *PegaStaff*, 239 Cal. App. 4th at 1326-27.

²⁵ *Id.* (quoting *In Re Rulemaking to Revise General Order 156*, 83 Cal.P.U.C.2d 57, 59 (1998)).

1 for a particular contract.”²⁶ Verizon’s approach continues to advance the principles of equal
2 opportunity and legitimate business judgment.

3 Third, the statute that underlies GO 156 describes its purpose as to “promote competition
4 among regulated public utility suppliers in order to enhance economic efficiency in the
5 procurement of [utility] contracts...”²⁷ Verizon’s new approach to promoting small business
6 suppliers furthers that purpose. Promoting competition and improving efficiency are core values
7 of Verizon’s new small business program.

8 **Q: What leads you to believe that focusing on small businesses generally will achieve**
9 **these goals specifically?**

10 A: As discussed above, increasing opportunities for small businesses will benefit the
11 substantial number of diverse businesses that make up that broader category.²⁸ The Small
12 Business Accelerator Program creates a healthier ecosystem for small businesses generally,
13 which in turn fosters success for the diverse enterprises within that community, thus meeting the
14 principles and objectives of GO 156.

15 Verizon believes that its dramatic investment in small businesses in California will ensure
16 that the types of diverse businesses targeted for inclusion in GO 156 receive the type of
17 opportunities the Commission envisions.

18 **Q: Will Verizon continue to participate in external events?**

19 A: Yes. As a company that serves all industries and millions of customers in California and
20 the U.S., Verizon recognizes the business importance of supporting a broad array of community
21 partners that drive business development and growth across all the various communities that
22 Verizon serves. Verizon uses external events to help us promote opportunities for suppliers and
23 makes Verizon’s supply chain more resilient. For example, Verizon:

- 24 • Participates in forums, panels, webinars and workshops to make valuable business
25 connections with suppliers,

²⁶ *Id.* (quoting *In Re Rulemaking* at 60, 68-69).

²⁷ Pub. Util. Code § 8281(b)(2).

²⁸ See *supra* Sect. II, p. 7; Sect. III, pp. 14-15.

- Supports and partners with various chambers of commerce and business associations to conduct one-on-one meetings between suppliers and Verizon business stakeholders to discuss business opportunities,
- Encourages suppliers to maintain required Commission certifications, and to enter and update their profiles in our supplier registration database, and
- Helps small businesses gain access to capital to assist in funding the growth of their businesses through our support of the Business Consortium Fund.²⁹

Q: What other programs will Verizon rely upon to achieve compliance with GO 156?

A: Verizon already offered strong tools for promoting small businesses and this commitment will only enhance them. Verizon Skill Forward provides skills to help program participants pave new career opportunities with job-relevant programs from edX and is part of Verizon’s goal to make quality education accessible for all. There are more than 250 courses spanning 84 unique professional certificate programs across in-demand areas of AI, business coding, communication, finance IT and more. Verizon offers access to a suite of edX development and exploration tools including career tips, resources, job board and industry related events and workshops.

Q: Question 6 asks: “The Verizon Letter states they have ‘removed the metric’ of a ‘goal to increase representation of women and minorities in the company’s U.S. workforce from the previous year’s representation’ and Verizon ‘will no longer maintain any workforce diversity goals.’ Going forward, how will Verizon comply with Pub. Util. Code Section 8290.2(a)(1)’s requirement to submit an annual report “describing employment of women, minority, disabled veteran, and LGBT individuals at all levels of employment within their organization and describing the diversity, equity, and inclusion policies or activities that promote equitable recruitment and hiring.” How do you respond?

A: There is no inconsistency between Verizon removing an internal metric and collecting data related to representation and reporting data on actual results. When Verizon said it was removing the metric, it meant as a measure from its compensation plan; the data to report on that

²⁹ The Business Consortium Fund “works to expand capital access for small- and medium-sized enterprises, with a focus on socially and economically disadvantaged businesses. We specialize in providing funding to businesses within the supply chains of major corporations and government entities across the United States.” See Business Consortium Fund, <https://bcfcapital.com/> (last visited June 17, 2025).

1 information remains available and will be provided to the Commission as part of its annual GO
2 156 submission.

3 Removing the metric for Verizon does not mean that the data does not exist and is not
4 capable of being measured, and Verizon will continue to report on its efforts with respect to
5 recruitment and hiring.

6 **Q: Question 8 asks, “How do Applicants intend to evaluate the commitments outlined**
7 **in the Verizon Letter?” How do you respond?**

8 A: Verizon has changed its practices and policies to reflect the commitments in the Letter,
9 and will comply with those updated practices and policies. As a regulated company, we take our
10 compliance responsibilities seriously and ensure that we meet our commitments. At the same
11 time, Verizon will also continue to collect data on subcontracting, workforce, and all other
12 required metrics that are to be reported to the Commission under GO 156. We will continue to
13 report this information to the Commission.

14 **Q Have you reviewed the changes to the issues in scope in the amended Scoping**
15 **Memo?**

16 A: Yes. The revised Scoping Memo adds a seventh issue for consideration as part of this
17 proceeding, with two subparts, both related to the changes to Verizon’s DEI practices.

18 **Q: The first subpart to Issue 7 of the amended scoping memo asks whether the**
19 **commitments detailed in the Verizon Letter are consistent with the requirements of Pub.**
20 **Util. Code Sections 8281-8290.2 and GO 156. How do you respond?**

21 A: For all of the reasons outlined in this testimony, Verizon’s expanded approach to
22 providing opportunity for small business suppliers will lead to results that meet the objectives of
23 California law in this area and the specific requirements of the GO 156 program. California law
24 also explicitly makes any form of discrimination against a group based on a protected
25 characteristic unlawful.

26 **Q: The second subpart to additional Issue 7 asks how “the Verizon Letter commitments**
27 **impact the Commission’s review of this transaction pursuant to Pub. Util. Code Section**
28 **854, including consideration of whether the transaction is in the public interest under Pub.**
29 **Util. Code Section 854(c)?” How do you respond?**

30 A: The key to that review is the text of this public interest evaluation requirement. The
31 Commission is expected to consider eight criteria on balance in determining whether the

1 transaction is in the public interest. As we have said throughout this proceeding as the record has
2 developed, there is no serious dispute about whether this transaction will benefit the public
3 interest. The transaction will (i) improve the financial condition of Frontier; (ii) maintain and
4 improve service quality; (iii) maintain or improve management quality; (iv) be fair and
5 reasonable to Frontier employees; (v) be fair and reasonable to shareholders; (vi) benefit state
6 and local economies and the communities in the area; and (vii) preserve Commission
7 jurisdiction.

8 Frontier has policies and practices in place which align with the FCC's non-
9 discrimination objectives and that would not change if the transaction did not close, so the
10 transaction will not cause harm on these issues if it is approved. More importantly, if the
11 transaction is not approved, consumers in California will be *worse off* because the state will not
12 realize the countless public interest benefits detailed in the record nor resolve the numerous
13 existing harms the parties have shown will continue absent approval.

14 Denying or delaying this transaction based on this issue would be acting contrary to the
15 public interest.

16 **IV. CONCLUSION**

17 **Q: Does this conclude Verizon's Second Supplemental Testimony?**

18 **A:** Yes.

Exhibit 1

FCC Letter to Verizon



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, DC 20554

Brendan Carr
Chairman

February 27, 2025

Mr. Hans Vestberg
Chairman and Chief Executive Officer
Verizon
1095 Avenue of the Americas
New York, NY 10036, USA

RE: Verizon's Promotion of DEI

Dear Mr. Vestberg,

I am writing you regarding Verizon's continued promotion of DEI.

As you know, President Trump took quick and decisive action to root out the scourge of invidious forms of DEI discrimination. In his first week in office, President Trump issued an Executive Order that will end the radical and wasteful DEI programs that have spread across the federal government.¹ Likewise, President Trump issued an Executive Order to end illegal discrimination and restore merit-based opportunity across the private sector.²

Following President Trump's actions, I announced that the FCC will be ending its Biden-era decision to promote DEI.³ In my announcement, I made clear that the FCC is ending its DEI group and task force as well as eliminating the promotion of DEI from our strategic plan, budget, performance plan, economic reports, and all other components of the agency's work.

Subsequently, I wrote a letter to Comcast where I made clear that I expected all regulated companies to end invidious forms of DEI discrimination, given the scope of the FCC's EEO rules and other authorities. While I am pleased with the progress that different companies are making on this front, I am concerned by the apparent lack of progress at Verizon.

¹ Executive Order on Ending Radical and Wasteful Government DEI Programs and Preferencing (Jan. 20, 2025), <https://www.whitehouse.gov/presidential-actions/2025/01/ending-radical-and-wasteful-government-dei-programs-and-preferencing/>.

² Executive Order on Ending Illegal Discrimination and Restoring Merit-Based Opportunity (Jan. 21, 2025), <https://www.whitehouse.gov/presidential-actions/2025/01/ending-illegal-discrimination-and-restoring-merit-based-opportunity/>.

³ See, e.g., Statement of FCC Chairman Carr, *Chairman Carr Ends FCC's Promotion of DEI* (Jan. 21, 2025), <https://docs.fcc.gov/public/attachments/DOC-409054A1.pdf>.

Recently, Business Insider reported that Verizon has decided to stand out from other businesses when it comes to DEI. In particular, Business Insider states that Verizon is actively recruiting potential employees to join Verizon because, unlike other businesses, Verizon is still promoting DEI.

Moreover, a quick review of Verizon's public facing materials shows the company's continued promotion of DEI. Your company states that "Verizon is deeply committed to sustaining a culture of diversity, equity and inclusion (DEI) within our company and the communities we serve." Continuing, your company states that "We view DEI as more than the right thing to do—it is a source of strategic business value for Verizon." Your company also states that "Verizon's leadership is committed to DEI and has built DEI considerations into companywide programs and processes." And Verizon states that it hired President Obama's former Attorney General Eric Holder to lead a company-wide DEI audit.

All of this is on top of reporting from Christopher Rufo on Verizon's promotion of invidious forms of DEI discrimination.⁴ According to whistleblower documents obtained by Rufo, Verizon launched an extensive race reeducation program based on the core tenets of critical race theory, including "system racism," "white privilege," and "intersectionality." The training materials required Verizon employees to identify their race and "gender identity," among other things. The materials show that employees were then instructed on Verizon's elaborate racial-etiquette system, including warnings about "microaggressions" and unconscious "microinequities."

