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

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)

**JOINT MOTION OF FRONTIER COMMUNICATIONS CORPORATION, FRONTIER
COMMUNICATIONS OF AMERICA, INC., THE UTILITY REFORM NETWORK, THE
OFFICE OF RATEPAYER ADVOCATES AND THE CENTER FOR ACCESSIBLE
TECHNOLOGY FOR APPROVAL OF PARTIAL SETTLEMENT**

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October 30, 2015

1 **I. INTRODUCTION.**

2 Pursuant to Rule 12.1 of the California Public Utilities Commission's ("Commission")
3 Rules of Practice and Procedure ("Rules"), Frontier Communications Corporation and Frontier
4 Communications of America, Inc. (collectively, "Frontier"), the Office of Ratepayer Advocates
5 ("ORA"), The Utility Reform Network ("TURN"), and the Center for Accessible Technology
6 ("CforAT") (the moving parties are collectively identified as the "Parties") request that the
7 Commission adopt the Partial Settlement Agreement executed by the Parties on October 30, 2015
8 (the "Settlement Agreement"). A copy of the Settlement Agreement is attached hereto as Exhibit
9 1.

10 This Motion is submitted contemporaneously with three related procedural motions. First,
11 the parties are submitting a Motion for Waiver of the Rule 12.1(a) limitation as to when such
12 settlements may be submitted and for waiver of the Rule 12.1(b) settlement conference
13 requirement. Second, the Waiver Motion is accompanied by a Motion for an Order Shortening
14 Time by which the parties request responses to the Waiver Motion by close of business on
15 Tuesday, November 3, 2015. Third, the Parties are submitting a second Motion for Order
16 Shortening time with regard to this Motion to approve the settlement, pursuant to which the
17 Parties request that comments on the Settlement Agreement be submitted within seven days, with
18 a due date of November 6, 2015. This will allow all views on this Settlement Agreement to be
19 known in time to allow them to be fully considered in the Proposed Decision.

20 With one exception as to the proposal to allocate a portion of Verizon's alleged gains from
21 this Transaction to ratepayers (the "Verizon Ratepayer Allocation" issue), the Settlement
22 Agreement reflects the agreed-upon resolution of all concerns raised by ORA, TURN, and CforAT
23 in this proceeding. The Settlement Agreement is reasonable in light of the whole record,
24 consistent with the law, and in the public interest. Thus, the Settlement Agreement meets the
25 standard set forth in Rule 12.1(d), and should be adopted by the Commission as a resolution to all
26 of the issues raised by ORA, TURN, and CforAT in this proceeding except as the "Verizon
27 Ratepayer Allocation" issue, upon which the Settlement Agreement reflects no consensus.

28 This Motion and the associated Settlement Agreement are the end result of months of

1 discussions amongst the Parties in an effort to narrow and resolve their differences to reach a
2 reasonable set of agreed-upon recommendations relating to the Transaction. The Parties
3 appreciate Commissioner Sandoval's and Administrative Law Judge ("ALJ") Bemserderfer's
4 expertise and efforts to create a process that would result in a full evidentiary record that included
5 input regarding all material issues, input from the members of the public, and site visits at
6 representative Verizon California locations. This rich, open, and multi-dimensional examination
7 of the issues pertaining to this Transaction fostered a greater understanding amongst the Parties,
8 and allowed Frontier and the other Parties to update their positions as they learned more about the
9 Verizon California service territories and digested the concerns expressed during the workshops
10 and PPHs. The Parties believe that this nearly comprehensive agreement is a direct product of the
11 Assigned Commissioner's and the Assigned ALJ's vision for the proceeding.

12 This Settlement Agreement reflects an agreement amongst Parties with disparate
13 viewpoints and is the culmination of a series of evolutions in positions based on an exchange of
14 information and significant, mutual compromises amongst the Parties. This Settlement Agreement
15 is consistent with and expands the commitments Frontier has made in its testimony and the other
16 settlements and Memorandum of Understandings filed by Frontier in this proceeding. This
17 Settlement Agreement should be reflected in the Proposed Decision and guide the Commission's
18 resolution of those issues raised by ORA, TURN, and CforAT regarding the Transaction and
19 resolved in this Settlement Agreement.

20 **II. BACKGROUND**

21 Frontier and Verizon California Inc. ("Verizon California"), Verizon Long Distance and
22 Newco West Holdings LLC filed Application 15-03-005 on March 18, 2015 seeking Commission
23 approval to transfer assets and certifications held by Verizon California to Frontier ("the
24 Transaction"). TURN and ORA filed Protests on April 27, 2015 setting forth their areas of
25 concern. Frontier replied to these protests on May 7, 2015.

26 The parties exchanged extensive discovery regarding the issues raised by the Application
27 and submitted extensive testimony setting forth their positions on the areas of concern raised by
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1 TURN, ORA, and CforAT. Detailed testimony and briefs have been submitted with respect to the
2 Transaction's compliance with the requirements of Public Utilities Code Section 854 and
3 applicable law. In addition, there have been numerous Public Participation Hearings ("PPHs") and
4 associated workshops held throughout Verizon's service territory. The Commission also held a
5 one-day hearing focused on the state of the Verizon network. The Commission has developed a
6 robust evidentiary record and the Transaction has been the subject of significant input from
7 TURN, ORA, and CforAT as well as many other parties and interested stakeholders. The rich
8 evidentiary and procedural record in this proceeding formed the basis for the Parties' Settlement
9 Agreement and that record informs the reasonableness of the provisions in the Settlement
10 Agreement.

