

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

Application of Frontier Communications Corporation, Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California Inc. (U 1024 C), Frontier Communications of the Southwest Inc. (U 1026 C), Frontier Communications Online and Long Distance Inc. (U 7167 C), Frontier Communications of America, Inc. (U 5429 C) For Determination That Corporate Restructuring Is Exempt From or Compliant With Public Utilities Code Section 854.

A. 20-05-010
(Filed May 22, 2020)

JOINT MOTION OF FRONTIER COMMUNICATIONS CORPORATION, FRONTIER CALIFORNIA, INC., CITIZENS TELECOMMUNICATIONS COMPANY OF CALIFORNIA INC., FRONTIER COMMUNICATIONS OF THE SOUTHWEST INC., FRONTIER COMMUNICATIONS ONLINE AND LONG DISTANCE INC., FRONTIER COMMUNICATIONS OF AMERICA, INC. AND THE CALIFORNIA EMERGING TECHNOLOGY FUND FOR ADOPTION OF SETTLEMENT AGREEMENT

Rachelle Chong
Law Office of Rachelle Chong
345 West Portal Avenue, Suite 110
San Francisco, California 94127
Phone: (415) 735-0378
Email: rachelle@chonglaw.net
Special Counsel to California
Emerging Technology Fund

Sunne Wright McPeak
President and CEO
California Emerging Technology Fund
Mailing Address
P.O. Box 5897
Concord, California 94524
Office Address
2151 Salvio Street, Suite 252
Concord, California 94520
Tel. (415) 744-2383
sunne.mcpeak@cetfund.org

Mark P. Schreiber
Patrick M. Rosvall
Sarah J. Banola
William F. Charley
Aaron P. Shapiro
COOPER, WHITE & COOPER LLP
201 California Street, 17th Floor
San Francisco, CA 94111
Phone: (415) 433-1900
Fax: (415) 433-5530
E-mail: prosvall@cwclaw.com

Attorneys for Frontier Communications Corporation, 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.

December 29, 2020

I. INTRODUCTION.

Pursuant to Rule 12.1(a) of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”), Frontier Communications Corporation (“Frontier”) and its California local exchange and long distance subsidiaries, Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California Inc. (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) (collectively, “Applicants”) and the California Emerging Technology Fund (“CETF,” and collectively, the “Parties”) request that the Commission adopt the Settlement Agreement (“Settlement”) executed by them on December 12, 2020, and attached hereto as Exhibit 1.

The Settlement reflects the Parties’ full consideration of the record and embodies significant, mutual compromises that resolve CETF’s concerns regarding the issues in this proceeding. Consistent with the Commission’s policy of encouraging settlements, the Settlement reaches a reasonable result, while avoiding the burden, expense and uncertainty of further formal process in this matter.¹ The terms of this Settlement are in the public interest pursuant to the applicable requirements of Sections 853 and 854 of the Public Utilities Code and satisfy the settlement approval standards in Rule 12.1(d). Accordingly, the Parties request that the Proposed Decision adopt the Settlement without modification and incorporate the commitments reflected herein into the final resolution of this proceeding.²

¹ See D.14-01-038 (PG&E Smart Meter Dispute) at 7 (“the Commission’s policy favoring settlements and conserving scarce resources, all weigh in favor of the Commission’s determination approving the settlement”); see also D.09-10-046 (PG&E Wildfire Memo Account) at 7 (“The Commission has a history of favoring settlements.”); D.14-11-040 (SCE and SDG&E San Onofre ratemaking proceeding), at 37 (“Joint Parties are very supportive of the Commission’s modifications and believe they are in the public interest and are consistent with long-standing precedents favoring settlements, including settlements where the hearings have not been completed.”).

² Through a separate motion, the Parties intend to seek shortened time for consideration of this Settlement to facilitate an efficient resolution to this proceeding so that Applicants can expeditiously emerge from Chapter 11 bankruptcy. The Parties believe that it would be reasonable for any comments on this Settlement to be provided no later than January 15, 2021.

II. BACKGROUND.

Applicants filed Application (“A.”) 20-05-010 on May 22, 2020, seeking Commission approval for a restructuring that will enable Frontier to emerge from bankruptcy. The Application explained that after its emergence, Frontier will be replaced by a new parent company and its funded debt obligations will be reduced by over \$10 billion and approximately \$1 billion in annual interest expense will be eliminated (“the Restructuring”).³ The Application sought approval of the transfer of control necessary to effectuate the Restructuring pursuant to Public Utilities Code Sections 853 and 854.