But promoting invidious forms of discrimination cannot be squared with any reasonable interpretation of federal law. It can only deprive Americans of their rights to fair and equal treatment under the law.

Despite the emergence of DEI initiatives in recent years, these forms of discrimination have long been condemned by America's civil rights laws. Indeed, the Supreme Court has stated that "[d]istinctions between citizens solely because of their ancestry are by their very nature odious to a free people whose institutions are founded upon the doctrine of equality."⁵ Likewise, the Supreme Court has written that racial classifications "threaten to stigmatize individuals by reason of their membership in a racial group and to incite racial hostility."⁶ For this reason, the Supreme Court has stated that, in the government context, "action based on race—a group classification long recognized as in most circumstances irrelevant and therefore prohibited—should be subjected to detailed judicial inquiry to ensure that the personal right to equal protection of the laws has not been infringed."⁷

⁴ Critical Race Capitalism: Verizon teaches employees that America is fundamentally racist and promotes a variety of left-wing causes, City Journal (Aug. 25, 2021), <https://www.city-journal.org/article/critical-race-capitalism>.

⁵ *Rice v. Cayetano*, 528 U.S. 495, 517 (2000) (quoting *Hirabayashi v. United States*, 320 U.S. 81, 100 (1943)); see also *Students for Fair Admissions, Inc. v. President & Fellows of Harvard Coll.*, 600 U.S. 181 (2023).

⁶ *Shaw v. Reno*, 509 U.S. 630, 643 (1993).

⁷ *Adarand Constructors Inc. v. Peña*, 515 U.S. 200, 227 (1995) (cleaned up).

In President Trump's Executive Order to end illegal discrimination across the private sector, he wrote that illegal DEI policies "undermine our national unity, as they deny, discredit, and undermine the traditional American values of hard work, excellence, and individual achievement in favor of an unlawful, corrosive, and pernicious identity-based spoils system." President Trump's Executive Order also tasked federal agencies with combatting illegal private-sector DEI preferences, mandates, policies, programs, and activities.

As Chairman of the FCC, it is important to me that the entities the Commission regulates fully adhere to our country's laws.

In order to aid the FCC's resolution of these matters, please reach out to the agency personnel that have been working on Verizon's pending transactions at the FCC. They are the FCC personnel most familiar with Verizon's operations due to their merger review activity.

Thank you in advance for your attention to these important matters.

Sincerely,

A handwritten signature in blue ink, appearing to read "B Carr", with a long horizontal stroke extending to the right.

Brendan Carr

Exhibit 2

Verizon Letter to the FCC



One Verizon Way
Basking Ridge, NJ 07920

Vandana Venkatesh
EVP & Chief Legal Officer

May 15, 2025

The Honorable Brendan Carr
Chairman
Federal Communications Commission
45 L Street, NE Washington, DC 20554

Re: WC Docket No. 24-445

Dear Chairman Carr:

We are responding to your letter of February 27, 2025, raising concerns with Verizon's DEI practices. We appreciate the opportunity to share our thoughts and approach going forward.

Verizon has a long history of serving all members in the communities where we operate, which has been a competitive business advantage and enables long-term shareholder value. Delivering for customers requires attracting the best talent from across the country. We are committed to creating a culture that leverages and values each person's unique strengths and talents. These values have been fundamental to our Verizon culture since our founding 25 years ago. However, we recognize that the regulatory and policy landscape surrounding diversity, equity, and inclusion ("DEI") has changed. The Supreme Court, the President's Executive Orders, and federal mandates require changes in the way companies approach DEI issues moving forward.

In response to this changing landscape, Verizon has been evaluating its DEI-related programs, HR processes, supplier programs, training programs and materials, and other initiatives. In doing so, Verizon recognizes that some DEI policies and practices could be associated with discrimination. For that reason, Verizon reaffirms its commitment to equal employment opportunity and nondiscrimination and is modifying its practices and ending its DEI-related policies as described below. Verizon is making these changes to its practices not just in name or in the way they are described, but in substance. These changes are effective immediately.

- Changes to Leadership Structure and Job Functions: Verizon is changing its HR structure and will no longer have a team or any individual roles focused on DEI. The small number of employees who had roles and responsibilities that included DEI will now focus on HR talent objectives.

- Training: Verizon is removing references to DEI or “diversity, equity and inclusion” from its employee training materials and will ensure that all training materials are focused on achieving the company’s core business objectives or compliance obligations and not on separate DEI objectives. Verizon will ensure that its training is consistent with guidance released by the U.S. Equal Employment Opportunity Commission addressing training that could facilitate discrimination in the workplace.¹
- Corporate Sponsorships/Memberships: Verizon will update its current corporate policy to more specifically require that sponsorships and memberships centrally focus on advancing core business objectives and increasing shareholder value. We are also ceasing participation in recognition surveys focused on protected characteristics.
- Supplier Diversity: Verizon has modified its approach to supplier diversity, and will not set quantitative goals for diverse spend or require that its suppliers meet quantitative goals for diverse spend. As a result, Verizon has removed the supplier diversity metric from its management pay plan and eliminated supplier diversity programs that existed in individual departments. Verizon’s supplier program and goals will now focus on increasing opportunities for small businesses, including veteran-owned businesses, and on ensuring that our policy is based on procurement from the most qualified suppliers.
- Employee Resource Groups (ERGs): Verizon’s ERGs will remain centrally managed by Verizon’s HR group with corporate oversight and preapproval of any social and cultural events. Verizon’s ERGs will continue to remain open to all, regardless of race, gender or other demographic characteristics. To the extent that Verizon maintains ERGs which are focused on demographic criteria or protected characteristics, it will not draw distinctions based on any protected characteristic in granting permission to groups and events. Verizon will continue to ensure that its policies support equal employment opportunity, and ERG membership is not a factor in employment or advancement decisions.
- Representation Hiring Goals: Verizon has changed the structure of its management compensation plan. Verizon’s annual bonus/Short Term Incentive (STI) plan has historically included a goal to increase the representation of women and minorities in the company’s U.S. workforce from the prior year’s representation. Verizon has removed this metric and will no longer maintain any workforce diversity goals. Consistent with guidance released by the U.S. Equal Employment Opportunity Commission,² Verizon will not engage in DEI-related disparate treatment in hiring decisions.

¹ See *EEOC and Justice Department Warn Against Unlawful DEI-Related Discrimination*, U.S. Equal Employment Opportunity Commission (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?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term=; *What You Should Know About DEI-Related Discrimination at Work*, U.S. Equal Employment Opportunity Commission (Mar. 19, 2025), https://www.eeoc.gov/wysk/what-you-should-know-about-dei-related-discrimination-work?utm_content=&utm_medium=email&utm_name=&utm_source=govdelivery&utm_term= (together, “EEOC Guidance”).

² See EEOC Guidance.

- Scholarships, internships and career development: Verizon will not have hiring, training, leadership or development programs that are limited by race, gender or other demographic characteristics. Access to internships, mentoring, networking, career development opportunities, and any other employer-sponsored activities will be open to all consistent with Title VII.
- Public Messaging: Verizon is removing its “Diversity and Inclusion” website and updating other company websites and future communications to remove references to “DEI” or “diversity, equity and inclusion.” Verizon has removed references to DEI from all recruitment marketing materials and will ensure all future recruitment initiatives do not disfavor any protected groups.
- Internal Messaging: We will communicate these changes and the commitments we have made herein to our employees shortly and will provide confirmation of this employee notice to the FCC.

All of the above will apply to Frontier, following the close of our proposed transaction.

While our practices may evolve, we are committed to the core principles that have made us successful – an inclusive culture based on trust, care, and excellence which enables us to provide market leading services to all of our customers.

Respectfully Submitted,

A handwritten signature in black ink that reads "Vandana Venkatesh". The signature is written in a cursive, flowing style.

Vandana Venkatesh

Exhibit 3

FCC Approval Order

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of	)	
	)	
Frontier Communications Parent, Inc. and Verizon	)	WC Docket No. 24-445
Communications, Inc. Application for Consent to	)	
Transfer Control	)	

MEMORANDUM OPINION AND ORDER

Adopted: May 16, 2025

Released: May 16, 2025

By the Chief, Wireline Competition Bureau; Acting Chief, Office of International Affairs; Acting Chief, Wireless Telecommunications Bureau:

I. INTRODUCTION

1. In this Memorandum Opinion and Order, we approve the applications of Frontier Communications Parent, Inc. (Frontier) and Verizon Communications Inc. (Verizon, together with Frontier, the Applicants), filed pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended (Act),¹ and sections 1.948, 63.04, 63.18, and 63.24 of the Federal Communications Commission's (Commission or FCC) rules,² to transfer control of domestic and international section 214 authorizations and wireless licenses held by wholly-owned subsidiaries of Frontier to Verizon.³

2. After carefully and thoroughly reviewing the record and evaluating the likely public interest effects of the proposed transfer, we do not find any material transaction-related public interest harms arising from the proposed transfers of control. Further, we find that certain public interest benefits are likely to be realized, including the upgrading and expansion of Frontier's fiber network. Accordingly, we conclude that granting the applications serves the public interest, convenience, and necessity.⁴

II. BACKGROUND

A. Description of the Applicants

1. Frontier Communications Parent, Inc.

3. Frontier, a publicly-traded Delaware corporation, currently owns and operates more than 50 incumbent local exchange carriers (LECs) and a small number of competitive LECs in 25 states

¹ 47 U.S.C. §§ 214, 310(d).

² 47 CFR §§ 1.948, 63.03-04, 63.18, 63.24.

³ Joint Application for Consent to Transfer Control of Domestic and International Authority Pursuant to Section 214, WC Docket No. 24-445 (filed Oct. 11, 2024) (Lead Application). Applicants also filed applications to transfer control of Frontier's wireless licenses. The Commission licenses and authorizations subject to the applications are listed in Appendix A of this Memorandum Opinion and Order and include domestic and international section 214 authorizations and wireless licenses and the associated file numbers, where applicable. The wholly-owned subsidiaries of Frontier identified in Appendix A as holding the domestic and international section 214 authority and wireless licenses are collectively referred to herein as the Licensees.