11 **II. SUMMARY OF SETTLEMENT AGREEMENT**

12 As a result of their negotiations and mutual compromises, the Parties have resolved all of
13 the outstanding issues raised by ORA, TURN, and CforAT except for the "Verizon Ratepayer
14 Allocation" proposal that ORA advanced as to Verizon. As part of the Settlement, Frontier has
15 committed to expanding or improving broadband service to more than 827,000 households in
16 California and the state will benefit from \$192 million in federal Connect American Fund (CAF
17 II) support. The Company has further committed to maintaining or improving service quality and
18 to specifically dedicating 50 new employees (of the 175 new jobs to be added in California)
19 through at least March 2019 to identifying and addressing network and service quality issues.
20 Frontier has and committed to a rate cap through January 1, 2019 for certain basic and ancillary
21 services and to various service performance tracking and reporting and other actions to ensure safe
22 and reliable services to customers. The Settlement Agreement contains more than two dozen
23 substantive conditions, including additional broadband, financial, and service quality reporting
24 commitments and agreements to engage in public outreach, further commitments to ensure 911
25 functionality and battery backup at customer locations and remote terminals and respond to issues
26 for customers with disabilities. Based on these conditions, ORA, TURN, and CforAT agree that
27 their issues, with the one noted exception, are resolved. Frontier agrees to fulfill the conditions as
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1 set forth in the Settlement Agreement provided that the Commission adopts them and the
2 Transaction closes.

3 The Settlement Agreement is extensive and it provides a detailed description of the terms
4 under which the Parties have resolved all but one disputed issue. Some of the key elements of the
5 Settlement Agreement are as follows:

6 1. Frontier will provide 25 Mbps downstream and 2-3 Mbps upstream to an additional
7 400,000 households in California by December 31, 2022. This condition expands upon the
8 commitment Frontier had made in its testimony to provide increased broadband speeds of 25
9 Mbps downstream and 2-3 Mbps upstream to 250,000 households in the Verizon California
10 service area.

11 2. Frontier will provide 10 Mbps downstream and 1 Mbps upstream to an additional
12 100,000 unserved households beyond its CAF II commitments by December 31, 2020. Pursuant
13 to Frontier's CAF II commitments, approximately \$192 Million in CAF II funding will be
14 available in the Verizon California service area and Frontier will deploy 10 Mbps downstream and
15 1 Mbps upstream to 77,402 households in accordance with the CAF II requirements in the census
16 blocks identified by the Federal Communications Commission.

17 3. Frontier will deploy 6 Mbps downstream and 1 to 1.5 Mbps upstream to an
18 additional 250,000 households in California. This additional broadband enhancements for
19 250,000 households goes beyond the broadband deployment commitments Frontier had agreed to
20 in its testimony. With these additional commitments, more than 827,000 households in California
21 will benefit from enhanced broadband services if the Transaction is completed.

22 4. Frontier will specifically dedicate 50 new employees (of the 175 new jobs to be
23 added in California) through at least March 2019 to identifying and addressing network and
24 service quality issues.

25 5. Frontier will commit to a rate cap through January 1, 2019 for certain basic and
26 ancillary services.

27 6. Frontier will engage an independent survey consultant to conduct an independent
28 analysis of customer satisfaction regarding voice and broadband services in the Verizon California

1 service territories. The independent consultant would take input from ORA and other consumer
2 groups, and distribute survey inquiries to customers in the top three languages spoken in Verizon
3 California's territory.

4 7. Frontier will commit to complying with specific G.O. 133-C requirements and, for
5 a period of three years starting in January 2017, Frontier would report information pursuant to the
6 G.O. 133-C service quality metrics for both its traditional voice service and its residential VoIP
7 services.

8 8. Frontier will advise all customers of the necessity for using backup batteries for
9 VoIP-based telephone services, and this information will be made available in multiple languages
10 and accessible formats for visually-impaired customers.

11 9. By December 31, 2016, Frontier will submit an advice letter describing its backup
12 power supplies for remote terminals and microwave equipment that are used for middle mile
13 facilities or local distribution.

14 10. Frontier will interconnect with Digital 395, provided that Digital 395 honors the
15 pricing that it has currently represented to Frontier, to provide additional transport capacity to a list
16 of communities in the Eastern Sierra 395 corridor area of California.

17 11. Consistent with the agreement reached with the California Emerging Technology
18 Fund (CETF), Frontier will offer a low-income broadband offering priced at \$13.99 until the
19 anticipated FCC broadband LifeLine program is implemented.

20 12. Frontier will meet on a semi-annual basis for the first three years following closing
21 of the Transaction to discuss publicly-available financial results and network operations to ensure
22 the ongoing financial and operational viability of Verizon California under Frontier's ownership.

23 The public interest benefits to be conveyed by these provisions, and the others outlined in
24 the Settlement Agreement, are material, tangible, and highly significant.