On October 9, 2020, CETF filed its Motion for Party Status, which was granted on October 15, 2020. CETF is a non-profit organization directed to be established by this Commission in 2006 and its mission is to close the Digital Divide in California. CETF’s participation in this proceeding is focused on its concerns that the restructured Frontier will continue to meet all its broadband commitments made in connection with the Parties’ Memorandum of Understanding and Agreement executed on October 23, 2015 (“MOU”) in connection with Frontier’s acquisition of Verizon California’s landline operations,⁴ including the Parties’ Implementation Agreement dated July 22, 2016, and their subsequent Amendment to the Implementation Agreement dated December 28, 2018. CETF supports the need of Frontier to restructure so that it can continue to carry out its MOU commitments, which provide significant public interest benefits to California consumers, particularly given the critical need for broadband services during this ongoing COVID-19 pandemic.

In connection with the Parties’ MOU and Implementation Agreement, the Parties have jointly developed a highly successful Wi-Fi-enabled device (*i.e.* Chromebook) distribution initiative to provide 5,000 low-income students in 16 high need school districts, 350 of which were distributed to the Southern California Tribal Chairmen’s Association (“SCTCA”) and which facilitated participation in distance learning for students from six Southern California Tribes: the Campo Band of Kumeyaay Indians, the Los Coyotes Band of Cahuilla and Cupeño Indians, the Mesa Grande Band of Mission Indians, the Pala Band of Mission Indians, the San Pasqual Band of Mission Indians, and the Viejas Band of Kumeyaay Indians with enhanced

³ Frontier’s bankruptcy case remains before the United States Bankruptcy Court for the Southern District of New York (“Bankruptcy Court”) pending completion of regulatory approvals in all relevant jurisdictions. The Bankruptcy Court approved Frontier’s Plan of Reorganization on August 27, 2020.

⁴ D.15-12-005, Appendix E.

ability to access broadband services and engage in remote learning required by the COVID-19 pandemic. The Parties hosted several successful, socially-distanced events to distribute the devices to students as quickly and safely as possible during the pandemic.

During this proceeding, the Parties exchanged discovery on the issues of concern to CETF, presented exhibits, and submitted briefs advancing their respective positions.⁵ After reviewing the entire record and following substantial negotiations, the Parties wish to build on their success in bridging the Digital Divide through Wi-Fi enabled device distribution, and wish to prioritize Tribal community members for future distributions. The Settlement achieves these shared goals, and reflects mutual compromises on these issues. On December 11, 2020, the Parties convened a properly-noticed telephonic Settlement Conference, which provided an opportunity for all parties to discuss the principal terms in the Settlement, as required by Rule 12.1(b). Therefore, all preconditions for submission of this Settlement are met.

III. SUMMARY OF SETTLEMENT AGREEMENT.

As a result of their negotiations and mutual compromises, the Parties have resolved the issues raised by CETF in this proceeding. In an effort to address the COVID-19 pandemic and the heightened need for broadband adoption and connectivity, particularly for students and Tribal community members, the Settlement provides for the accelerated distribution of Wi-Fi enabled devices and adoption payments with a goal of full distribution by December 31, 2021, as well as expanded availability of community broadband connectivity.

The key elements of the Settlement are as follows:

1. Reaffirmation of the partnership between CETF and Frontier to work collaboratively to improve broadband adoption by low-income, tribal and underserved community members and to act in furtherance of their shared goals.
2. Expansion of CETF's and Frontier's successful collaboration to distribute Wi-Fi capable devices to low-income students in high need school districts. CETF and Frontier have

⁵ Aside from the settling Parties, the other active parties to the proceeding are the Public Advocates Office at the California Public Utilities Commission ("Cal Advocates"), The Utility Reform Network ("TURN"), and the Communications Workers of America, District 9 ("CWA"), with whom Applicants have executed a separate settlement, and the Yurok Tribe. On December 9, after the record was closed, the Yurok Tribe filed a motion to become a party and to revise the procedural schedule to allow it to submit briefs and testimony. The ALJ granted the motion and set a schedule for the Yurok Tribe to submit a brief, testimony, and supporting documents by December 28. All parties, including the Yurok Tribe, were invited to the settlement conference on December 11.

agreed that the distribution of the approximately 20,000 remaining Wi-Fi enabled devices shall be accelerated, with a goal to complete distribution by December 31, 2021. The parties shall work to distribute the remaining enabled devices through a similar student or community distribution program as the Parties may jointly develop, and no fewer than 4,000 devices shall be distributed in Tribal communities. Remaining adoption payments to CETF will also be accelerated with a goal to have them fully paid by year-end 2021. These adoption payments may be used to support CETF's digital literacy training efforts.

3. Frontier and CETF have encountered unanticipated challenges as a result of the COVID-19 pandemic with completing the Wi-Fi hotspot deployment. They have therefore agreed to expand the locations eligible for public Wi-Fi deployments to include any community location organization, or other institution (such as libraries, skilled nursing facilities, shelters, or similar institutions) that is capable of facilitating service to primarily low-income or underserved users and to prioritize Tribal locations for Wi-Fi hotspot deployments. In addition, the Parties agree that in lieu of a Wi-Fi deployment, and where it has facilities deployed, Frontier may provide two years of free broadband service to a community location, organization, or other institution to facilitate broadband access by low-income or underserved community members, with priority given to schools, libraries or other community organizations serving Tribal members.