⁴ 47 U.S.C. §§ 214, 310(d).

throughout the country and serves urban, suburban, and rural communities.⁵ Through its interexchange carrier (IXC) subsidiaries, Frontier also provides intrastate, interstate, and international long-distance service on a resale basis in each of the states where Frontier operates as an incumbent LEC.⁶ Frontier's operating subsidiaries offer residential consumers, businesses, and wholesale customers a broad range of communications services available as distinct products or in bundles that include data and Internet services, voice services, video services, access products, advanced hardware/network solutions, and other services.⁷

2. Verizon Communications Inc.

4. Verizon is a publicly traded Delaware corporation in which no individual or entity, including foreign owners, holds a 10% or greater ownership interest. Through its subsidiaries, Verizon provides competitive LEC and IXC services in all 50 states, competitive LEC services in the District of Columbia, and serves as an incumbent LEC in all or portions of the following states/jurisdictions: Connecticut, Delaware, Maryland, Massachusetts, New Jersey, New York, North Carolina, Pennsylvania, Rhode Island, Virginia, and the District of Columbia.⁸ Verizon also operates as a nationwide provider of commercial mobile wireless and fixed wireless broadband services.⁹ Verizon offers data, video, and voice services and solutions on its networks and platforms.¹⁰

B. Description of the Transaction and Asserted Post-Transaction Universal Service Fund Commitments

5. On September 4, 2024, Verizon and Frontier entered into an Agreement and Plan of Merger under which Verizon will acquire 100% of Frontier and its subsidiaries (the Transaction). Upon completion of the Transaction, Frontier will become a wholly-owned, direct subsidiary of Verizon and the Licensees will become wholly-owned, indirect subsidiaries of Verizon.¹¹

6. The majority of the Licensees to be transferred are currently eligible telecommunications carriers (ETCs) and will continue to be ETCs post-Transaction.¹² Certain of the Licensees currently receive Universal Service Fund (USF) support, including high-cost support.¹³ Applicants assert that the

⁵ The 25 states are Alabama, Arizona, California, Connecticut, Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Texas, Utah, West Virginia, and Wisconsin. Frontier also serves a *de minimis* number of customers in Virginia, which are served by its cross-state border facilities in West Virginia. See Lead Application at n.4.

⁶ Lead Application at 2; International Section 214 Authorizations Being Transferred, Exh. A to Lead Application.

⁷ *Id.* at 3, 8.

⁸ *Id.* at 9.

⁹ *Id.*

¹⁰ *Id.* at 3.

¹¹ *Id.*

¹² *Id.* at 10, 12-13 (listing 52 Frontier Licensees that are ETCs and thus eligible to receive high-cost and/or Lifeline support). ETCs must offer the Lifeline discount to qualifying households. See 47 CFR §§ 54.101(d), 54.405(a); see also 47 CFR part 54, subparts D, E, K, L, M. The Lifeline program provides support to reimburse providers for providing phone, broadband, or bundled services at discounted prices to qualifying low-income households, with enhanced support available for households residing on Tribal lands. 47 CFR §§ 54.401(a), 54.403(a). Eligible services include voice and broadband Internet access service meeting certain requirements. See 47 CFR § 54.408.

¹³ See *Rural Digital Opportunity Fund Support Authorized for 830 Winning Bids*, AU Docket No. 20-34 et al., Public Notice, DA-22-523, Attach. A at 10-18, 22-25, 41 (WCB/OEA 2022) (*Frontier RDOF Authorization Public Notice*) (authorizing the following Frontier affiliates to receive RDOF support: Citizens Telecommunications

Transaction will not result in any changes to the management, technology, debts, or other matters that would compromise the support recipients' ability to meet their USF high-cost service obligations or other obligations.¹⁴ In this regard, Verizon describes its long-standing experience successfully managing and operating broadband networks,¹⁵ and we note that several Verizon affiliates have been authorized to receive Connect America Fund Phase II (CAF II) support to deploy networks in multiple states.¹⁶ Further, Verizon states that it has the financial means to deploy, operate, and maintain the required networks,¹⁷ commits to completing Frontier's network expansion plans (if not completed before the consummation of the transaction),¹⁸ describes the efforts it will take to significantly improve network reliability,¹⁹ and commits to providing consumers with several low-cost options, bundled discounts, and other features not available through Frontier's current service options.²⁰

7. Verizon acknowledges that as a result of the Transaction, it must assume the public interest responsibilities of the USF programs to which the Licensees have committed, including all associated administrative, performance, and deployment obligations and deadlines,²¹ regardless of any preexisting or reasonably foreseeable conditions that could impact any of the Licensee's abilities to meet

(Continued from previous page)

Company of California, Citizens Telecommunications Company of Illinois, Citizens Telecommunications Company of West Virginia, Frontier Communications of Ausable Valley, Inc., Frontier Communications of Breezewood, LLC, Frontier Florida LLC, Frontier Southwest Incorporated, and Southern New England Telephone Company); *Connect America Fund Phase II Support Authorized for 387 Winning Bids*, AU Docket No. 17-182, WC Docket No. 10-90, Public Notice, 34 FCC Rcd 9406, Attach. A at 7 (WCB/OEA 2019) (*Frontier CAF II Authorization Public Notice*) (authorizing Frontier California, Inc. to receive CAF II support).

¹⁴ See Lead Application at 11.

¹⁵ See *id.* at 5-6.

¹⁶ See *Connect America Fund II Support Authorized for 856 Winning Bids*, AU Docket No. 17-182, WC Docket No. 10-90, Public Notice, 34 FCC Rcd 4725, Attach. A at 21-43 (WCB/OEA 2019) (authorizing each of eight Verizon affiliates to receive CAF II support in nine states). The Commission reviewed and approved Verizon's long-form applications for CAF II support and the information requests, certifications and commitments made in these applications to establish the applicant's technical and financial qualifications are substantially similar to those required of long-form applicants participating in the RDOF program. Compare *Connect America Fund Phase II Auction Scheduled for July 24, 2018; Notice and Filing Requirements and Other Procedures for Auction 903*, AU Docket No. 17-182, WC Docket No. 10-90, Public Notice, 33 FCC Rcd 1428 (2018), with *Rural Digital Opportunity Fund Phase I Auction Scheduled for October 29, 2020; Notice and Filing Requirements and Other Procedures for Auction 904*, AU Docket No. 20-34 et al., Public Notice, 35 FCC Rcd 6077 (2020).

¹⁷ Lead Application at 6.

¹⁸ *Id.*

¹⁹ *Id.* at 6-8.

²⁰ *Id.* at 11-15.

²¹ The Wireline Competition Bureau has provided a summary of the various obligations of authorized RDOF and CAF Phase II support recipients in prior authorization public notices, including in the public notice authorizing Frontier to receive the support relevant to this authorization. As stated in these public notices, the list is not intended to be comprehensive, and all authorized parties are responsible for conducting the due diligence required to comply with USF requirements and the Commission's rules. See, e.g., *Frontier RDOF Authorization Public Notice*, 37 FCC Rcd at 6073-81; *Frontier CAF II Authorization Public Notice*, 34 FCC Rcd at 9406-11. In addition to the requirements and rules specified in the public notices, CAF II and RDOF support recipients must test and certify compliance with the relevant performance requirements in accordance with the uniform framework that has been adopted for measuring and reporting on high-cost performance requirements. 47 CFR § 54.313.

their legal obligations, including any technical, marketplace, and on-the-ground conditions.²² Verizon also acknowledges that after consummation of the Transaction, it will be responsible for any consequences for noncompliance, regardless of whether the circumstances giving rise to such consequences pre-date or post-date the consummation of the Transaction, including default recovery of support and potential forfeiture penalties, in all supported areas.²³

C. Transaction Review Process

8. On November 8, 2024, the Wireline Competition Bureau (WCB), Office of International Affairs (OIA), and the Wireless Telecommunications Bureau (WTB) released a Public Notice accepting the Applications for filing and establishing a pleading cycle for public comments.²⁴ Three parties timely filed comments in response to the Public Notice,²⁵ and no party filed a petition to deny or comments in opposition to a grant of the Applications. Two parties timely filed reply comments.²⁶ In response to the comments, Applicants timely filed a joint reply to comments.²⁷ On January 30, 2025, after the public comment period closed, Verizon filed additional information to supplement the Lead Application.²⁸ On February 13, 2025, Applicants filed a supplement to the Lead Application to notify the Commission of a pro forma internal reorganization undertaken by Frontier subsequent to filing the Lead Application.²⁹ In addition, Intrado³⁰ and the Coalition³¹ each submitted multiple *ex parte* filings, and Frontier³² and Verizon³³ each submitted responses to certain *ex parte* filings.

²² Letter from Nancy J. Victory, Counsel for Verizon to Marlene H. Dortch, Secretary, FCC, at 1 (filed Jan. 30, 2025) (Verizon Supplement); Lead Application at 14 (Verizon acknowledges that the ETC Licensee currently participates in the Lifeline program and will continue to do so after the Transaction is consummated).

²³ *Id.* See, e.g., 47 CFR §§ 54.315(c)(4), 54.320, 54.804(c)(4), 54.806(c).

²⁴ *Applications Filed for the Transfer of Control of Frontier Communications Parent, Inc. to Verizon Communications Inc.*, WC Docket No. 24-445, Public Notice, DA 24-1132 (WCB, OIA, WTB Nov. 8, 2024).

²⁵ See Coalition for IP Network Transition Comments (Coalition Comments); Intrado Life & Safety, Inc. Comments (Intrado Comments); Communications Workers of America Comments (CWA Comments).

²⁶ Teliix, Inc. Reply (Teliix Reply); INCOMPAS Reply (INCOMPAS Reply).

²⁷ Frontier and Verizon Reply (Applicants' Reply).

²⁸ Verizon Supplement.

²⁹ Letter from Jennifer L. Kostyu and Adam D. Krinsky, Counsel for Frontier and Nancy J. Victory, Counsel for Verizon to Marlene H. Dortch, Secretary, FCC (filed Feb. 13, 2025) (Second Supplement) (stating that on January 18, 2025, certain assets were transferred from Frontier Florida LLC to Frontier Tampa Bay FL Fiber 1 LLC, both wholly-owned indirect subsidiaries of Frontier). Applicants contend that the internal reorganization does not change or otherwise affect Frontier's business or customers that would be acquired by Verizon under the proposed Transaction.