25 **III. THE SETTLEMENT AGREEMENT IS REASONABLE IN LIGHT OF THE**
26 **WHOLE RECORD, IS CONSISTENT WITH LAW, AND IS IN THE PUBLIC**
27 **INTEREST**

28 To obtain Commission approval of a settlement, the parties must demonstrate that the

1 settlement is reasonable in light of the whole record, consistent with law, and in the public interest.
2 See Rule 12.1(d). In evaluating settlements, the Commission has recognized a strong public
3 policy in California favoring settlements and avoiding litigation. *Re Pacific Bell*, 45 CPUC.2d
4 158, 169, D.92-07-076 (July 22, 1992). The Settlement Agreement satisfies all three requirements
5 of Rule 12.1(d) and should be adopted as the resolution of all issues raised by ORA, TURN, and
6 CforAT in the proceeding, except with respect to ORA's proposed Verizon Ratepayer Allocation
7 condition (numbers 30 and 31 in ORA's Opening Brief) that Verizon should be required to
8 contribute fifty percent (50%) of the alleged capital gain from the Transaction to an escrow fund
9 for network enhancements pursuant to California Utility Code Section 854(b)(2) .

10 First, the terms of the Settlement Agreement are reasonable in light of the whole record.
11 The Settlement Agreement resolves multiple issues related to the Transaction that were raised by
12 ORA, TURN, and/or CforAT in this proceeding. The compromises represented by the terms of
13 the Settlement Agreement are reasonable in light of the extensive evidence presented by the
14 Parties in this proceeding and the extensive discovery and exchange of views that informed those
15 positions.

16 Second, the Settlement Agreement is consistent with applicable law. California Public
17 Utilities Code Section 854 sets forth the criteria for the Commission's review of Transactions such
18 as in this case. One of the key provisions is for the Commission to assure that the transaction will:
19 (1) provides short-term and long-term economic benefits to ratepayers; and (2) equitably allocates,
20 where the commission has ratemaking authority, the total short-term and long-term forecasted
21 economic benefits, as determined by the commission, of the proposed merger, acquisition, or
22 control, between shareholders and ratepayers. Pub. Util. Code §854(b)(1) and (b)(2). This
23 Settlement Agreement reflects an agreement between Frontier and ORA, TURN, and CforAT
24 regarding terms that would allow the Commission to make these findings with respect to Frontier.

25 In addition, the Settlement Agreement provides the basis for the Commission to conclude
26 that the Transaction is in the public interest based on the "public interest" factors outlined in
27 Public Utilities Code Section 854(c). Chief among these benefits is the fact that more than
28 827,000 households will benefit from enhanced broadband service under the Settlement

1 Agreement. The Commission will also receive significant ongoing information regarding
2 Frontier's progress in deploying broadband and regarding Frontier's service quality.

3 Third, as the above discussion confirms, the public interest supports adoption of the
4 Settlement Agreement. The conditions set forth in the Settlement Agreement address the concerns
5 raised by the consumer groups in this proceeding in a manner that is acceptable to Frontier. The
6 record leaves no doubt that consumers will be better off if the Transaction goes forward pursuant
7 to the terms of this Settlement Agreement. Further, the terms of the Settlement Agreement
8 promote this outcome by resolving outstanding issues among the Parties. For these reasons,
9 adoption of the Settlement Agreement is in the public interest.

10 IV. CONCLUSION

11 Based on the foregoing, the Parties respectfully request that the Commission grant this
12 Joint Motion and adopt the Settlement Agreement in its entirety as a resolution of the issues raised
13 by TURN, ORA, and CforAT in the proceeding.
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1 Respectfully submitted this 30th of October, 2015.

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EXHIBIT 1

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

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)	Application No. 15-03-005
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)	
<u>Certifications</u>)	

SETTLEMENT AGREEMENT

This Settlement Agreement (“Settlement”) is entered into as of October 30, 2015, by and between Frontier Communications Corporation and Frontier Communications of America, Inc. (U 5429 C) (“Frontier”), the Office of Ratepayers Advocates ("ORA"), The Utility Reform Network ("TURN") and the Center for Accessible Technology ("CforAT") in accordance with Rule 12 of the California Public Utilities Commission’s (“Commission”) Rules of Practice and Procedure (“Rules”). ORA, TURN and CforAT are referred to herein individually and collectively as the “Consumer Advocates.” Frontier and the Consumer Advocates are collectively identified as the “Parties” to this Settlement.

All the terms of this Settlement are expressly contingent upon the consummation of the Transaction set forth in the February 5, 2015 Securities Purchase Agreement attached as Exhibit 1 to the Joint Application filed 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) (“Transaction”).

This Settlement reflects additional commitments that Frontier has agreed to make provided that the Transaction is consummated, and it reflects the Consumer Advocates' agreement that, based on those commitments by Frontier, the concerns expressed in Consumer Advocates' pleadings, testimony, and appearances regarding the Transaction have been resolved, except as specified herein. Specifically, the Settlement resolves all issues raised by the Consumer Advocates, except that this Settlement does not resolve ORA's proposed condition (numbers 30 and 31 in ORA's Opening Brief) that Verizon should be required to contribute fifty percent (50%) of the alleged capital gain from the transaction to an escrow fund for network enhancements pursuant to California Utility Code Section 854(b)(2) ("Verizon Ratepayer Allocation"). To the extent that Frontier, ORA, TURN, or CforAT have previously recommended conditions that are inconsistent with this Settlement, those positions are hereby modified. Except with respect to the Verizon Ratepayer Allocation, which ORA and Frontier have not resolved, the Parties agree that this Settlement represents a compromise of all disputes between the Parties and is fundamentally fair, reasonable in the light of the whole record, consistent with the law, and in the public interest and the Transaction, subject to the conditions specified in this Settlement Agreement, provides sufficient customer benefit to ensure it is in the public interest, consistent with Section 854, and is fair and reasonable in light of the whole record.