4. Frontier has also agreed to continue to offer its Affordable Broadband and Frontier Fundamental low-income broadband service plans at equal or lower pricing than current rates for an additional time period through December 31, 2023.

Based on these commitments and the commitments Frontier has already made in connection with its Application and briefing, CETF agrees that its issues and concerns in this proceeding are resolved by the Settlement. Pursuant to the terms in the Settlement, the Parties agree that Applicants have addressed the requirements and public interest factors of Public Utilities Code Sections 853 and 854 and the issues raised in the Scoping Memo that were addressed by the Parties. The Parties agree to fulfill the conditions as set forth in the Settlement provided that the Commission adopts the Settlement without modification and the Restructuring occurs upon emergence from Chapter 11.

IV. THE SETTLEMENT AGREEMENT IS REASONABLE IN LIGHT OF THE WHOLE RECORD, IS CONSISTENT WITH LAW, AND IS IN THE PUBLIC INTEREST

To obtain Commission approval of a settlement, the Parties must demonstrate that the settlement is reasonable in light of the whole record, consistent with law, and in the public interest. *See* Rule 12.1(d). In evaluating settlements, the Commission has recognized a strong public policy in California favoring settlements and avoiding litigation.⁶ The Settlement complies with all three requirements of Rule 12.1(d), as well as all other legal requirements.

The terms of the Settlement described above are reasonable in light of the whole record. Frontier has reaffirmed and expanded its substantial broadband commitments, which bring critical public interest benefits to California consumers, particularly during this COVID-19 pandemic. CETF’s mission is to close the Digital Divide by accelerating the deployment and adoption of broadband to unserved and underserved communities, so CETF is well-positioned to identify the broadband needs of Californians. Based on its extensive experience, CETF has engaged in extensive negotiations with Frontier, has agreed to the settlement terms, and agreed to focus on forward-looking collaborative activities with Frontier to implement Frontier’s broadband commitments. The Settlement resolves all concerns raised by CETF in this proceeding and the parties’ mutual compromises are reasonable in light of the discovery, evidence, and comprehensive briefs. The Parties entered into the Settlement at an advanced stage in this proceeding, which has ensured the development of a robust record that strongly supports the Settlement.

The Settlement is also consistent with applicable law. Public Utilities Code Section 854 sets forth the public interest factors for the Commission’s review of the Application. These eight factors may be considered and weighed collectively to support a determination of “public interest” pursuant to the statute.⁷ Each factor is addressed here:

⁶ *Re Pacific Bell*, 45 CPUC.2d 158, 169, D.92-07-076 (July 22,1992)); *see also* D.14-08-009, at 16; D.12-11-043, at 7; D.15-07-014, at 14-15, 21.

⁷ The statute states that “the commission shall consider each of the criteria listed in paragraphs (1) through (8), inclusive, and find, *on balance*, that the merger, acquisition, or control proposal is in the public interest.” Similarly, the Commission has found that each of the Section 854(c) factors need not be met independently for an application to be in the public interest. *See* D.20-08-022 at 5 (“Section 854(c) does not require us to make an affirmative finding regarding each of its sub-sections; rather it requires us to find, on balance, that the Transaction, as measured by the specific criteria enumerated in the sub-sections, is in the public interest.”); D.16-05-007 at 25 (“Section 854(c) does not require the Commission

1. Provides short-term and long-term economic benefits to ratepayers (Section 854(b)(1)).

The Settlement and the Commission’s approval of the Restructuring will facilitate Frontier’s emergence from Chapter 11, which will enable Frontier to reduce its debt obligations by more than \$10 billion and eliminate more than \$1 billion in annual interest costs. The elimination of this debt obligation will enable Frontier to become a financially stable service provider that can continue to provide voice and broadband services to its existing customers, and compete with wireless, cable and other providers for new customers. The Restructuring will position Frontier to fulfill its existing broadband adoption and deployment commitments and to expand those commitments. Frontier’s Settlement commitments will advance the goal of closing the Digital Divide for low-income and rural communities in Frontier’s service territory. These commitments are a further demonstration of the tangible benefits to California resulting from the Restructuring.

2. Maintains or improves Applicants’ financial condition (Section 854(c)(1)).

The Restructuring significantly reduces Frontier’s debt and interest obligations. In particular, by reducing Frontier’s annual interest payments from \$1.5 billion to approximately \$500 million, the Restructuring will increase Frontier’s operational, technological and financial flexibility, which will help Frontier weather changing market conditions, be a more effective competitor, and provide enhanced products and services. Failing to approve these changes would negatively impact consumers by prolonging Frontier’s financial distress, as well as impairing Frontier’s ability to fulfill its current broadband commitments. This Settlement should help facilitate an expeditious conclusion to this proceeding, which will bring the operational stability and public interest benefits from the Restructuring to Californians more quickly.