³⁰ Letter from Lauren Kravetz, Vice President Government Affairs, Intrado Life & Safety, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket No. 24-445, PSHSB Docket No. 21-479, PS Docket Nos. 15-80, and 13-75, ET Docket No. 04-35 (filed Dec. 12, 2024) (Intrado Dec. 12, 2024 *Ex Parte*); Letter from Lauren Kravetz, Vice President Government Affairs, Intrado Life & Safety, Inc., to Marlene H. Dortch, Secretary, FCC (filed Mar. 1, 2025) (Intrado Mar. 1, 2025 *Ex Parte*).

³¹ Letter from Robert H. Jackson, Counsel to Coalition for IP Network Transition, to Marlene Dortch, Secretary, FCC (filed Jan. 28, 2025) (Coalition Jan. 28, 2025 *Ex Parte*); Letter from Robert H. Jackson and Adam M. Davis, Counsel to Coalition for IP Network Transition, to Marlene Dortch, Secretary, FCC (filed Mar. 11, 2025) (Coalition Mar. 11, 2025 *Ex Parte*); Letter from Robert H. Jackson and Adam M. Davis, Counsel to Coalition for IP Network Transition, to Victoria Goldberg, Division Chief, Pricing Policy Division, FCC (filed Apr. 2, 2025) (Coalition Apr. 2, 2025 *Ex Parte*); Letter from Robert H. Jackson and Adam M. Davis, Counsel to Coalition for IP Network Transition, to Marlene Dortch, Secretary, FCC (filed Apr. 8, 2025) (Coalition Apr. 8, 2025 *Ex Parte*).

III. STANDARD OF REVIEW AND PUBLIC INTEREST FRAMEWORK

9. Pursuant to sections 214(a) and 310(d) of the Act,³⁴ we must determine whether the proposed transfer of control to Verizon of licenses and authorizations held and controlled by wholly-owned subsidiaries of Frontier will serve the public interest, convenience, and necessity. In making this determination, we first assess whether the proposed transaction complies with the specific provisions of the Act, other applicable statutes, and the Commission's rules.³⁵

10. If the proposed transaction does not violate a statute or rule, we then consider whether the transaction could result in public interest harms by substantially frustrating or impairing the objectives or implementation of the Act or related statutes.³⁶ Our competitive analysis, which forms an important part of the public interest evaluation, is informed by, but not limited to, traditional antitrust principles.³⁷ The United States Department of Justice has independent authority to examine the competitive impacts of proposed mergers and transactions involving transfers of Commission licenses, but the Commission's competitive analysis under the public interest standard is somewhat broader. Notably, the Commission has determined it may impose and enforce transaction-related conditions to ensure that the public interest is served by the transaction.³⁸

(Continued from previous page)

³² Letter from Jennifer L. Kostyu and Daniel H. Kahn, Counsel for Frontier, to Marlene H. Dortch, Secretary, FCC (filed Mar. 21, 2025) (Frontier Mar. 21, 2025 *Ex Parte*).

³³ See Letter from Nancy J. Victory, Counsel for Verizon, to Marlene H. Dortch, Secretary, FCC (filed Mar. 31, 2025) (Verizon Mar. 31, 2025 *Ex Parte*); Letter from Nancy J. Victory, Counsel for Verizon, to Marlene H. Dortch, Secretary, FCC (filed Apr. 17, 2025) (Verizon Apr. 17, 2025 *Ex Parte*).

³⁴ 47 U.S.C. §§ 214(a), 310(d). Section 310(d) of the Act requires that we consider applications for transfer of Title III licenses under the same standard as if the proposed transferee were applying for licenses directly under section 308 of the Act, 47 U.S.C. § 308. See, e.g., *Applications of Level 3 Communications, Inc. and CenturyLink, Inc. for Consent to Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 32 FCC Rcd 9581, 9585, para. 8 (2017) (*CenturyLink-Level 3 Order*); *Application of Verizon Communications Inc. and Straight Path Communications, Inc. for Consent to Transfer Control of Local Multipoint Distribution Service, 39 GHz, Common Carrier Point-to-Point Microwave, and 3650-3700 MHz Service Licenses*, Memorandum Opinion and Order, 33 FCC Rcd 188, 189, para. 5 & n.11 (WTB 2018) (*Verizon-Straight Path Order*); *Applications of GCI Communication Corp., ACS Wireless License Sub, Inc., ACS of Anchorage License Sub, Inc., and Unicom, Inc. for Consent to Assign Licenses to the Alaska Wireless Network, LLC*, Memorandum Opinion and Order and Declaratory Ruling, 28 FCC Rcd 10433, 10442, para. 23 & n.71 (2013) (*Alaska Wireless-GCI Order*).

³⁵ 47 U.S.C. § 310(d); *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9585, para. 8; *Verizon-Straight Path Order*, 33 FCC Rcd at 190, para. 5; *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10442, para. 23.

³⁶ See, e.g., *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9585, para. 9; *Verizon-Straight Path Order*, 33 FCC Rcd at 190, para. 5; *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10442, para. 23.

³⁷ See, e.g., *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9585, para. 9; *Verizon-Straight Path Order*, 33 FCC Rcd at 190, para. 6; *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10443, para. 25; see also *Northeast Utils. Serv. Co. v. FERC*, 993 F.2d 937, 947 (1st Cir. 1993) (public interest standard does not require agencies "to analyze proposed mergers under the same standards that the Department of Justice . . . must apply").

³⁸ See, e.g., *Applications of AT&T Inc. and DIRECTV for Consent to Assign or Transfer Control of Licenses and Authorizations*, Memorandum Opinion and Order, 30 FCC Rcd 9131, 9141, para. 22 (2015) (*AT&T-DIRECTV Order*); *Applications of Comcast Corp., General Electric Co. and NBC Universal, Inc. for Consent to Assign Licenses and Transfer Control of Licenses*, Memorandum Opinion and Order, 26 FCC Rcd 4238, 4249, para. 25 (2011) (*Comcast-NBC Universal Order*); *Application of EchoStar Communications Corp., (A Nevada Corp.), General Motors Corp., and Hughes Electronics Corp (Delaware Corps.) (Transferors) and EchoStar Communications Corp. (A Delaware Corp.) (Transferee)*, Hearing Designation Order, 17 FCC Rcd 20559, 20575, para. 27 (2002) (*EchoStar-DIRECTV HDO*); see also *Application of WorldCom, Inc. and MCI Commc'ns Corp. for Transfer of Control of MCI Communications Corporation to WorldCom, Inc.*, Memorandum Opinion and Order, 13

(continued....)

11. If we determine that a transaction raises no public interest harms or that any such harms have been ameliorated by the Commission-imposed conditions or voluntary commitments, we next consider a transaction's public interest benefits. Applicants bear the burden of proving those benefits by a preponderance of the evidence.³⁹ As part of our public interest authority, we may impose conditions to ensure for the public the transaction-related benefits claimed by the Applicants.⁴⁰

12. Finally, if we are able to find that transaction-related conditions are able to ameliorate any public interest harms and the transaction is in the public interest, we may approve the transaction as so conditioned or agreed.⁴¹ In contrast, if we are unable to find that a proposed transaction even with such conditions serves the public interest or if the record presents a substantial and material question of fact, then we must designate the application for hearing.⁴²

IV. QUALIFICATIONS OF APPLICANTS AND COMPLIANCE WITH COMMUNICATIONS ACT AND FCC RULES AND POLICIES

13. Section 310(d) of the Act requires that the Commission make a determination as to whether the Applicants have the requisite qualifications to hold Commission licenses.⁴³ Among the factors the Commission considers in its public interest review is whether the applicant for a license has the requisite "citizenship, character, financial, technical, and other qualifications."⁴⁴ Therefore, as a threshold matter, the Commission must determine whether the applicants to a proposed transaction meet the requisite qualification requirements to hold and transfer licenses under section 310(d) of the Act and the Commission's rules.⁴⁵

(Continued from previous page)

FCC Rcd 18025, 18032, para. 10 (1998) (*WorldCom-MCI Order*) (stating that the Commission may attach conditions to the transfers); *Applications of T-Mobile US, Inc., and Sprint Corp., for Consent to Transfer Control of Licenses and Authorizations, Applications of American H Block Wireless L.L.C., DBSD Corp., Gamma Acquisition L.L.C., and Manifest Wireless L.L.C. for Extension of Time*, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10596, para. 42 (2019) (*T-Mobile-Sprint Order*).

³⁹ 47 U.S.C. § 309(e); *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9586, para. 10; *Verizon-Straight Path Order*, 33 FCC Rcd at 190-91, para. 7; *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10442, para. 23.

⁴⁰ See, e.g., *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10443, para. 26; *Applications of AT&T Inc. and Centennial Communications Corp. for Consent to Transfer Control of Licenses, Authorizations, and Spectrum Leasing Arrangements*, Memorandum Opinion and Order, 24 FCC Rcd 13915, 13929, para. 30 (2009).

⁴¹ See, e.g., *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9586, para. 11; *Verizon-Straight Path Order*, 33 FCC Rcd at 191, para. 8.

⁴² 47 U.S.C. § 309(e); *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9586-87, para. 11; *Verizon-Straight Path Order*, 33 FCC Rcd at 191, para. 8; *Alaska Wireless-GCI Order*, 28 FCC Rcd at 10444, para. 27. Section 309(e)'s requirement applies only to those applications to which Title III of the Act applies. *ITT World Communications, Inc. v. FCC*, 595 F.2d 897, 901 (2d Cir. 1979); *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9586-87, para. 11 & n.37.

⁴³ 47 U.S.C. § 310(d).

⁴⁴ 47 U.S.C. §§ 308, 310(d); see also *T-Mobile-Sprint Order*, 34 FCC Rcd at 10596, para. 43; *AT&T-DIRECTV Order*, 30 FCC Rcd at 9142, para. 24; *Applications Filed by Qwest Communications International, Inc. and CenturyTel, Inc. d/b/a CenturyLink for Consent to Transfer Control*, WC Docket No. 10-110, Memorandum Opinion and Order, 26 FCC Rcd 4194, 4201, para. 11 (2011) (*CenturyLink-Qwest Order*); *AT&T Inc. and BellSouth Corporation Application for Transfer of Control*, Memorandum Opinion and Order, 22 FCC Rcd 5662, 5756, paras. 190-91 (2006) (*AT&T-BellSouth Order*).