RECITALS

WHEREAS, this proceeding was initiated through the Joint Application filed on March 18, 2015 by Frontier and Verizon ("Joint Applicants"); and

WHEREAS, the principal parties involved in the Transaction are Verizon California, Frontier Communications Corporation, and Verizon Communications Inc.; and

WHEREAS, Verizon California is an Incumbent Local Exchange Carrier ("ILEC") operating company providing telecommunications and other services in various parts of California; and

WHEREAS, Frontier Communications Corporation is a public utility holding company whose subsidiaries serve more than 3.5 million residential and business local exchange customers nationwide. These subsidiaries include two ILECs currently serving in California: Citizens Telecommunications Company of California Inc. d/b/a Frontier Communications of California; and

WHEREAS, Verizon Communications Inc. is the current indirect owner of Verizon California; and

WHEREAS, the parties expect the closing to take place in the first quarter of 2016 provided that regulatory approvals have been obtained by the end of 2015, consistent with the schedule in this proceeding; and

WHEREAS, protests and responses were submitted on April 27, 2015 by ORA, TURN and CforAT; and

WHEREAS, Joint Applicants provided a reply to the timely-received protests on May 7, 2015; and

WHEREAS, a Pre-Hearing Conference ("PHC") took place in this proceeding on June 10, 2015; and

WHEREAS, following the PHC, an initial Scoping Ruling was issued on June 24, 2015. That Scoping Ruling defined the scope of the issues in the proceeding with reference to the statutory standard in Public Utilities Code Section 854; and

WHEREAS, on July 2, 2015, an Amended Scoping Ruling was issued; and

WHEREAS, before and after the PHC, the ALJ issued a series of rulings setting schedules for PPHs and workshops in this proceeding. From July 6, 2015 to August 21, 2015, transcribed PPHs took place at 11 different locations in or near Verizon California's service territory. At ten of these locations, there were associated site visits, during which the parties viewed specific portions of Verizon's network. At these ten locations, there were also transcribed workshops devoted to describing what the parties saw during the site visits, and addressing other designated topics or general observations related to the issues in the Amended Scoping Memo; and

WHEREAS, Joint Applicants submitted opening testimony on May 11, 2015. Intervenor submitted reply testimony on July 28, 2015. Joint Applicants submitted rebuttal testimony on August 24, 2015. Intervenor then submitted supplemental testimony on September 11, 2015, and Joint Applicants concluded with supplemental reply testimony on September 22, 2015; and

WHEREAS, on August 20, 2015, ALJ Bemisderfer issued an ALJ Ruling directing Verizon to prepare a report on the current condition of the Verizon network. That same ruling set evidentiary hearings devoted to addressing the condition of Verizon's network. Verizon served the network report on the parties on September 18, 2015. The hearing to address the state of Verizon's network took place on September 24, 2015; and

WHEREAS, on October 5, 2015, Joint Applicants, ORA, TURN and CforAT filed opening briefs; and

WHEREAS, on October 15, 2015, Joint Applicants, ORA, TURN and CforAT filed reply briefs; and

WHEREAS, as part of the Settlement, Frontier has committed to expanding or improving broadband service to more than 827,000 households in California and the state will benefit from \$192 million in federal Connect American Fund (CAF II) support. The Company has further committed to maintaining or improving service quality and to specifically dedicating 50 new employees (of the 175 new jobs to be added in California) through at least March 2019 to identifying and addressing network and service quality issues. California customers will continue to receive the services they receive from Verizon California. Frontier has and committed to a rate cap through January 1, 2019 for certain basic and ancillary services and to various service performance tracking and reporting and other actions to ensure safe and reliable services to customers; and

WHEREAS, the Parties have conferred regarding the possibility of settlement in this case, and the Parties have reached the terms of a partial 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 the Consumer Advocates agree to resolve issues raised by the Consumer Advocates as follows:

1. On a semi-annual basis during the first three years of operation in the California markets, Frontier executives will meet with TURN and ORA officials to report Frontier publicly available company-wide, Verizon California and other Frontier California incumbent local exchange carrier financial results, including Verizon California and Frontier California financial results filed with the Commission, and to discuss the results from the reporting requirements in paragraphs 3, 6 and 7. Frontier regional executives will present quarterly financial results as well as results from the broadband deployment, Network Plan and expenditures reporting, subject to Commission confidentiality protections and nondisclosure agreements, with time allotted for discussion. Frontier executives will be available to respond to questions regarding revenue and expense drivers, including pricing, product packaging, competitive forces, network performance, industry

occurrences, and community engagement. Frontier representatives will include the Region President (or a designated executive), and any other executives who may be invited by the Region President.

2. Upon closing of the proposed Transaction, Frontier will accept the CAF II obligations and funds for the Verizon California service area. The Company will have access to approximately \$32 million annually for six years from Verizon California service area to upgrade approximately 77,402 locations in California. Frontier will bear the risk and expense associated with fulfilling the CAF II requirements beyond the specific funding provided through the program. In its testimony filed in this proceeding, Frontier committed, to augment the broadband speed for 250,000 households in the Verizon California service area to support speeds of 25 megabits per second (“Mbps”) downstream and 2 to 3 Mbps upstream by December 31, 2020. As part of this settlement, Frontier is committing to augment the broadband speed for an additional 150,000 households in the Verizon California and/or its existing California service area to support speeds of 25 megabits per second (“Mbps”) downstream and 2 to 3 Mbps upstream by December 31, 2022, thereby increasing the broadband speed for 400,000 California households. Frontier estimates that approximately 60% of these households will receive 2 Mbps upstream and 40% of these households will receive 3 Mbps upstream. As part of this settlement, Frontier further commits to deploy or augment broadband services to provide broadband service to support speeds of 6 Mbps downstream and 1 to 1.5 Mbps upstream for an additional 250,000 unserved and underserved households in the Verizon California and/or its existing California service area by December 31, 2022. In addition, in its testimony, Frontier also committed to deploy broadband to an additional 100,000 unserved households to 10 Mbps downstream and 1 Mbps upstream by December 31, 2020. For purposes of this Agreement unserved households means households that do not currently have broadband service available from Verizon California or Frontier and underserved households means households that may have some wireline broadband service at speeds of less than 3 Mbps download from Verizon California or Frontier.