3. Maintains or improves Applicants’ quality of service (Section 854(c)(2)).

The Settlement will benefit the quality of service received by low-income and rural households at affordable rates. Pursuant to the Settlement terms, CETF, an experienced non-profit organization that has worked with Community-Based Organizations (“CBOs”) conducting broadband adoption programs for low-income and disadvantaged communities for over a decade,

to find that each of the seven criteria is met on its own terms.”); D.15-12-005 at 12 (similarly concluding that the Commission need not find that each of the Section 854(c) criteria are individually met).

will collaborate with Frontier to address the specific broadband needs and challenges of serving California residents, including those that are low-income and underserved.

4. Maintains or improves Applicants' quality of management (Section 854(c)(3)).

Applicants have confirmed that the management of their California Operating Subsidiaries is not expected to substantially change.⁸ In addition, as noted above, the Settlement includes a provision that requires Frontier's CEO and at least one new Frontier Board member (who is not a member of Frontier's management team) to meet with the CETF Board of Directors, to obtain a fuller understanding from CETF of the specific broadband needs and challenges of serving California residents, including those that are low-income and underserved. The Settlement balances Frontier's obligations in California upon Restructuring without overburdening Frontier and its management with conditions that would potentially undermine the financial benefits of Restructuring.

5. Is fair and reasonable to affected Applicants' employees, including both union and nonunion employees (Section 854(c)(4)).

Under the terms of the Plan of Reorganization approved by the Bankruptcy Court, all employee wages, compensation, benefit programs, and collective bargaining agreements, including without limitation those under any expired collective bargaining agreements, in place as of the effective date Frontier emerges from Chapter 11, will be assumed by Reorganized Frontier and remain in place.⁹ The Settlement does not alter Frontier's commitment, which addresses this statutory factor.

6. Is beneficial on an overall basis to state and local economies, and to the communities in the area served by Applicants (Section 854(c)(6)).

Communities and state and local economies will benefit from the broadband deployment and adoption commitments included in the Settlement. With the Settlement, Frontier will fulfill

⁸ See FTR-2 (Nielsen Opening) at 24:1-22 (the Restructuring is not expected to alter the current management of the California Operating Subsidiaries); *see also Applicants Opening Brief* at 21:1-10.

⁹ *In re Frontier Communications Corporation, et al.*, Case No. 20-22476 (RDD) (S.D.N.Y.) (08/27/20), Fifth Amended Joint Plan of Reorganization of Frontier Communications Corporation and its Debtor Affiliates Pursuant To Chapter 11 Of The Bankruptcy Code at 56 (“[A]ll employee wages, compensation, and benefit programs, including without limitation, any severance agreements, and collective bargaining agreements, including, without limitation, under any expired collective bargaining agreements, in place as of the Effective Date with the Debtors are hereby assumed by the Reorganized Debtors and shall remain in place as of the Effective Date.”).

its remaining broadband commitments from the MOU and Implementation Agreement and will expand those commitments, which will enable consumers and businesses in communities within Frontier's service area to benefit from the expanded availability and access to broadband connectivity provided by Frontier.

7. Preserves the jurisdiction of the Commission and the capacity of the Commission to effectively regulate and audit Applicants (Section 854(c)(7)).

Under the terms of the Settlement, the Restructuring will preserve the Commission's jurisdiction and regulatory oversight of the California Operating Subsidiaries. Post-Restructuring, the California Operating Subsidiaries, and, as applicable, Frontier's long-distance providers, will continue to operate within the parameters of the regulatory authority the Commission currently exercises over them.¹⁰ In addition, pursuant to the MOU that Frontier will continue to comply with post-Restructuring, Frontier will report to CETF executives on a quarterly basis to discuss progress on its broadband adoption commitments.

8. Provides mitigation measures to prevent significant adverse consequences that may result (Section 854(c)(8)).

With the commitments and conditions agreed upon in the Settlement, the Parties do not anticipate that the Restructuring will result in any significant adverse consequences. To the contrary, the Restructuring will eliminate debt obligations and effectuate an equity transfer at the parent-company level, which will benefit Frontier and its California consumers. The Settlement further ensures that there are no adverse consequences resulting from the Restructuring as it reaffirms and expands on Frontier's substantial broadband commitments.

V. CONCLUSION.

The public interest is served in light of all the conditions included in the Settlement, which address all of the concerns raised by CETF in a manner that is acceptable to Applicants and which the Applicants can fulfill without undermining the benefits of the Chapter 11 process. Among other public interest benefits, the Settlement will promote public welfare by helping ensure that Frontier can emerge from Chapter 11 with reduced debt and be in a stronger financial position to provide high-quality and reliable services to California consumers. Based on the

¹⁰ See FTR-2 (Nielsen Opening) at 26:7-27:7 (confirming that post-Restructuring, all entities currently under Commission jurisdiction will continue to be under the jurisdiction and regulatory power of the Commission).

foregoing, the Parties respectfully request that the Commission grant this Joint Motion and adopt the Settlement in its entirety as a resolution of the issues raised by CETF in the proceeding.

