

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



FILED
4-27-15
04:59 PM

In the Matter of the Joint Application of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C) Verizon California Inc. (U 1002 C), Verizon Long Distance, LLC (U 5732 C), and Newco West Holdings LLC for Approval of Transfer of Control Over Verizon California Inc. and Related Approval of Transfer of Assets and Certifications

A.15-03-005
(Filed March 18, 2015)

**RESPONSE OF COX CALIFORNIA TELCOM, LLC,
DBA COX COMMUNICATIONS, (U-5684-C) TO THE APPLICATION**

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Dated: April 27, 2015

I.	Introduction and Background.	1
II.	The Commission Should Ensure That The Transition From Verizon California’s Systems to Frontier’s Systems Will Be Seamless and Will Not Adversely Impact CLECs or Their Customers In Contravention of Section 854.	3
III.	Interconnection Agreements and Other Related Arrangements.	4
IV.	Miscellaneous.	5
V.	Conclusion.	5

Pursuant to the Commission's Rules of Practice and Procedure ("Commission Rules"), Rule 2.6, Cox California Telcom, L.L.C., *dba* Cox Communications (U-5684-C) ("Cox") timely submits this response to the Application in the above-captioned proceeding. The Application was filed on March 18, 2015 and noticed in the Daily Calendar on March 26, 2015, and thus this response is timely filed.

I. Introduction and Background.

Joint Applicants seek Commission approval of Frontier Communications of America's acquisition of Verizon California, Inc., ("Verizon California") which appears to include all property and business operations associated with its 266 ILEC exchanges, and all property and business operations associated with its broadband business (the video portion of which is operated under Verizon California's DIVCA franchise), and approval for the transfer of some unknown number of Verizon Long Distance, LLC ("Verizon LD") customers.

As the second largest incumbent local exchange carrier ("ILECs") in California, Verizon California is subject to numerous federal and state ILEC-specific obligations. For example, as an ILEC, Verizon California is required to enter into interconnection agreements with competitive local exchange carriers, like Cox, under the federal Telecommunications Act of 1996 ("FTA"). Further, Verizon California is also required to provide nondiscriminatory access to unbundled network elements and collocation, among other items under the FTA. In addition, Verizon California has certain obligations under state law with respect to competitive local exchange carriers ("CLECs"), such as providing printed directories for the basic service and Lifeline customers of CLECs in the same areas.

Cox is a CLEC and provides service to both residential and business customers in Orange County and Santa Barbara, portions of which are in Verizon California's service territory. Although Cox and Verizon California directly compete in the local exchange marketplace, Cox must rely on Verizon California in doing so. For example, in providing service to its customers, Cox necessarily relies on the operational support systems (OSS) of Verizon California to submit certain orders and requests that Verizon California is legally obligated to process. Cox, also relies on Verizon California to provide the physical copies of directories that Cox is required to make available to its basic service and LifeLine service customers in California. The interconnection agreement ("ICA") that Cox and Verizon entered into in 2002 governs these

processes as well as other ways that the carriers interact on a daily basis. Finally, Cox purchases special access and other services from Verizon California.

While the Application makes references to the wholesale services that Verizon California provides in California, it generally provides very little detail as to all of the various types of services and functionalities that Verizon California provides to Cox and other carriers, and the impact that the proposed acquisition will have on such carriers and this part of Verizon California's business. The Application asserts at a high-level that there will not be any adverse impacts on wholesale service customers but there is very little that actually substantiates that assertion. For any type of acquisition, the transition to a new owner will necessarily pose risks in terms of impact on existing customers. Indeed, the application makes clear that Frontier intends to immediately transition to a new OSS system, but fails to provide a specific timeline, transition plan or testing procedures to ensure a seamless transition for CLECs and their customers. This acquisition appears to be the biggest that Frontier has undertaken in California and there is much at stake for Verizon California's wholesale customers and interconnected competitors, and those entities' California customers.

Finally, the Application refers to the Verizon assets that Frontier is purchasing, but it does not describe the Verizon assets that will not be acquired – such as MCI Metro Access Transmission Services, doing business as Verizon Access Transmission Services (U-5253-C) (“Verizon MCI”). For example, to the extent that Verizon California and Verizon MCI, as affiliated entities, currently provide services to wholesale customers jointly based on the locale of their incumbent networks, how Frontier/Newco and Verizon MCI operate after the acquisition takes effect is relevant. Specifically, it will important for the Commission to ensure that the transaction and the divesting of Newco assets does not negatively impact customers purchasing such jointly provided services, either from Newco or Verizon MCI.

Accordingly, as described below, Cox recommends that the Commission review the Application carefully to ensure that service and commitments to CLECs will not suffer or be adversely impacted.

II. The Commission Should Ensure That The Transition From Verizon California’s Systems to Frontier’s Systems Will Be Seamless and Will Not Adversely Impact CLECs or Their Customers In Contravention of Section 854.