With respect to the above commitments, Frontier acknowledges that the broadband enhancements will occur in urban, suburban, and rural areas and the Company will work in good faith to accelerate the expansion of service and at a minimum the following deployment milestones will be met:

Year	Minimum # Additional Households with Speeds of at least 10/1 Mbps (Households Not Covered By CAF II that are Unserved by Verizon California) (cumulative)	Minimum # Additional Households with Speeds of at least 25/2-3 Mbps (In Households where FiOS is not offered today) (cumulative)	Minimum # Additional Households with Speeds of at least 6/1-1.5 Mbps (In Unserved or Underserved Households) (cumulative)
Dec. 31, 2016	-		
Dec. 31, 2017	-	100,000	
Dec. 31, 2018	50,000	150,000	50,000
Dec. 31, 2019	75,000	200,000	100,000
Dec. 31, 2020	100,000	250,000	150,000
Dec. 31, 2021	100,000	300,000	200,000
Dec. 31, 2022	100,000	400,000	250,000

3. Broadband Reporting: On March 1, 2017, and every year thereafter until March 1, 2023, Frontier shall submit a confidential progress report to the Commission, ORA, TURN and settling parties identifying the progress made for deployment of broadband and the work completed during the preceding period ending December 31st to meet the interim deployment milestones set forth above. The report shall identify the number of new households with access to broadband speeds set forth above, including a list of census blocks where the households are located and the number of households that are in rural, urban, suburban areas, tribal lands and low income areas as defined by census data and federal poverty guidelines. Starting with the progress report for the period ending December 31, 2017, and every year thereafter until December 31, 2022, Frontier shall certify that it is meeting the percentage of households identified in the deployment milestones set forth above. In addition, Frontier will comply with the FCC CAF II deployment milestones and will submit to the Commission, ORA, TURN and other settling parties a copy of the reports and information supplied to the FCC related to California and the CAF II funding, within 3 business days after such filings with the FCC.
4. Frontier will provide an unredacted copy of the FCC 477 data for Internet Access Services and Local Telephone Services to the Commission, ORA, TURN and other settling parties within three business days after such filings with the FCC.
5. No later than 180 days from the closing of the Transaction, Frontier, in consultation with ORA will select and retain an independent expert Survey Consultant ("Survey Consultant"). This Survey Consultant will not have previously provided any services or contract work with Frontier in California and shall act independently to develop the survey design and survey questions for a multi-lingual customer satisfaction survey in the

Verizon California service area. The Survey Consultant will solicit input from stakeholders, including Commission staff, Frontier, ORA and other consumer groups in jointly held meetings facilitated by the Survey Consultant. The survey design and questions must be finalized no later than nine months from the closing of the Transaction. The parties recognize and acknowledge that the survey responses will reflect the state of the Verizon California network as transferred to Frontier and Frontier's ongoing network initiatives. The survey design must include customers identified as having limited English proficiency, and must include some customers who speak at least the top three languages spoken in Verizon territory. The survey must measure customer satisfaction for broadband and voice services (including VoIP), and the effectiveness of efforts to educate customers on the limitations of VoIP during power outages and the necessity for maintaining battery back-up. Frontier shall cooperate with all reasonable requests from the Survey Consultant, including supply the Survey Consultant on a monthly basis the list of existing customers, closed and/or completed installation orders, from which the Survey Consultant will create its survey sample. The Survey Consultant shall solicit input, through meetings with Commission staff, Frontier, ORA and other consumer groups to design the structure and content of its reports containing the survey results on an ongoing basis. The surveys will commence 12 months from the closing the transaction and will continue for two years. The Survey Consultant shall issue a confidential a survey Report to Commission staff, Frontier, ORA and other groups that participated in the planning process containing the results of the survey every quarter. The final report shall be submitted 24 months from the commencement of the surveys.

6. Frontier shall submit to the Commission, with a copy to ORA, TURN and other settling parties, a multi-year confidential Network Plan by no later than December 15, 2016 with the specific plans for improving voice and broadband service quality, reliability, and availability throughout the Verizon California service area, including its commitments regarding G.O. 133-C and other service quality metrics in paragraph 16. More specifically, the Plan is to include the following:
 - a. Specific plans, including the specific types of network upgrades needed, to improve reliable and safe voice services in the following counties:
 - i. Los Angeles County
 - ii. San Bernardino County
 - iii. Riverside County
 - b. Specific plans, including the specific types of network upgrades needed, to improve broadband services in the following counties:
 - i. Los Angeles County
 - ii. San Bernardino County
 - iii. Riverside County
 - c. The Network Plan shall include at a minimum the following components:
 - i. Goals: general goal articulating the desired outcome.