Executed at San Francisco, California on this 29th day of December 2020.¹¹

Mark P. Schreiber
Patrick M. Rosvall
Sarah J. Banola
William F. Charley
Aaron P. Shapiro
COOPER, WHITE & COOPER LLP
201 California Street, 17th Floor
San Francisco, CA 94111
Phone: (415) 433-1900
Fax: (415) 433-5530
E-mail: prosvall@cwclaw.com

By: /s/ Patrick M. Rosvall
Patrick M. Rosvall

Attorneys for Frontier Communications
Corporation, 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.

¹¹ Pursuant to Commission Rule 1.8(d), counsel for Applicants is authorized to sign this Joint Motion on behalf of the Parties.

Exhibit 1

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

Application of Frontier Communications Corporation, Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California Inc. (U 1024 C), Frontier Communications of the Southwest Inc. (U 1026 C), Frontier Communications Online and Long Distance Inc. (U 7167 C), Frontier Communications of America, Inc. (U 5429 C) For Determination That Corporate Restructuring Is Exempt From or Compliant With Public Utilities Code Section 854.

A.20-05-010

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement”) is entered into as of December 12, 2020, by and between Frontier Communications Corporation Frontier California Inc. (U 1002 C), Citizens Telecommunications Company of California Inc. (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) (collectively, “Frontier”), and the California Emerging Technology Fund (“CETF”), collectively referred to as “the Parties.”

All the terms of this Settlement are expressly contingent upon the consummation of Frontier’s corporate Restructuring associated with and emergence from the Chapter 11 as described in the Application filed in this proceeding on May 22, 2020.

RECITALS

Whereas, on May 22, 2020, Frontier filed Application 20-05-010 seeking a determination under Public Utilities Code Section 853(b) that its restructuring is exempt from the transfer of control requirements in Public Utilities Code Section 854 or, alternatively, requesting the Commission’s approval pursuant to Section 854 (“Application”); and

Whereas, on October 9, 2020, CETF filed its Motion for Party Status, which was granted October 15, 2020; and

Whereas, the Parties jointly developed a high successful Wi-Fi-enabled device (i.e. Chromebook) distribution initiative to provide 5,000 low-income students in 16 high need school districts, 350 of which were distributed to the Southern California Tribal Chairmen's Association (SCTCA) and which facilitated participation in distance learning for students from six Southern California Tribes: the Campo Band of Kumeyaay Indians, the Los Coyotes Band of Cahuilla and Cupeño Indians, the Mesa Grande Band of Mission Indians, the Pala Band of Mission Indians, the San Pasqual Band of Mission Indians, and the Viejas Band of Kumeyaay Indians with enhanced ability to access broadband services and engage in remote learning required by the COVID-19 pandemic. The Parties hosted several special socially distanced events to distribute the devices to students as quickly and safely as possible during the pandemic. See, e.g. YouTube event videos [Closing the Digital Divide in California Communities: Chromebooks for Coachella Valley Students](#); and [Closing the Digital Divide in California's Tribal Nations](#); and

Whereas, the Parties wish to build on their success in bridging the Digital Divide through Wi-Fi enabled device distribution, and wish to prioritize Tribal community members for future distributions; and

Whereas, the Parties have conferred regarding the possibility of settlement in this case, and the Parties have reached the terms of a settlement that the parties believe is in the public interest, reasonable in light of the record, and consistent with law, as set forth herein.

AGREEMENT

NOW, THEREFORE, based upon mutual agreement reflected in this Settlement, Frontier and CETF agree as follows:

1. The Second Amendment to the Implementation Agreement between the Parties is attached to and incorporated into this Settlement. In an effort to address the COVID-19 pandemic-related heightened need for broadband adoption and connectivity, particularly for students and Tribal community members, the Second Amendment provides for the accelerated distribution of Wi-Fi enabled devices and adoption payments with a goal of full distribution by December 31, 2021 as well as for expanded availability of community broadband connectivity. Specifically, the Parties have agreed that all remaining devices are eligible to be distributed to low income students in high need school districts and communities, that the Parties shall work to distribute no fewer than 4,000 devices to students in Tribal communities, and that adoption payments may be used to support CETF's digital literacy training efforts. In addition, the Parties have agreed to expand the locations eligible for public Wi-Fi deployments to include any community location, organization, or institution that is capable of facilitating service to low income users and/or to allow Frontier to provide two years of free broadband service to schools, libraries or other community organizations to facilitate access to broadband services for low-income or underserved community members with priority given to schools, libraries or other community organizations serving Tribal members. Further, Frontier has agreed to shall continue to offer its Affordable Broadband and Frontier Fundamental low-income broadband service plans at equal or lower pricing than current rates for an additional time period through December 31, 2023.