⁴⁵ See *T-Mobile-Sprint Order*, 34 FCC Rcd at 10596, para. 43; *AT&T-DIRECTV Order*, 30 FCC Rcd at 9142, para. 24; *CenturyLink-Qwest Order*, 26 FCC Rcd at 4201, para. 11; *AT&T-BellSouth Order*, 22 FCC Rcd at 5756, para. 191.

14. No party has raised an issue with respect to the basic qualifications of the Applicants. Accordingly, pursuant to Commission precedent,⁴⁶ we find that there is no reason to reevaluate the requisite citizenship, character, financial, technical, or other basic qualifications of Frontier or Verizon under the Act or our rules, regulations, and policies.⁴⁷ We also find that the Transaction will not violate any statutory provision or Commission rule.

V. POTENTIAL PUBLIC INTEREST HARMS AND BENEFITS

15. In this section, we consider the potential harms and benefits arising from the Transaction. As discussed below, we find that this transaction is likely to result in some tangible benefits by allowing Verizon to build on Frontier's efforts to upgrade and expand its fiber network and to address Frontier's current financial challenges that Applicants maintain could impact network modernization and services for Frontier's customers.⁴⁸ While we find that, in certain geographic areas, the parties compete with each other for fiber business data services (BDS) and mass market broadband access services, we find the competitive overlaps for mass market broadband services to be *de minimis* and we find it unlikely that Verizon will attempt to raise prices for BDS because of the merger. We also find that the Transaction is unlikely to result in any other material potential public interest harms. Finally, to the extent commenters have raised concerns regarding IP interconnection or service quality, we find such issues raise questions that are more appropriately addressed through proceedings of general applicability. Overall, we find that there are no potential transaction-related public interest harms and that there are some likely public interest benefits from this Transaction.

A. Potential Public Interest Harms

16. *Horizontal Competitive Effects.* Based on the record evidence, we find that the proposed Transaction is unlikely to have any material adverse horizontal competitive effects. Concerns about horizontal competitive effects are raised when the parties currently provide, or are likely to provide, products or services that consumers view as substitutes within the same relevant geographic market.⁴⁹ With respect to mass-market service offerings, the Applicants assert that their incumbent LEC geographic service areas are complementary, and that they do not compete for the same customers in the provision of wired mass-market services except in a few *de minimis* areas.⁵⁰ They further maintain that neither party has any plans to significantly expand their wired mass-market services to compete within the other

⁴⁶ The Commission generally does not reevaluate the qualifications of transferors unless issues related to basic qualifications have been sufficiently raised in petitions to warrant designation for hearing. *See T-Mobile-Sprint Order*, 34 FCC Rcd at 10597, para. 45; *AT&T-DIRECTV Order*, 30 FCC Rcd at 9142, para. 25.

⁴⁷ *See T-Mobile-Sprint Order*, 34 FCC Rcd at 10597, para. 44; *AT&T-DIRECTV Order*, 30 FCC Rcd at 9142, para. 25.

⁴⁸ Public Interest Statement, Exh. C to Lead Application at 2-4. In an *ex parte* submission, a party alleged that Frontier has entered into agreements to sell certain assets located in Nevada immediately after the Transaction closes, calling into question the veracity of the Applicants' submissions for failure to disclose, and requesting that the Commission take certain actions. *See* Letter from Tariq Ahmad to Marlene H. Dortch, Secretary, FCC (filed Apr. 25, 2025). Frontier responded, stating that it "did not and does not have an agreement with any third party, other than Verizon, to sell its operations in Nevada or any other state." *See* Letter from Jennifer L. Kostyu and Adam D. Krinsky, Counsel for Frontier to Marlene H. Dortch, Secretary, FCC (filed May 8, 2025). *See* Letter from Tariq Ahmad to Marlene H. Dortch, Secretary, FCC (filed May 14, 2025). We find there is no evidence in the record indicating there is a need to reevaluate the qualifications of Frontier nor has a material question of fact been raised regarding Verizon's basic qualifications to be a Commission licensee.

⁴⁹ The Commission has stated that a transaction is considered to be horizontal when the parties to the transaction sell products that are in the same relevant product and geographic markets. *See, e.g., T-Mobile-Sprint Order*, 34 FCC Rcd at 10611, para. 79; *AT&T-BellSouth Order*, 22 FCC Rcd at 5672, para. 23 & n.82.

⁵⁰ *See* Public Interest Statement, Exh. C to Lead Application at 18-19.

merging party's incumbent LEC service area in the future.⁵¹ With respect to BDS, the Applicants, while acknowledging that Verizon has deployed fiber to some portions of the Frontier incumbent LEC service areas, claim that this fiber is used to support Verizon's mobile wireless network and to serve only a small number of BDS customers.⁵² One commenter, INCOMPAS, claims that the merged firm would have "substantial negotiating leverage over partners for [BDS] services," and urges the Commission to condition its approval of the Transaction on the Applicants' agreeing to offer BDS rates no higher than Verizon's current pricing and subject to an annual cap on BDS rate increases.⁵³

17. To evaluate potential competitive harms in mass-market broadband Internet access services, we determine the extent of overlaps in the Applicants' networks, the types of offerings provided by the Applicants, and the degree of competition from other providers.⁵⁴ With respect to wired mass-market broadband services, our analysis of data from the Broadband Data Collection (BDC) corroborated the Applicants' assertion that there are only *de minimis* overlaps across their incumbent LEC service territories. Further, there is no evidence in the record that either Applicant plans to expand their mass-market wired broadband infrastructure into the other Applicant's territory in the foreseeable future.

18. However, Verizon does offer mass-market fixed wireless broadband services that directly compete with Frontier's wired broadband offerings. Our analysis of the BDC data finds that there are nearly two million Frontier-served broadband serviceable locations (BSLs) that also have access to a Verizon consumer fixed wireless broadband offering. To gauge the degree to which the Transaction may result in competitive harms for these overlapping locations, we use the BDC data to determine the extent of competition from other broadband providers at these locations. We find that approximately 97% of the locations that are served by both Frontier and Verizon wireless services also have at least one other terrestrial broadband provider offering high speed service and, for such locations, there is an average of 1.6 other such terrestrial broadband providers.⁵⁵ Even if we exclude other fixed wireless service providers, we find that approximately 94% of the locations where both Applicants offer mass-market broadband services still have at least one other competing provider offering high speed terrestrial broadband service. We conclude that, even at the mass-market locations that do not have access to at least one alternative high speed terrestrial broadband provider, the Transaction is unlikely to raise competitive harms because these relatively few locations are scattered across 25 states, and Verizon currently sets a single nationwide price for its mass-market fixed wireless service.⁵⁶

19. To analyze the impact of the Transaction on BDS, we use the latest filing of the Commission's Form 477 deployment data.⁵⁷ We identify the census blocks that have any Frontier BDS

⁵¹ *Id.*

⁵² *Id.*

⁵³ *Id.* See also INCOMPAS Reply at 3. As support for their claim of potential BDS harms, INCOMPAS cites evidence that Frontier's DS1 and DS3 TDM circuit prices are significantly higher in West Virginia than Verizon's pricing of the same circuits in neighboring Virginia.

⁵⁴ Staff used the December 2024 BDC data for its analysis. The BDC identifies the broadband serviceable locations (BSLs) where providers offer "best efforts" consumer broadband services. Providers report the speed(s) and technology(s) they have available at each BSL. Staff's analysis excludes satellite broadband service offerings when determining the extent of post-transaction competition from other broadband providers, and would therefore be more likely to find competitive effects. Despite this, staff's analysis finds that competitive effects are unlikely.

⁵⁵ For purposes of this analysis, we examined providers offering broadband service to consumers with downlink speeds of at least 100 Mbps and uplink speeds of at least 20 Mbps.

⁵⁶ See, e.g., Verizon, 5G Mobile Plan, <https://www.verizon.com/home/internet/5g/> (last visited May 16, 2025).

⁵⁷ We use the 2021 Form 477 data for our BDS analysis because in addition to the "best efforts" broadband services measured in the BDC, providers responding to the Form 477 data collection were also required to report all census blocks where they offer any Internet access service, including BDS connections with Internet access. A block where

(continued....)

and then determine in which of those blocks Verizon also offers business services.⁵⁸ We also examine which of those census blocks has at least one other competing provider that also offers BDS. Using the business location counts from version 4 of the BSL fabric for those census blocks,⁵⁹ we find that only 0.2% of the locations in census blocks that are served by both Frontier and Verizon are in census blocks that lack an additional competing cable or fiber provider of BDS. Furthermore, in the blocks with at least one other provider, there is an average of 2.1 other competitors. Given this *de minimis* number of locations lacking another competitor within the census block, and the extent of competition in blocks with at least one other competitor, we find there are no likely material anticompetitive effects in BDS due to the Transaction.

20. Finally, we find INCOMPAS's arguments that the Transaction will lead to competitive harms to be unpersuasive and its evidence not relevant to the prediction of post-merger price changes. INCOMPAS cites a difference in price between Frontier DS3 circuits in West Virginia and Verizon DS3 circuits in Virginia. However, this difference may be due to differences in cost and market conditions between the two geographic areas. In particular, we note that there may be significant deployment cost differences between these two areas—West Virginia has lower population density and is significantly more mountainous—and these differences may explain the observed difference in current pricing. Furthermore, the difference in *current* observed prices provides no basis, by itself, for predicting that prices are likely to rise post-transaction, and INCOMPAS provides no explanation as to why they would.

21. *Quality-of-Service Concerns.* We decline CWA's request that the Applicants be required to explain in more detail Verizon's short- and long-term investment plans for Frontier's network footprint and plant, or adopt binding service-quality-related commitments.⁶⁰ CWA expresses concern that Frontier's infrastructure "has suffered extensive service quality issues,"⁶¹ and argues that the Applicants' Public Interest Statement is deficient in specifying Verizon's turnaround plans for Frontier. Specifically, CWA requests more information on: (1) "how rapidly [Verizon tools and technologies] will improve the dilapidated condition of Frontier's copper network in regions that are not targeted for fiber upgrades in the near future[;]" (2) "what equipment upgrades Verizon intends to make to improve service quality[;]" (3) "whether it plans to increase the number of technicians at Frontier to do maintenance work[;]" and (4) "a timeline for such commitments."⁶² CWA recommends that we require the Applicants to specify Verizon's plans to comply with state service quality standards, such as "by replicating the successful

(Continued from previous page) _____

a provider was serving a business customer but was not providing Internet access to that customer would not be included in the Form 477 data, and therefore even the Form 477 collection would tend to understate the extent of deployment by the Applicants and competitors. Finally, we exclude fixed wireless and satellite broadband services from this analysis because these technologies are not typically used for BDS.