- ii. Objectives: for each goal identify specific objectives that meet the S.M.A.R.T criteria: Specific, Measurable, Achievable, Realistic and Time-bound.
 - d. Specific goals and objectives to address outages (including, impacts user-minutes/DS3-minutes, durations, and affected users) pertaining to wireline, VoIP services, and broadband in California on the following FCC's categories:
 - i. 1350 DS3-minutes outages
 - ii. E-911 outage
 - iii. 900,000 user-minutes/VoIP-minute outages
 - iv. Blocked Calls
 - e. Specific goals and objectives to improve and meet on G.O. 133-C standards, to the extent the applicable standards are not being met.
7. Beginning December 31, 2016 and continuing through December 31, 2020, Frontier should provide the Commission with an annual, confidential report detailing Frontier's capital and operational expenditures related to planned actions identified in paragraphs #2 and 6 above. This report shall be filed on March 1st of the following year and should break down the data as specifically as possible and should include a comparison of the amount of expenditures as a percentage of total system expenditures and as an amount of expenditure per California access line. The report shall also include performance metrics to measure progress toward accomplishing the goals and objectives specified in Section 6.e.
 8. For a period of three years, commencing on January 1, 2017, Frontier will report to the Commission and ORA, on a quarterly basis, the following service quality metrics for Verizon California and Frontier California for voice services in California, including VoIP services, consistent with the reporting previously or currently required by G.O. 133-C standards for traditional voice services (copper and FiOS voice) and residential VoIP services:
 - Installation Interval
 - Installation Commitments
 - Customer Trouble Reports
 - Out of Service Repair Interval
 - Answer Time.
 9. Frontier will provide a copy of Federal Communications Commission (FCC) Network Outage Reporting System (NORS) reports for Verizon California and Frontier California VoIP services to the Commission and ORA, TURN and other settling parties within three business days after such filing with the FCC.
 10. For a period of three years, beginning one year after the transaction closing, Frontier shall provide a confidential annual report on Verizon California broadband performance metrics that includes:

- a. Annual data on residential broadband service outages. For each Level 2 and Level 3 service outage, the data should include:
 - i. Number of customers affected
 - ii. Incident Date
 - iii. Incident Time
 - iv. Duration of outage in total minutes
 - v. Outage restoration time
 - vi. Location of outage
 - vii. Description of the Cause
 - viii. Description of the incident, including description of the equipment that failed (if any) and location within the network that was impacted
 - ix. Methods used to restore the outage
 - x. Steps taken to prevent the outage from re-occurring
 - b. Service installation intervals (per month) for orders for new or revised residential broadband service received during the previous 12 months.
 - c. The total number of wireline residential broadband service orders received and the number of those orders completed, per month, during the previous 12 months.
 - d. For purposes of this Agreement, a Level 2 outage is a wireline residential broadband service outage impacting 500 to 1999 customers lasting four (4) hours or more and a Level 3 outage is a wireline residential broadband service outage impacting 2000 or more customers and last two (2) hours or more.
11. Frontier shall report, to the Commission and ORA, on an annual basis for three years post transaction, the placement of local and general managers and the locations they serve.
 12. Frontier will in accordance with standard industry practices coordinate the transition of the Verizon California 911 functionality or database systems. In conjunction with the transition of 911 functionality and systems, Frontier will conduct sampling tests to measure the proper functioning of the Automatic Number Identification (ANI) and Automatic Location Identification (ALI) systems in various locations throughout its territory in California and will report on the results of the tests to the Commission within 180 days after closing of the Transaction.
 13. Starting no later than 180 days following closing the transaction, Frontier shall (a) supply backup batteries with minimum standby times of 8 hours at no cost as part of any new installation of residential VoIP telephones, and offer to sell backup batteries at cost to any Verizon California residential customer subscribing to VoIP service. Frontier will comply with the guidelines for customer education programs regarding backup power systems adopted by this Commission in Decision (D.) 10-01-026 and, as part of the education program, notify Verizon California customers subscribing to VoIP service of the option to buy batteries at cost in its required notices specified in paragraph 14 below.
 14. Frontier shall advise all existing Verizon California customers of the necessity for using backup batteries in connection with a VoIP-based telephone system and the risks

associated with power outages. Such information shall be made available in different language versions, as well as large print and Braille versions for visually impaired customers, and shall be communicated to all Verizon California customers no later than 180 days following the effective date of the transaction. Frontier shall work with staff of the Commission's Communications Division to develop the form and language of such notices.

15. Frontier will agree to the following commitment regarding rates:

- a) Basic Residential Service Rate Caps. Until January 1, 2019, the basic primary residential rate for the Verizon California service areas will be capped at their current levels as of the date of the closing of this Transaction;
- b) Rates for Other Services. Until January 1, 2019, the rate for the following services for Verizon California will be capped at their current levels as of the date of the closing of the proposed Transaction: Caller ID, Call Waiting, Single Line Business Service, Directory Assistance, Non-Published Service and Inside Wire Maintenance.
- c) Exogenous Events. Notwithstanding the limitations included in paragraphs a and b, Frontier will be permitted to request reasonable recovery for the impact of exogenous events that materially impact the operations of Verizon California, including but not limited to, orders of the Federal Communications Commission ("FCC") and this Commission.

