



Overview of the Agreement and Purpose of the Partnership

The California Emerging Technology Fund (CETF) has reached agreement with Frontier Communications Corporation through a Memorandum of Understanding (MOU) in order to ensure tangible public benefits from the acquisition of the Verizon wireline network by Frontier in Application 15-03-005 before the California Public Utilities Commission (CPUC). CETF has filed the same recommendations for public benefits in all corporate consolidation proceedings (3 for broadband deployment and 5 for broadband adoption). In the case of Frontier, CETF noted in its filings that Frontier offers the prospect of private-sector expertise and resources to accelerate wireline deployment into unserved and underserved rural communities that could be consideration for modifying some of the public benefit obligations for broadband adoption.

CETF supports the promulgation of public-private partnerships as a public policy foundation for closing the Digital Divide by harnessing the discipline and innovation of the private sector with the expertise and cultural competency of those working on behalf of the public sector as “trusted messengers” to reach disadvantaged populations—community-based organizations (CBOs), schools, libraries and other anchor institutions. A public-private partnership is characterized by partners reaching agreement on goals, jointly developing an action plan to achieve explicit outcomes, and working together continuously to implement the plan with mutual accountability for results.

CETF and Frontier will work together in collaboration with community-based organizations (CBOs) and other stakeholders in the true spirit of a public-private partnership with the intent to make a significant contribution to closing the Digital Divide in California with public benefits for both broadband deployment and broadband adoption. Frontier and CETF further agree that the overall imperative regarding broadband adoption is to get as many low-income households as possible online with high-speed Internet access at home in the shortest amount of time with the least cost. It is with this shared commitment that Frontier and CETF are pursuing innovative approaches to increasing broadband adoption. Frontier’s commitments set forth in the MOU meet the CETF objective in regulatory filings for “appropriate, fair and comparable” public benefit contributions by all companies requesting approval for corporate consolidations.

Frontier’s overall public benefit commitments include:

- **Broadband Deployment:** upgrades in infrastructure for more than 327,000 underserved households and businesses; and new broadband access for 107,000 unserved households.
- **Broadband Adoption:** increase of 200,000 low-income households online at home (including people with disabilities and seniors) through several strategic investments.

To ensure that this agreement is being entered into to further the public interest for broadband deployment and adoption, CETF shall receive no funds or other contributions from Frontier. This agreement resolves all of the issues raised by CETF in the filings before the CPUC.

The following summarizes Frontier's public benefit contributions for broadband deployment and broadband adoption.

Frontier's Public Benefit Contributions for Broadband Deployment

- Provide private-sector expertise for broadband wireline deployment into rural California.
- Accept FCC Connect America Fund (CAF) Phase II allocations for both Frontier and Verizon of \$38M / year for 6 years (total \$228M in broadband construction) to upgrade approximately 77,402 locations to 10 Mbps downstream and 1 Mbps upstream (10/1 Mbps).
- Improve broadband speeds for 250,000 households in Verizon service areas to support speeds of 25 Mbps downstream and 2 Mbps upstream (in addition to CAF funds).
- Build infrastructure to connect another 100,000 unserved households at 10/1 Mbps.
- Cooperate with CETF, Regional Consortia, local elected officials, and other stakeholders to explore and consider options to reach unserved households and underserved locations in 6 Northeastern Counties: Shasta, Siskiyou, Modoc, Lassen, Plumas, and Tehama along the corridors defined by Highway 299 East from Redding to Alturas; Highway 139 from Alturas to Susanville; and Highway 36 from Susanville to Red Bluff.
- Build infrastructure to an additional 7,000 unserved households in legacy Frontier service areas with particular attention to the 6 Northeastern Counties.
- Install 50 WiFi hot spots throughout the services territory capable of supporting 1,250 users simultaneously at 10/1 Mbps and construct at least 10 of them by January 2017.
- Frontier will engage with FirstNet, CENIC, K-12HSP, and California Telehealth Network.

Frontier's Public Benefit Contributions for Broadband Adoption

- Commit to the aspirational goal of getting another 200,000 low-income households online in 3 years working collaboratively in a public-private partnership with CETF and CBO partners. Work with CETF and partners to develop the plan to connect 200,000 low-income households.
- Make available an "interim" affordable broadband offer of \$13.99 per month (exclusive of federal and state taxes) for low-income households throughout the service area who qualify and sign up for the Frontier Telephone Lifeline Plan through the FCC or CPUC (with no additional requirements such as credit checks or long-term contracts) which will result in affordable telephone-broadband service at a total cost of \$17.65 for the basic plan and \$20.83 for unlimited calling). The "interim" broadband affordable offer includes free installation and wireless modem and will be available until the FCC Broadband Lifeline Program is operational (with a reasonable time for transition of customers). The Telephone

Lifeline Programs are being used to qualify for the “interim” broadband service for efficiency and transparency. Frontier will train its customer representatives (and designated contractors) to assist low-income residents in qualifying and signing up.

- Actively market the “interim” affordable broadband plan (and FCC Lifeline Program when operational), beginning with the current 150,000 Verizon Telephone Lifeline customers. Place ads with ethnic and community media (both print and broadcast).
- Purchase 50,000 internet-enabled tablets with wireless modems to be distributed over the next 2 years (beginning July 1, 2016) by participating CBOs signing up low-income households for broadband service (not limited to the Frontier offer). The tablets will be compatible with the needs of students, aligned with technology programs of major school districts in the Frontier service areas, and capable of helping prepare students for SBAC.
- Provide \$3M over 2 years to CBOs entering into performance-based agreements with CETF and Frontier to distribute the 50,000 tablets and sign up low-income households.

Accountability and Consumer Advisory Board

- Frontier and CETF will provide quarterly reports on progress and the executive will meet quarterly to review progress on their respective commitments and to consult with one another on responsibilities going forward.
- Frontier will establish a Consumer Advisory Board of 12 members that will meet quarterly. CETF will have 1 representative and CBO partners will have 1 representative designated by CETF (for a total of 2 members).
- Frontier recognizes the importance of leadership continuity and will consult with CETF on any transition of executives responsible for implementing the MOU.

Note:

CETF partners who will be invited to voluntarily participate in the public-private partnership include: Youth Policy Institute; Humboldt State University Foundation for the California Center for Rural Policy; Southeast Community Development Corporation; United Ways of California; Radio Bilingue; California Foundation for Independent Living Centers; The Stride Center; YMCA of Greater Long Beach; Chicana Latina Foundation; Latino Community Foundation; EveryoneOn; and others with deep experience and a track record of achieving broadband adoption among low-income households. All community organizations interested in helping achieve the goal of 200,000 low-income households adopting broadband will be welcome to submit a proposal and to join the public-private partnership. CETF will select CBO partners and implement a grant agreement with each CBO partner, including performance accountability standards related to achieving the goal of 200,000 low-income households adopting broadband service. CETF will manage the grants and Frontier will make the grant payments to the CBOs when CETF verifies performance. The results will be reported quarterly to Frontier.