⁵⁸ We find that, of the nearly 1 million business locations in Frontier's footprint, less than 7% are located in census blocks in which both Frontier and Verizon report offering business services in the 477 data. We also performed this analysis at the census block group but this did not alter our conclusions. In another variant of the analysis, blocks in which Verizon offers both consumer and business services were excluded from the overlap calculations to attempt to correct for "split blocks" in which the two providers have non-overlapping study area boundaries. This correction reduced the estimated business overlap between the applicants in New York and Pennsylvania, but did not materially affect the overall conclusions.

⁵⁹ For this analysis, business locations were defined as locations in the BSL fabric with a building type code of non-residential, commercial anchor institutions, or enterprise.

⁶⁰ CWA Comments at 2-3.

⁶¹ *Id.* at 3-5.

⁶² *Id.* at 2-3.

CWA/Verizon Plant Pride Program.”⁶³ The Applicants respond that service quality issues “are not pertinent to the transaction-review process and are instead best addressed in other proceedings,” and, in any event, contend that the Public Interest Statement they submitted with the Application sufficiently responds to these concerns.⁶⁴ The Applicants state that Verizon “will conduct an in-depth audit of Frontier’s fiber and copper networks, which will help Verizon determine with further precision how to upgrade those networks to meet Verizon’s high standards.”⁶⁵ Additionally, the Applicants state that Verizon “plans to review Frontier’s plant and equipment to ensure that it is consistent with Verizon’s standards,” and “will consider implementing programs” such as the Plant Pride Program that CWA raises, “throughout Frontier’s service areas once the Transaction closes.”⁶⁶ The Applicants add that Verizon “will utilize its innovative tools and technology to improve Frontier’s network reliability by deploying systems that aim to identify network problems on a prospective basis and resolve them rapidly if they occur.”⁶⁷

22. We find no evidence in the record that would support the imposition of the service quality conditions.⁶⁸ The Commission has previously stated that “claims regarding past practices associated with service quality, failing infrastructure, and any other matters that existed prior to the proposed transaction, or future potential business practices are more appropriately addressed through normal dispute resolution processes . . . or by participating in appropriate Commission or state proceedings rather than as part of the review of the instant transaction.”⁶⁹ CWA agrees that Verizon has the managerial, technical, and financial qualifications to operate Frontier post-transaction,⁷⁰ and in fact Verizon has committed in the Public Interest Statement to conduct reviews of Frontier’s plant to ensure that, post-transaction, CWA’s service-quality concerns are mitigated.⁷¹ On these bases, we decline to request additional information from the Applicants regarding Verizon’s post-transaction investment plans in Frontier’s network, or to adopt CWA’s suggested condition regarding service quality.

23. *Employment.* We also decline CWA’s suggestion to require Verizon to increase in-house staffing and curtail use of subcontractors in Frontier’s business.⁷² Consistent with CWA’s concerns, the Commission has recognized, and continues to recognize, that the current workforce needs of the telecommunications industry are critical, and that the telecommunications industry requires a robust and safe workforce to deploy broadband services.⁷³ Verizon affirms that it will respect existing labor

⁶³ *Id.* at 5-6.

⁶⁴ Applicants’ Reply at 5.

⁶⁵ *Id.* at 4.

⁶⁶ *Id.* at 5.

⁶⁷ *Id.* at 4.

⁶⁸ *Id.* at 5.

⁶⁹ *Applications Filed for the Transfer of Control of Authorizations Held by Frontier Communications Corporation, Debtor-in-Possession and Its Wholly Owned Subsidiaries et al.*, WC Docket No. 20-197 et al., Memorandum Opinion and Order and Declaratory Ruling, 36 FCC Rcd 291, 299, para. 21 (WCB/IB/WTB/OEA 2021) (*Frontier 2021 Order*).

⁷⁰ CWA Comments at 2.

⁷¹ Public Interest Statement, Exh. C to Lead Application at 2-4; Applicants’ Reply at 4.

⁷² CWA Comments at 7-8. CWA states that Verizon’s collective bargaining agreements with CWA “limit contracting and ensure union workers carry out construction.” *Id.* at 7.

⁷³ See *Lumen Technologies, Inc. and Connect Holding, LLC Application for Consent to Transfer Control*, WC Docket No. 21-350, Memorandum Opinion and Order and Declaratory Ruling, 37 FCC Rcd 9523, 9544, para. 45 (WCB 2022) (*Lumen Order*).

agreements, however, and CWA admits that its concern has existed prior to the Transaction. We thus agree with the Applicants that the issue is not transaction-related and decline to address it here.

24. *IP Interconnection.* We decline proposals submitted by the Coalition, Teliix, and INCOMPAS that we condition approval of the Transaction on a requirement that the Applicants interconnect with all other carriers on an IP basis by a certain date.⁷⁴ The commenters argue that Time-Division Multiplexing (TDM) is an outdated technology which makes sourcing equipment and parts for maintenance difficult and expensive,⁷⁵ and they claim that the continued use of TDM by the Applicants distorts competition by increasing the access charges interconnecting providers must pay to exchange traffic.⁷⁶ They also note that requiring the Applicants to transition their interconnection points to IP would enable NG911, and the STIR/SHAKEN framework—a technology that helps identify and eliminate illegally spoofed robocalls from the voice network—to operate effectively.⁷⁷ The Applicants argue that the Coalition fails to tie its request “to any harms attributable to the present Transaction” and that, “to the contrary, their own advocacy makes clear that they are complaining about industry-wide issues for which they propose industry-wide solutions.”⁷⁸ In *ex parte* presentations responding to the

⁷⁴ See Coalition Comments at 9-10 (proposing various conditions relating to IP interconnection); Teliix Reply at 6, 12, 15 (same); INCOMPAS Reply at 4-5 (urging the Commission to adopt the Coalition’s proposed condition requiring Applicants to interconnect with all other carriers on an IP basis). The Coalition specifically proposes that we “[d]irect the Applicants to identify any interconnection or traffic agreements where interstate, interexchange IntraLATA and third-party transit traffic are exchanged on an IP basis[; r]equire the Applicants using TDM/FGD networks and charging access therefor to submit current accounting data . . . for those networks and services[; e]stablish a deadline for the Applicants to convert their networks to all-IP-based interconnection with an interim step of imposing an obligation of having at least 60% of sold services based on IP technologies by January 2026[;] . . . establish technical and business frameworks that support the widespread deployment and utilization of IP technologies[; and] implement measures that require Applicants to submit reports . . . evidencing their progress toward meeting these IP technology adoption obligations.” Coalition Comments at 9. Relatedly, Teliix specifically proposes that we “[r]equire Verizon and Frontier to negotiate and implement IP interconnection agreements with all interconnecting carriers by a date certain[; r]equire Verizon and Frontier to make a public reference offer of interconnection, including rates and conditions, to ensure accountability and regulatory oversight[; and i]mplement safeguards to protect smaller carriers from discriminatory or anti-competitive practices during interconnection negotiations or operations, including expedited FCC review of disputes.” Teliix Reply at 6. Teliix also requests that we “require Applicants to maintain compatibility with advanced toll-free routing functionalities during and after the IP transition[;] provide clear and detailed accounting for the costs associated with toll-free and other intelligent call flows to prevent anti-competitive pricing or unjustified cost-shifting[; and e]stablish a clear, enforceable timeline for the retirement of TDM networks and the universal adoption of IP interconnection.” Teliix Reply at 14.

⁷⁵ See Coalition Comments at 3-5; Teliix Reply at 3, 9-10.

⁷⁶ See Coalition Comments at 6, 7-9; Teliix Reply at 3, 9-10, 13 (arguing that, by offering IP-to-IP interconnection to their own affiliates while denying it to competitors, the Applicants could be accused of giving undue preference to their own entities); see also Intrado Comments at 3-4 (“Verizon and Frontier are two of the main offenders that refuse to interconnect wireline traffic in SIP. Frontier, in particular, is actively thwarting attempts in multiple states to fully deploy NG911 networks by denying direct IP interconnection to NG911 networks, and affirmatively moving to compel TDM interconnection at their RLEC service edge in state arbitration proceedings.”).

⁷⁷ See Coalition Comments at 6-7; INCOMPAS Reply at 4-5. The Coalition argues that, “[s]o far, there is no good solution for making STIR/SHAKEN work with TDM technology.” *Id.* at 7. We note that the Commission recently adopted a notice of proposed rulemaking seeking comment on ways to address illegally spoofed robocalls over non-IP networks, such as TDM. See *Closing the Non-IP Caller ID Authentication Gap; Call Authentication Trust Anchor*, WC Docket No. 17-97, Notice of Proposed Rulemaking, FCC 25-25 (Apr. 29, 2025).

⁷⁸ Applicants’ Reply at 7, 8, 9-10. Given our decision to decline commenters’ conditions related to IP interconnection and access charges on the grounds that they are not transaction-related, we do not reach the Applicants’ argument that adopting them would be arbitrary and capricious in violation of the APA, or exceed our authority under the Communications Act. See *id.* at 10-13. See also Verizon Apr. 17, 2025 *Ex Parte* at 1-2 (noting

(continued....)