16. Frontier will address the Verizon California customer impacting service issues including network upgrade needs. Frontier is committed to identifying and addressing any service quality issues in the network it is acquiring from Verizon. Frontier has committed that 150 additional employees will be hired as described in the July 27, 2015 agreement with the Communications Workers of America ("CWA"), which will facilitate a good working relationship between the Company and its employees that is critical to providing quality customer service. In addition to those 150 employees, Frontier plans to add another 25 employees to the employee workforce for a net increase of 175 positions beyond the existing Verizon California employee base that transfers to Frontier. At least until March 2019, Frontier will dedicate a total of 50 of these 175 newly hired employees beyond the transferring Verizon California employee base to identifying and remedying network infrastructure and equipment issues that could impact customer service quality. Frontier shall also:

- i. meet the Commission's Out of Service (OOS) standards within twenty four months of the transaction's closing and endeavor to achieve the following milestones:

- 80% OOS within 12 months;
 - 85% OOS within 18 months;
 - 90% OOS within 24 months;

- ii. provide credits to Verizon California voice customers who experience outages beyond 24 hours consistent the Citizens Telecommunications Company of California R.1.15 Rule No 15 Interruption of Service Outages; and
 - iii. meet the Commission's repair office answer time standard within twelve months of the transaction's closing.
- 17. For two years, Frontier shall offer broadband Internet access as a standalone service, for both FiOS or DSL.
- 18. Frontier will not require existing or new Verizon California customers served by copper facilities to migrate to FiOS services. Within 180 days from the closing of the transaction, Frontier will supply its customer service representative with training explaining that customers will not be required to migrate from copper to FiOS fiber-based services. Frontier will provide a copy of these confidential customer service training materials to ORA, TURN and other settling parties.
- 19. Frontier will evaluate customers subscribing to VoiceLink within 180 days after closing of the Transaction and submit a report to the Commission, ORA, TURN and other settling parties identifying timeline for migrating these customers onto a landline network. Frontier will not require a customer served by copper facilities to migrate to VoiceLink unless Frontier can demonstrate such migration is a necessary and temporary measure to ensure the customer has continuity of service while the copper service is being repaired.
- 20. Within 3 months from the closing of the proposed Transaction, Frontier will offer a reduced rate \$13.99 interim broadband Lifeline service throughout the Verizon California service territory to customers who have selected Frontier as their Lifeline voice service provider. The interim broadband Lifeline service shall provide speeds of up to 6Mbps/1Mbps and will be offered at a rate of \$13.99 (plus applicable taxes and surcharges). The service will include free installation and a free modem. This is an interim offering which shall be available to California consumers until Frontier makes available services pursuant to the FCC's broadband Lifeline program in California with sufficient time, of not less than 90 days, to transition to the FCC Program without undue disruption or hardship to the existing customer. Frontier will participate in the FCC's lifeline program that is being revised to provide an affordable, basic speed, stand-alone broadband internet service to low income customers. Frontier will continue to work with the FCC to advance the adoption of such a program and will publicize the availability of the program and implement the necessary processes to offer the service to all qualifying customers because it is committed to help bridge the "digital divide" by ensuring that affordable internet access is available for all at useable speeds.
- 21. Frontier agrees that the Company will not redline or otherwise exclude low income households in the deployment of broadband and other services, as demonstrated by the data provided in response to paragraph #3 above.

22. Frontier will lease additional fiber capacity from Digital 395, subject to Digital 395 honoring the pricing it has provided to Frontier, that would provide transport capacity for the following Verizon California exchanges serving approximately 35,000 households:

1. Big Pine
2. Benton
3. Boron
4. Bridgeport
5. Bishop
6. California City
7. Crowley Lake
8. Independence
9. Inyokern
10. June Lake
11. Lone Pine
12. Lee Vining
13. Mammoth Lakes
14. Olancho
15. Pinecreek
16. Ridgecrest
17. Randsburg
18. Trona

Frontier's lease of the Digital 395 fiber would provide Frontier with transport capacity for complete data path diversity from these communities to the Internet, along with the potential for voice path diversity in certain communities, depending on the network configuration and routing of traffic.

23. Frontier will provide the Commission and ORA, TURN and other settling parties an annual report detailing Frontier's compliance with all conditions the Commission imposes upon the company in its approval of the Application.

24. Frontier will comply with the FCC requirements regarding diverse or redundant physical circuit connections from the central office to 911 Selective Routers. By December 31, 2016, Frontier shall submit a Tier 3 Advice Letter containing a list of the Verizon California central offices which do not have a diverse or redundant physical circuit connection to their serving 911 Selective Router. The advice letter shall identify any additional Verizon California central offices, including the timeline, where Frontier plans to deploy redundant network facilities.

25. In order to ensure that consumers in rural areas within Frontier's service territory have reliable access to 9-1-1 services, by December 31, 2016, Frontier will issue a Tier 3 Advice Letter describing the backup power supplies for its remote terminals and microwave equipment that are used for any middle mile facilities or local distribution. The Advice Letter will identify any battery backup power supplies that are less than 8

hours, if any, and the actions Frontier will take, including potentially replacing battery units where it is operationally reasonable to do so, to mitigate the loss of service associated with any backup power supply with less than 8 hour life. Such Advice Letter will also confirm that Frontier is in compliance with all CPUC and FCC rules and regulations regarding backup power supplies; that the Company has implemented a preventative maintenance and review process to inspect and assess the backup power supplies for its remote terminals and microwave equipment; and secured and/or made arrangement for backup power generators to respond to storms, fires or natural disasters.