The uninterrupted operation of Verizon California’s OSS is a critical element in terms of Cox being able to seamlessly serve its customers. Cox relies on Verizon California’s OSS for numerous reasons, including but not necessarily limited to submitting local number portability requests, directory listings orders, requests for printed directories, access service requests (ASRs) and ordering interconnection facilities, as well as updating the 911 database that emergency responders use to locate callers. Any break-down or disruptions that occur as a result of the transition from Verizon California’s OSS to Frontier’s OSS could result in a disruption of service to Cox’s operations and its customers. Indeed, the Commission has long-recognized the important of the ILECs’ OSS in terms of competitive carriers and the Commission ensuring competition exists and thrives.¹

The Application states that Frontier “will immediately transition” away from Verizon California’s OSS to Frontier’s existing billing systems and operations.² This raises critical issues for Commission consideration in this proceeding. First, the Application is silent as to the whether Frontier’s OSS and billing systems are equivalent or better than Verizon California’s OSS in terms of functionality, reliability and timeliness. While the Application indicates that Frontier anticipates undertaking pre-planning and testing, it does not specify the type of pre-planning and testing that is anticipated, how that pre-planning and testing would be coordinated industry-wide and the timeframe for undertaking this extremely large and important project. Cox, like most CLECs, is “electronically bonded” with Verizon’s OSS to ensure efficient and accurate presentation of orders and to receive confirmations of same. Adequate availability and testing of Frontier’s OSS in advance of the transition is essential to Cox’s and others ability to continue providing services to its customers transitioning from Verizon to Cox. To ensure that CLECs may continue to operate at a level of service no less than what Verizon California currently provides – which will ensure that CLEC customers are not harmed - Cox anticipates that the Commission will need to gather more information about this part of the Application.

¹ See D.99-08-020.

² Application, p. 3.

Second, Verizon California is currently subject to metrics measuring its OSS.³ The Commission established these metrics to ensure that Verizon California's OSS services did not serve as a barrier to CLECs' ability to compete in the marketplace. In light of the Application proposing a transition to Frontier's OSS system, the Commission may need to consider the status and applicability of Verizon California's PMP. Furthermore, these processes were established in and are provided pursuant to the terms and conditions in the ICA between Cox and Verizon. Any changes to the terms of that agreement will need to be negotiated by Frontier, as the assignee to the ICA, and Cox. The easiest way to ensure that the transition to Frontier will not cause interruptions to Cox customers is for Frontier to extend the ICA for three years after the conclusion of this proceeding and to raise issues where changes are required by proposed amendment.

Third, the Application refers to Frontier's success in undertaking other acquisitions, including its acquisition from Verizon across several states in 2010 and its acquisition of Southern New England Telephone Company ("SNET") in 2014. However, the 2010 acquisition in California appears to have been a much smaller acquisition that concerned rural areas of California where few CLECs operated.⁴ Additionally, based on its affiliated entity that operates in Connecticut, Cox understands that the transition from SNET to Frontier resulted in wholesale and retail customers experiencing some disruption of services. In light of the size and scope of the proposed acquisition, Cox submits that the Commission will need to carefully consider Joint Applicant's claims concerning the transition to Frontier's OSS and other systems and may need to adopt mitigation measures necessary to protect against any adverse consequences that may result.

III. Interconnection Agreements and Other Related Arrangements.

Because Cox does not operate in Frontier's current service territory in California, Cox and Frontier have not entered into an interconnection agreement. Cox adopted an ICA with Verizon California in 2002 and that agreement continues on a month-to-month basis. The parties have successfully operated under this agreement since its inception and there is no need to terminate it and add uncertainty to the transition to Frontier.

³ See D.99-08-020, D.01-01-037 and D.07-09-009.

⁴ See D.09-10-056, pp. 3-4 (in California access lines were acquired in the northwest corner of California and in southern California in exchanges bordering Arizona and Nevada).

In addition to governing how the parties interconnect their respective networks, exchange traffic, transit traffic and including rates, terms and conditions for UNEs, among other services, the ICA between Verizon California and Cox also dictates the terms and conditions for how 911 calls originated by Cox customers are transmitted to Verizon California for handing off to the appropriate public safety answering point (“PSAP”). The Commission will need to make sure that Frontier’s proposed acquisition of Verizon California’s assets will not result in any disruption or unforeseen changes to the handling of 911-traffic.

Frontier indicates it will honor existing arrangements and states it will provide “substantially the same services” at same rates, terms and conditions under existing contracts. Since many interconnection agreements are on evergreen status, Frontier’s statements do not ensure that there will not be an adverse impact on competitive carriers like Cox. Specifically, since Frontier does not commit to honoring these types of agreements for any extended period of time, it could terminate the agreements shortly after the acquisition which would be burdensome and costly for Cox.

In considering the impact of the proposed acquisition, Cox submits the Commission will need to determine whether it is appropriate to require Frontier/Newco to enter into amendments extending existing interconnection agreements and other types of agreements to ensure that there is not an adverse impact on competition. Similarly, to the extent that Frontier does in fact seek to modify the OSS and billing systems it will use for CLECs, existing agreements may need to be amended to accommodate such changes.

IV. Miscellaneous.

Pursuant to Rule 2.6(d), Cox does not object to the categorization of the proceeding as rate-setting as set forth both in the Application and in Resolution ALJ 176-3354. Cox does not object to the proposed schedule set forth in the Application. At this point in time, Cox does not have enough information to determine whether evidentiary hearings will be required, and on that basis, reserves the right to request hearings in the future.

V. Conclusion.

For all the reasons stated herein, Cox respectfully submits that the Commission will need to carefully consider the impact of the proposed acquisition on the competitive market, including but not limited to competitive local exchange carriers, like Cox, in the context of the requirements set forth in Section 854.

Dated: April 27, 2015

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