Applicants' Reply, the Coalition concedes that "all ILECs should be required to offer IP interconnection to any requesting carrier," but argues that "a simple rulemaking proceeding without a thorough, public examination of actual TDM-FGD investments would not be sufficient" given that the Commission does not have a rule requiring incumbent LECs "to file regulated accounting information . . . for its TDM/FGD networks."⁷⁹ Nevertheless, the Coalition concludes that the Transaction "can be approved by the Commission without the Coalition's proposed conditions" if "the Commission were to open a new proceeding now that examined the level of ILEC undepreciated investment in those technologies and create a hard end date for their mandatory use."⁸⁰ Frontier notes that the Coalition "addresses issues that are before the Commission in active policymaking proceedings."⁸¹ The Applicants also respond to commenters' allegations that Verizon declines to interconnect on an IP-basis with competitive LECs while offering IP services to other customers, noting that, while it engages in interconnection at data centers with carriers exchanging a sufficient volume of traffic, it has also developed a "new technical standard for connecting over the Internet . . . to provide another interconnection option for smaller local providers."⁸²

25. We agree with Applicants that the suggested conditions proposed by the Coalition, Teliax, and INCOMPAS mandating IP interconnection do not address potential transaction-related harms. Commission precedent is clear that issues of general applicability that concern the industry "are best addressed through rulemaking proceedings rather than the transaction-review process."⁸³ We find that the Applicants' interconnection practices—and the supposed harms that commenters allege arise from such practices—do not stem from the Transaction itself, but instead predate it, by the Coalition's own admission.⁸⁴ We therefore conclude that addressing such alleged harms is better suited to other fora.

26. *Decommissioning of TDM Circuits and Impact on 911 Services.* We similarly reject the proposed conditions submitted by Intrado, which would require Applicants to "proactively investigate the potential impact to 911 before decommissioning TDM circuits by consulting with downstream 911 vendors and/or State 911 Authorities and providing a detailed statement in any future discontinuance or network change notices."⁸⁵ Intrado argues that, "over the past few years, Applicants and the other

(Continued from previous page) —————

that "[t]he Coalition's requested relief makes clear that its issues are unrelated to Verizon's acquisition of Frontier and thus there is no basis for imposing a condition on the Transaction.").

⁷⁹ Coalition Jan. 28, 2025 *Ex Parte* at 5; *see also* Coalition Mar. 11, 2025 *Ex Parte* at 1 ("As an alternative to imposing conditions on the Applicants, we urged the Commission . . . to require IP interconnection . . .").

⁸⁰ Coalition Jan. 28, 2025 *Ex Parte* at 6.

⁸¹ Frontier Mar. 21, 2025 *Ex Parte* at 1.

⁸² Verizon Mar. 31, 2025 *Ex Parte* at 2.

⁸³ Applicants' Reply at 7 (citing *General Motors Corp. and Hughes Elecs. Corp., Transferors and the News Corp. Ltd., Transferee, for Authority to Transfer Control*, MB Docket No. 03-124, Memorandum Opinion and Order, 19 FCC Rcd 473, 534, para. 131 (2004)). *See Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform—Mobility Fund*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 18044-45, paras. 1009-11, 1335-98 (2011) (stating that carriers should begin planning for the transition to IP-to-IP interconnection, and negotiate in good faith in response to requests for IP-to-IP interconnection, and seeking comment regarding specific elements of the policy framework for IP-to-IP interconnection).

⁸⁴ *See, e.g.*, Coalition Jan. 28, 2025 *Ex Parte* at 5; Coalition Apr. 2, 2025 *Ex Parte* at 4.

⁸⁵ Intrado Comments at 6.

facilities-based[] ILECs offering TDM circuit services have been aggressively turning down their copper networks and/or constructively discontinuing these services through exponential price increases without adequate consideration of the impact on critical services such as 911.”⁸⁶ Intrado adds that, “[b]ecause ILECs and RLECs (including Applicants in several jurisdictions) refuse to interconnect their wireline traffic to the [NG911] network in Session Internet Protocol (‘SIP’) and insist on TDM interconnection at their service edge, the 911 network is captive to TDM with no viable alternatives for the next three to five years.”⁸⁷ Intrado thus claims that the Transaction “will almost certainly have a negative and substantial impact to public safety and 911 services through the concentration of facilities-based, legacy TDM services under Verizon.”⁸⁸ It asserts that “[b]ecause Applicants’ public filings and behavior indicate their plan is to continue to mass and accelerated retirement of these TDM circuits and facilities over the next 6-12 months without regard to critical services like 911, the Transaction poses an immediate and irreparable threat to public safety due to the further concentration of the marketplace for TDM/copper-based services”⁸⁹ The Applicants respond noting that Intrado fails to tie its proposed condition to any transaction-specific harms, and they note that “Intrado has advocated similar points about carriers decommissioning their TDM circuits in other regulatory proceedings,” and that “because the Applicants have been decommissioning TDM circuits prior to the Transaction, the issue is thereby unrelated to the Transaction.”⁹⁰

27. We agree with the Applicants that “Intrado offers no evidence that the degree of decommissioning will materially change as a result of the Transaction,”⁹¹ and thus agree that the issues raised by Intrado do not stem from the present Transaction, and that its proposed conditions would not address a transaction-related harm. As the Applicants note, the Commission has held that a company’s preexisting “policy of decommissioning a particular technology does not constitute a transaction-related issue.”⁹² Intrado itself admits that the Applicants have been decommissioning TDM since before the Transaction, and also that other carriers are engaged in similar plans.⁹³ For these reasons, we decline to adopt Intrado’s proposed conditions.

28. *Access Charges.* We similarly decline the proposed conditions submitted by Intrado, Teliix, and the Coalition to cap or otherwise limit the rates the Applicants may set for access to their TDM or IP circuits.⁹⁴ We agree with the Applicants that the Transaction does not create a public interest harm with respect to access charges. The issues raised are not transaction-related but rather pre-existing

⁸⁶ *Id.* at 1-2.

⁸⁷ *Id.* at 2.

⁸⁸ *Id.* at 3.

⁸⁹ *Id.* at 6.

⁹⁰ Applicants’ Reply at 8-9.

⁹¹ *Id.* at 9.

⁹² *Id.* at 9 (citing *Applications of T-Mobile US, Inc., and Sprint Corporation, for Consent to Transfer Control of Licenses and Authorizations, Applications of American H Block Wireless L.L.C., DBSD Corporation, Gamma Acquisition L.L.C., and Manifest Wireless L.L.C. for Extension of Time*, WT Docket No. 18-197, Memorandum Opinion and Order, Declaratory Ruling, and Order of Proposed Modification, 34 FCC Rcd 10578, 10711, para. 298 & n.1030 (2019) (“Moreover, the phase-out of CDMA networks is already underway and is not a transaction-related issue.”)).

⁹³ See Intrado Comments at 1-2.

⁹⁴ See *id.* at 7 (requesting rate stabilization for all TDM circuits); Teliix Comments at 5-7 (seeking, for example, conditions imposing a rate equivalency pricing policy and prohibitions on TDM access charges); Coalition Comments; Coalition Jan. 28, 2025 *Ex Parte*; Coalition Mar. 11, 2025 *Ex Parte*; and Coalition Apr. 8, 2025 *Ex Parte*).

and industry wide in nature. We find again that these are broader regulatory policy questions that are more appropriately addressed in a Commission item with broad industry application and therefore decline to take action on this issue here.

B. Potential Public Interest Benefits

29. We next review the potential public interest benefits. The Commission finds a claimed benefit to be cognizable only if it: is transaction-related, is verifiable, and is likely to flow through to consumers and not inure solely to the benefit of the company.⁹⁵ We find that the record indicates the Transaction will result in some public interest benefits by enabling Verizon to build on Frontier's efforts to upgrade and expand its fiber network and address challenges that risk Frontier's continued success, including the financial condition of the Frontier operating subsidiaries.⁹⁶

30. Applicants assert that Frontier faces obstacles to its continued growth and long-term competitiveness.⁹⁷ After emerging from bankruptcy in 2021, Frontier shifted to a "fiber-first strategy" and targeted passing 10 million locations nationwide with fiber by 2026.⁹⁸ Applicants explain that while Frontier is currently on track to complete its plan—having passed 7.2 million locations as of August 2024—it does not have funding in place for further investment or additional fiber buildouts beyond that point.⁹⁹ Moreover, they state that Frontier has incurred a significant amount of debt as a result of its efforts.¹⁰⁰ According to Applicants, Frontier's current debt level may impact its ability to obtain additional debt or equity financing on favorable terms, which will make it harder for Frontier to continue investing in fiber at the level necessary to compete and to meet the needs of its customers.¹⁰¹ Moreover, as the former owner of most of Frontier's facilities, Applicants contend that Verizon is uniquely familiar with portions of Frontier's network, the service areas, and customers at issue.¹⁰²

31. In addition to its financial challenges, Applicants assert that Frontier also faces challenges competing against a growing number of communications service providers.¹⁰³ They state that Frontier does not offer bundled service offerings, such as home broadband with mobile wireless service,¹⁰⁴ which Applicants assert they will be able to do after the Transaction is complete.¹⁰⁵ They state that unlike Frontier, Verizon will also offer a "voluntary, nationwide low-income pricing option" that will enhance affordability of home Internet service for eligible customers.¹⁰⁶ Moreover, Applicants state that Verizon will continue to make mobile wireless service available to customers in Frontier's territory, as

⁹⁵ See *Frontier 2021 Order*, 36 FCC Rcd at 301, para. 25; *T-Mobile-Sprint Order*, 34 FCC Rcd at 10671, para. 214; *CenturyLink-Level 3 Order*, 32 FCC Rcd at 9604, para. 50 (citing *AT&T-BellSouth Order*, 22 FCC Rcd at 5761, para. 202); *AT&T-DIRECTV Order*, 30 FCC Rcd at 9237, paras 273-74.

⁹⁶ Public Interest Statement, Exh. C to Lead Application at 2-4.

⁹⁷ *Id.* at 2.

⁹⁸ *Id.*

⁹⁹ *Id.* at 2-3.

¹⁰⁰ From 2021 through June 2024, Frontier invested \$4.1 billion upgrading and expanding its fiber network and will need to expend more in 2025 and 2026 to complete its plans to pass 10 million locations. *Id.*

¹⁰¹ *Id.* at 3.

¹⁰² *Id.*

¹⁰³ *Id.*

¹⁰⁴ *Id.*

¹⁰⁵ *Id.* at 13.

¹⁰⁶ *Id.* at 12.

well as offer fixed wireless service in parts of Frontier's territory.

32. In addition, Verizon reports that it has worked with NATE: The Communications Infrastructure Contractors Association regarding Verizon's "approach to tower construction work and engagement."¹⁰⁷ Verizon commits to institute updates to certain practices related to pricing, master service agreements, third party vendors, financial audits, and workforce used by subcontractors, and to continue constructive dialogue with NATE and its members.¹⁰⁸ We accept Verizon's commitment as firm and definite, and expect that it will help ensure that the post-transaction company will invest in its network and strengthen services for all customers.