2. The Parties will file a Joint Motion seeking Commission approval of the Settlement in its entirety and without change.

3. The Parties agree to use their best efforts to obtain Commission approval of the Settlement. The Parties will request that the Commission approve the Settlement without change and find the Agreement to be reasonable, consistent with the law and in the public interest. The Parties will take no action in opposition to this Settlement.

4. This Settlement is being presented as an integrated package such that Parties are agreeing to this Settlement as a whole, as opposed to agreeing to specific elements to this Settlement. If the Commission adopts this Settlement with modifications, all Parties must consent to the modifications or any Party may void this Settlement, but only after such Party provides the other Parties to the agreement with the opportunity to meet and confer in good faith regarding the proposed modifications.

5. This Settlement was jointly prepared by the Parties to the Settlement and any uncertainty or ambiguity existing in the document will not be interpreted against any party on the basis that such party drafted or prepared the Settlement.

6. By signing below, each of the undersigned represents and warrants that he/she is authorized to sign this Settlement on behalf of the party for whom he/she signs and thereby binds such party to the terms of this Settlement.

7. This Settlement constitutes and represents the entire agreement between the Parties and supersedes all prior and contemporaneous agreements, negotiations, representations, warranties and understandings of the parties with respect to the subject matter set forth herein.

8. In accordance with the Commission's Rules of Practice and Procedure, Rule 12.5, the Parties intend that the Commission's adoption of this Settlement be binding on each Party,

including its legal successors, predecessors, assigns, partners, joint ventures, shareholders, members, representatives, agents, attorneys, parent or subsidiary companies, affiliates, officers, directors, and/or employees. Adoption of this Settlement does not constitute approval of, or precedent regarding, any principle in any future proceeding, unless the Commission expressly provides otherwise.

9. If a Party fails to perform its respective obligations under this Settlement, after reasonable notice and opportunity to cure its default, any other Party may come before the Commission to pursue a remedy including enforcement. The Parties acknowledge that the Commission may assert jurisdiction to enforce the terms and conditions of this Settlement.

10. This Settlement may be amended or changed only by a written agreement signed by all parties and approved by the Commission.

11. This Settlement shall be governed by and interpreted in accordance with the laws of the State of California and the rules, regulations and General Orders of the California Public Utilities Commission.

12. This Settlement Agreement may be executed in one or more counterparts, and each of which when so executed and delivered will be an original and all of which together will constitute one and the same instrument.

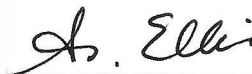
Accepted on behalf of CETF by:



Sunne Wright McPeak
President and CEO

Date: December 12, 2020

Accepted on behalf of Frontier by:



Allison M. Ellis
Senior Vice President, Regulatory

Date: December 12, 2020

ATTACHMENT

**Second Amendment to the Implementation Agreement,
dated December 11, 2020**

SETTLEMENT AGREEMENT

SECOND AMENDMENT TO IMPLEMENTATION AGREEMENT BETWEEN FRONTIER COMMUNICATIONS CORPORATION AND THE CALIFORNIA EMERGING TECHNOLOGY FUND

This second amendment (“Second Amendment”) is to the Implementation Agreement previously executed by Frontier Communications Corporation (“Frontier”) and the California Emerging Technology Fund (“CETF”) (collectively, “the “Parties”) on July 22, 2016 and their subsequent Amendment to the Implementation Agreement on December 28, 2018.

A. Recitals

1. The Parties entered into a Memorandum of Understanding and Agreement dated October 23, 2015 (“MOU”).
2. The California Public Utilities Commission (“Commission”) approved the MOU in Decision (“D.”) 15-12-005, issued on December 9, 2015, and attached as Appendix E thereto.
3. On July 22, 2016, the Parties entered into an Implementation Agreement to clarify the parties' respective obligations regarding the broadband adoption aspects of the MOU. The Implementation Agreement took effect on July 1, 2016, and, by its terms, it expired June 30, 2018.
4. On December 28, 2018, Parties entered into an Amendment to their Implementation Agreement in order to resolve issues between them (the “Amendment”). The Amendment took effect December 28, 2018.
5. On May 22, 2020, Frontier filed Application 20-05-010 seeking a determination under Public Utilities Code Section 853(b) that its restructuring is exempt from the transfer of control requirements in Public Utilities Code Section 854 or, alternatively, requesting the Commission’s approval pursuant to Section 854 (“Application”).
6. On October 9, 2020, CETF filed its Motion for Party Status, which was granted October 15, 2020.
7. As part of the MOU and as detailed in the Implementation Agreement and Amendment, the Parties agreed to an affordable broadband offering, a Wi-Fi hotspot deployment target, and a Wi-Fi capable device distribution schedule as part of their joint endeavor to expand broadband adoption in the state of California that they now wish to update and modify.
8. Specifically, in response to the COVID-19 pandemic, the Parties engaged in a successful collaboration to distribute 5,000 Wi-Fi capable devices to low-income students in 16 high need school districts to facilitate remote learning, including a donation of 350 Chromebook laptops to the Southern California Tribal Chairmen’s Association (SCTCA) that facilitates participation in distance learning for students from six Southern California

SETTLEMENT AGREEMENT

Tribes: the Campo Band of Kumeyaay Indians, the Los Coyotes Band of Cahuilla and Cupeño Indians, the Mesa Grande Band of Mission Indians, the Pala Band of Mission Indians, the San Pasqual Band of Mission Indians, and the Viejas Band of Kumeyaay Indians.¹ The Parties wish to continue this highly successful distribution program.

9. Further, the COVID-19 pandemic has created unanticipated challenges with completing the Wi-Fi hotspot deployment by the target completion date because many potential non-profit locations/community entities are either closed or short staffed and unable to allow clients access to their facilities due to COVID-19 restrictions.²

10. This Second Amendment is intended to supplement and modify the Implementation Agreement and Amendment thereto to reflect the terms of the Parties' settlement. Except as modified herein, the Implementation Agreement and Amendment remains in full effect and binds the Parties regarding implementation of the MOU, which remains in effect, provided however that to the extent any provision of this Second Amendment and either the Implementation Agreement or Amendment conflict, this Second Amendment shall control.

B. Terms

11. The Implementation Agreement and Amendment are incorporated herein by reference. The parties agree that the Implementation Agreement and Amendment incorporates the terms of this Second Amendment, and, with those amended terms, it is modified as set forth herein. Except as expressly stated herein, this Second Amendment has no effect on the parties' rights or obligations under the MOU. The terms of the Implementation Agreement and Amendment remain in effect except as expressly modified by this Second Amendment, provided however that to the extent any provision of this Second Amendment and either the Implementation Agreement or Amendment conflict, this Second Amendment shall control.

12. Paragraph B.2.c and Exhibit A of the Implementation Agreement, which was previously modified by Paragraph 13 of the Amendment is deleted, and is replaced by the following:

B.2.c.

(i) As of December 1, 2020, Frontier has disbursed \$1.8 million to CETF in adoption payments to assist CETF and CBOs in connection with their adoption efforts.

¹ The Parties hosted several special socially distanced events to distribute the devices to students as quickly and safely as possible during the pandemic. See, e.g YouTube event videos [Closing the Digital Divide in California Communities: Chromebooks for Coachella Valley Students](#); and [Closing the Digital Divide in California's Tribal Nations](#)

² The Wi-Fi service is designed for indoor use.

SETTLEMENT AGREEMENT

(ii) As of December 1, 2020, Frontier has purchased 29,221 Chromebooks, which includes 4,000 devices that are currently on order and are expected to be distributed by December 31, 2020.

(iii) Frontier shall undertake good faith efforts to purchase and the Parties shall jointly work to distribute the remaining 20,779 Wi-Fi capable devices by September 1, 2021. All remaining devices are eligible to be distributed to low-income students in high need school districts or other similar student or community distribution program as the Parties may jointly develop and no fewer than 4,000 devices shall be distributed in Tribal communities. Frontier will continue to advance additional funds to CETF at \$60 per qualified adoptions from the \$3 million identified in paragraph 24 of the MOU as set forth at para. 13(iii) in the Amendment and in order to facilitate the digital literacy training efforts it and the CBOs are undertaking in connection with the devices distributed to students or community members. In the event that not all devices are, or are expected to be, distributed by September 1, 2021, the parties agree to meet and confer to discuss next steps to attempt to accomplish distribution of the balance of Wi-Fi enabled devices by December 31, 2021. In the event supply chain issues arise throughout the year and all devices are not either distributed or on order by December 31, 2021, the parties agree that Frontier may elect to fulfill this condition through a lump sum payment after December 31, 2021 equal to the cost per unit of remaining undistributed devices (including tax and shipping fees). In addition, if the lump sum payment option is exercised, Frontier shall pay, at the same time, all remaining outstanding adoption payments to CETF.

13. Paragraph C. 7 of the Implementation Agreement, which was added to the Implementation Agreement in Paragraph 15 of the Amendment is replaced as follows:

7. Frontier shall continue to offer its Affordable Broadband and Frontier Fundamental low-income broadband service plans at equal or lower pricing than current rates through December 31, 2023. While the Agreement is in effect, and every low-income household enrolling in any such service shall be counted toward the aspirational goal set forth in Section A(3). In the event that neither the California Public Utilities Commission nor the Federal Communications Commission has finalized action on Lifeline or an equivalent support mechanism for low-income broadband services by December 31, 2023, the Parties agree to meet and confer regarding an extension for a period of one year (to December 31, 2024) of Frontier's Affordable Broadband and Frontier Fundamental low-income broadband service plans at equal or lower pricing than current rates.