33. We also recognize Verizon's commitment to equal opportunity employment and nondiscrimination as strengthening its investment and service quality efforts.¹⁰⁹ Verizon states it is modifying its practices, including its leadership structure, training, corporate sponsorships, supplier selection, hiring, career development resources, and public and internal messaging, and has also committed to applying these changes to Frontier following the close of the proposed Transaction.¹¹⁰ We accept Verizon's commitment to modify its practices as firm and definite, and expect that these changes will prevent DEI discrimination in the post-transaction company, as consistent with the law and the public interest.

34. We received no comments addressing Applicants' claimed benefits. 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.¹¹¹ Overall, we find that the proposed Transaction will result in public interest benefits and therefore serves the public interest, convenience, and necessity.

VI. CONCLUSION

35. For the reasons discussed above, we conclude that the proposed Transaction will serve the public interest, convenience, and necessity.

VII. ORDERING CLAUSES

36. Accordingly, having reviewed the record in this matter, **IT IS ORDERED**, pursuant to sections 4(i) and (j), 5(c), 214(a), 214(c), 303(r), 309, and 310(d) of the Act, 47 U.S.C. §§ 154(i), 154(j), 155(c), 214(a), 214(c), 303(r), 309, 310(d), and sections 1.948, 63.04, 63.18, and 63.24 of the Commission's rules, 47 CFR §§ 1.948, 63.04, 63.18, 63.24, and pursuant to the authority delegated under sections 0.19, 0.91, 0.131, 0.291, 0.331, and 0.351 of the Commission's rules, 47 CFR §§ 0.19, 0.91, 0.131, 0.291, 0.331, 0.351, that the Applications to transfer control of the licenses and authorizations listed in Appendix A **ARE GRANTED**, in this Memorandum Opinion and Order.

¹⁰⁷ Letter from William H. Johnson, Senior Vice President and Deputy General Counsel, Verizon, to Marlene H. Dortch, Secretary, FCC, at 1 (filed May 15, 2025).

¹⁰⁸ See *id.* at 1-3.

¹⁰⁹ See Letter from Vandana Venkatesh, Executive Vice President and Chief Legal Officer, Verizon, to Hon. Brendan Carr, Chairman, FCC (filed May 15, 2025).

¹¹⁰ See *id.* at 2.

¹¹¹ Lead Application at 2-3. See INCOMPAS Reply at 2-3; CWA Comments at 2 (both stating that they expect Verizon will make investments in Frontier's network). Applicants further contend 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 opportunities independently of one another, and following closing, Verizon has stated that it will honor all commitments Frontier has made in any broadband grants or deployment programs, including BEAD. Lead Application at 6-7.

37. **IT IS FURTHER ORDERED** that this Memorandum Opinion and Order **SHALL BE EFFECTIVE** upon release, in accordance with section 1.102 of the Commission's rules, 47 CFR § 1.102. Petitions for reconsideration under section 1.106 of the Commission's Rules, 47 CFR § 1.106, may be filed within thirty days of the release date of this Memorandum Opinion and Order.

FEDERAL COMMUNICATIONS COMMISSION

Joseph S. Calascione
Chief, Wireline Competition Bureau

Thomas P. Sullivan
Acting Chief, Office of International Affairs

Joel Taubenblatt
Acting Chief, Wireless Telecommunications Bureau

APPENDIX A

SECTION 214 AUTHORIZATIONS

A. International

The Office of International Affairs grants the following applications for consent to the transfer of control of certain international section 214 authorizations.

<u>File Number</u>	<u>Authorization Holder</u>	<u>Authorization Number</u>
ITC-T/C-20241014-00165	Citizens Telecommunications Company of California Inc.	ITC-214-20080219-00078
ITC-T/C-20241014-00164	Commonwealth Telephone Enterprises, LLC	ITC-214-19960726-00343
ITC-T/C-20241014-00163	Frontier California Inc.	ITC-214-10080219-00063
ITC-T/C-20241014-00162	Frontier Communications of America, Inc.	ITC-214-19971202-00753
ITC-T/C-20241014-00161	Frontier Communications of the Carolinas LLC	ITC-214-20001121-00680
ITC-T/C-20241014-00160	Frontier Communications of the Southwest Inc.	ITC-214-20090528-00564
ITC-T/C-20241014-00159	Frontier Communications Online Long Distance Inc.	ITC-214-20090528-00563
ITC-T/C-20241014-00158	Frontier Florida LLC	ITC-214-20090528-00565
ITC-T/C-20241014-00157	Frontier Midstates Inc.	ITC-214-20080219-00064
ITC-T/C-20241014-00156	Frontier North Inc.	ITC-214-20080219-00081
ITC-T/C-20241014-00155	Frontier Southwest Incorporated	ITC-214-20080219-00082
ITC-T/C-20241014-00154	Frontier West Virginia Inc.	ITC-214-20080219-00077
ITC-T/C-20241014-00153	GVN Services d/b/a/ Global Valley Long Distance	ITC-214-20080219-00071
ITC-T/C-20241014-00152	SNET America, Inc.	ITC-214-20020225-00113
		ITC-214-19930716-00119
		ITC-214-19950215-00064
		ITC-MOD-20041129-00487

B. Domestic

The Wireline Competition Bureau grants the application filed by Frontier Communications Parent, Inc. (Frontier) and Verizon Communications Inc. (Verizon) to transfer control of domestic section 214 authority in WC Docket No. 25-445.¹¹²

Frontier Entities That Provide Service Pursuant to Blanket Domestic Section 214 Authority

Entity	FCC Registration Number
Citizens Telecommunications Company of California Inc.	0003574316
Citizens Telecommunications Company of Illinois	0003934205
Citizens Telecommunications Company of Minnesota LLC	0004036703
Citizens Telecommunications Company of Nebraska	0004341095
Citizens Telecommunications Company of Nevada	0001596881
Citizens Telecommunications Company of New York, Inc.	0003574548
Citizens Telecommunications Company of Tennessee L.L.C.	0003573391

¹¹² 47 CFR § 63.04.

Entity	FCC Registration Number
Citizens Telecommunications Company of the White Mountains, Inc.	0003572617
Citizens Telecommunications Company of Utah	0003574506
Citizens Telecommunications Company of West Virginia	0004054938
Citizens Utilities Rural Company, Inc.	0003583937
Commonwealth Telephone Company LLC	0018334029
CTE Telecom, LLC	0017637257
CTSI, LLC	0017637265
Frontier California Inc.	0001536424
Frontier Communications – Midland, Inc.	0005040266
Frontier Communications of America, Inc.	0005042080
Frontier Communications of Ausable Valley, Inc.	0003455896
Frontier Communications of Breezewood, LLC	0003273240
Frontier Communications of Canton, LLC	0003223385
Frontier Communications of DePue, Inc.	0002861979
Frontier Communications of Georgia, LLC	0005450093
Frontier Communications of Illinois, Inc.	0005060371
Frontier Communications of Indiana LLC	0004163317
Frontier Communications of Iowa, LLC	0002574960
Frontier Communications of Lakeside, Inc.	0004156162
Frontier Communications of Lakewood, LLC	0005060413
Frontier Communications of Michigan, Inc.	0006148175
Frontier Communications of Minnesota, Inc.	0002624641
Frontier Communications of Mississippi, LLC	0015453079
Frontier Communications of Mt. Pulaski, Inc.	0005060496
Frontier Communications of New York, Inc.	0004132338
Frontier Communications of Orion, Inc.	0005060512
Frontier Communications of Oswayo River, LLC	0003222221
Frontier Communications of Pennsylvania, LLC	0003271236
Frontier Communications of Rochester, Inc.	0004320081
Frontier Communications of Seneca-Gorham, Inc.	0003399680
Frontier Communications of Sylvan Lake, Inc.	0005060587
Frontier Communications of the Carolinas LLC	0018802660
Frontier Communications of the South, LLC	0005061064
Frontier Communications of the Southwest Inc.	0018802678
Frontier Communications of Thorntown LLC	0005061114
Frontier Communications of Virginia, Inc.	0019892603
Frontier Communications of Wisconsin LLC	0002718971
Frontier Communications Online and Long Distance Inc.	0018812487
Frontier Communications – Prairie, Inc.	0003765823
Frontier Communications – Schuyler, Inc.	0005060314
Frontier Dallas TX Fiber 1 LLC	0033741802
Frontier Florida LLC	0001824804
Frontier Midstates Inc.	0001855543
Frontier North Inc.	0004350237
Frontier Southwest Incorporated	0001680263
Frontier Tampa Bay FL Fiber 1 LLC	0036645976
Frontier Telephone of Rochester, Inc.	0003407491

Entity	FCC Registration Number
Frontier West Virginia Inc.	0002011278
Navajo Communications Company, Inc.	0001671320
Ogden Telephone Company	0003413242
SNET American, Inc.	0003737707
The Southern New England Telephone Company	0003576931

SECTION 310(d) APPLICATIONS

The Wireless Telecommunications Bureau grants the following applications for consent to the assignment and transfer of control of licenses:

Wireless Licenses

<u>File Number</u>	<u>Licensee</u>	<u>Lead Call Sign</u>
0011253400 ¹¹³	Citizens Telecommunications Company of California Inc.	KLR825
0011255861	Navajo Communications Company, Inc.	KNKL556
0011255859	Frontier Southwest Incorporated	KG4012
0011255858	Frontier North Inc.	KQK40
0011255857	Frontier Florida LLC	WQIX281
0011255856	Frontier Communications of the Southwest Inc.	KNB36
0011255854	Frontier Communications Holdings, LLC	WRAU425
0011255851	Frontier California Inc.	KF5881
0011255849	Citizens Utilities Rural Company, Inc.	KNLW337
0011255845	Citizens Telecommunications Company of Utah	KFI82
0011255841	Citizens Telecommunications Company of the White Mountains, Inc.	KPR50
0011255837	Citizens Telecommunications Company of Tennessee LLC	WAU236
0011255835	Citizens Telecommunications Company of New York, Inc.	KEH87
0011255829	Citizens Telecommunications Company of Nevada	KYJ80

-FCC-

¹¹³ Applicants have designated this as the lead application for the wireless licenses.