SETTLEMENT AGREEMENT

14. Paragraph C.6 of the Implementation Agreement which was added to the Implementation Agreement in Paragraph 16 of the Amendment is replaced by the following:

6. This Agreement shall remain in effect until the entire \$3 million identified in paragraph 24 of the MOU is disbursed (at \$60 per qualified adoption) and until all of the 50,000 Wi-Fi capable devices identified in paragraph 20 of the MOU are distributed (one device per qualified adoption), provided, however, if all funds and devices are not disbursed by CBOs under grant agreements with CETF or distributed by December 31, 2021, Frontier may elect to immediately disburse and distribute the remaining funds and devices to CETF. As set forth in Section B.2.c(iii), the Parties will mutually confer and agree on a plan for device delivery and disbursement of remaining funds to CETF.

15. Covenant 9 of the MOU requires the Parties to mutually identify 50 locations where Frontier will install public Wi-Fi subject to the conditions of Covenant 9(a). In addition, Wi-Fi deployments were addressed in Paragraph 17 of the Amendment. As of the effective date of this Second Amendment, Frontier has installed public Wi-Fi at 19 locations despite good faith efforts in collaboration with CETF to identify and complete more deployments and to surmount the access and deployment challenges presented by the COVID-19 pandemic. Accordingly, to achieve the core goal of this Covenant 9 of the MOU—expanded community-based access to broadband services, particularly for low-income and underserved community members—the Parties agree to revise Frontier’s Wi-Fi hot spot deployment obligations as set forth herein. Specifically, the Parties agree to expand the locations eligible for public Wi-Fi to include any community location organization, or other institution (such as libraries, skilled nursing facilities, shelters, etc.), that is capable of facilitating Wi-Fi service to primarily low-income or underserved users as the Parties mutually agree, and shall jointly work to identify and prioritize Tribal locations for Wi-Fi hotspot deployments. In addition, the Parties agree that in lieu of a Wi-Fi deployment, where it has facilities deployed to a community location, organization, or other institution that facilitates broadband access and use by low-income or underserved community members, Frontier may elect to provide two years of free broadband service to a community location, organization, or other institution in order to facilitate broadband access by low-income or underserved community members with priority given to those locations/entities serving Tribal members. Frontier shall work diligently and in good faith to complete its Wi-Fi community access commitment to 31 locations despite the challenges created by the COVID-19 pandemic by December 31, 2021 by: 1) completing a Wi-Fi installation; or 2) providing two years of free broadband service to a community location, organization, or other institution that facilitates broadband access/use by low-income or underserved community members as the parties mutually agree; or 3) any combination thereof. In the event that Frontier is not able to complete its Wi-Fi community access commitment by December 31, 2021, Frontier may elect to immediately disburse an amount equal to the sum of the number of remaining deployments multiplied by \$4,000.00 to CETF, which is calculated to include both the average cost of a Wi-Fi deployment,

SETTLEMENT AGREEMENT

including the efforts of CETF staff resources to oversee and achieve the remaining Wi-Fi deployments.

16. The Parties shall continue to collaborate on potential California Advanced Services Fund (CASF) grant applications to reach unserved households and effectuate other benefits in unserved or underserved areas within Frontier’s service territory.

17. The parties agree that within 90 days of Frontier’s emergence from Chapter 11, currently expected to be no later than March 31, 2021, Frontier’s CEO and at least one new Frontier Board member (who is not a member of Frontier’s management team) will meet with the CETF Board of Directors, as mutually agreed, in order to get a fuller understanding from CETF of the specific broadband needs and challenges of serving California residents, including those that are low-income and underserved.

18. The Parties agree to support and seek Commission approval of this Second Amendment and approval of Frontier’s Application 20-05-010 seeking a determination under Public Utilities Code Section 853(b) that its restructuring is exempt from the transfer of control requirements in Public Utilities Code Section 854 or, alternatively, requesting the Commission’s approval pursuant to Section 854 in a joint motion. Should either Party violate this Second Amendment, the other Party reserves its rights to enforce the MOU, the Implementation Agreement, Amendment and/or this Second Amendment through any procedure permitted by law, including any applicable procedure under Commission rules.

19. This Second Amendment, the Implementation Agreement and Amendment shall be binding upon, and shall inure to the benefit of the parties hereto and their respective successors in interest and assigns.

20. This Second Amendment is only effective upon the approval of the Second Amendment by the Commission.

21. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Accepted on behalf of CETF by:

Accepted on behalf of Frontier by:



Sunne Wright McPeak
President and CEO

Allison M. Ellis
Senior Vice President, Regulatory

Date: December 12, 2020

Date: December 12, 2020