26. By December 31, 2016, Frontier will prepare and distribute one or more training module(s) to educate its California employees on important accessibility issues. Frontier will engage a consultant with expertise in consumer accessibility issues to assist in the preparation of the training materials. This training will, among other items, address the placement and location of communications equipment at the customer premises (e.g. ONT and battery) to prevent mobility access issues. Frontier will redistribute this training module annually to its California employees. Frontier will provide a copy of the training materials in advance to CforAT for comments and recommendations in preparing the training materials before the training is communicated to California employees.
27. Frontier has engaged a consultant to audit, advise and recommend actions to bring Frontier's consumer facing web pages in compliance with the applicable WCAG 2.0 AA standards. Based on the completion of that review, during 2016 Frontier will develop a plan for improving compliance with the WCAG 2.0 AA standards and will provide that plan to CforAT. In addition, Frontier shall appoint a lead person for consumer oriented content included at www.frontier.com who will become familiar with and remain current on WCAG 2.0 AA and succeeding standards and advise the Frontier Web Content team in meeting such standards as they may evolve in their work. Beginning one-hundred eighty (180) days after closing, all new California consumer oriented pages created by Frontier for the Frontier.com website will meet Web Access Standards, except where technical dependencies limit the ability of new web pages to meet these standards. If there are any such technical limitations, Frontier will document these dependencies and report this information to CforAT.
28. Frontier customers self-identifying or a customer who previously identified as having a disability on their account will be referred to the "Frontier Center for Customers with Disabilities" (FCCD), which will handle interactions with Frontier, including Text Telephone (TTY) and other communication options for hearing impaired, accommodations for those with impaired vision as well as those with cognitive, speech or mobility impairments. Frontier will make available Braille billing, Large Print billing, as well as other industry standard alternative formats, if requested, including to Verizon California customers that had previously requested alternative format billing. Customers who request to receive bills in an alternative format shall receive other billing and existing service communications from Frontier in the same format. Frontier's bill shall contain information about the availability of alternative formats and information on how such material can be requested. Within one-hundred eighty (180) days after closing, Frontier will consult with CforAT regarding existing service communications sent to

- California customers to assess, whether and how to include Large Print and other formatting changes, to enhance important service information communications.
29. The Parties acknowledge that the Verizon Ratepayer Allocation issue raised by ORA is not being addressed by this Settlement and ORA and Frontier, as well as Verizon, may continue to advocate their respective positions related to the Verizon Ratepayer Allocation issue in this proceeding. For purposes of clarity, ORA and Frontier agree that this Settlement does resolve ORA's ratepayer allocation issues and proposed conditions (Condition number 29 in ORA's Opening Brief) related to Frontier. The Parties otherwise agree that all of the other issues that each such individual party respectively raised in this proceeding have been addressed for the purpose of this Settlement and each of these parties supports the Commission approving the Transaction pursuant to Public Utilities Code Section 854 and applicable law.
 30. The Parties will file a Joint Motion seeking Commission approval of the Settlement in its entirety and without change.
 31. 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.
 32. This Settlement is being presented as 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.
 33. This Settlement was jointly prepared by all of 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.
 34. 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.
 35. 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.
 36. The Parties agree that the Commission's adoption of this Settlement should not be construed as an admission or waiver by any Party regarding any fact, matter of law, or issue thereof that pertains to the subject of this Settlement. Further, the Parties agree that the obligations set forth in this Settlement are without prejudice to positions each Party has taken, or may hereafter take, in any proceeding in another state, or in any proceeding

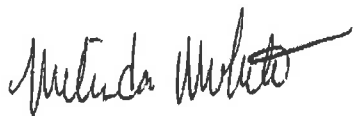
at the Commission. In accordance with the Commission's Rules of Practice and Procedure, Rule 12.5, the Parties intend that the Commission's adoption of this Settlement be binding on each Party, including its legal successors, predecessors, assigns, partners, joint ventures, shareholders, members, representatives, 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.

37. 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.
38. This Settlement may be amended or changed only by a written agreement signed by all parties and approved by the Commission.
39. 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.
40. 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.

Signature Page to Follow:

Executed on: October 30, 2015

Signed by:



Frontier Communications Corporation

Printed Name: Melinda White
Title: President – West Region

Office of Ratepayers Advocates

Printed Name: _____
Title: _____

The Utility Reform Network

Printed Name: _____
Title: _____

Center for Accessible Technology

Printed Name: _____
Title: _____


Executed on: October 30, 2015

Signed by:

Frontier Communications Corporation

Printed Name: _____

Title: _____



Office of Ratepayers Advocates

Printed Name: Joseph P. Como

Title: Director

The Utility Reform Network

Printed Name: _____

Title: _____

Center for Accessible Technology

Printed Name: _____

Title: _____

Executed on: October 30, 2015

Signed by:

Frontier Communications Corporation

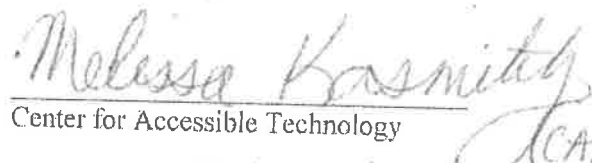
Printed Name: _____
Title: _____

Office of Ratepayers Advocates

Printed Name: _____
Title: _____


The Utility Reform Network

Printed Name: Mark W. Toney, Ph.D.
Title: Executive Director


Center for Accessible Technology (CAM)

Printed Name: Melissa Kasnitz (CAM)
Title: Legal Counsel (CAM)

1
2
3 **BEFORE THE PUBLIC UTILITIES COMMISSION**
4 **OF THE STATE OF CALIFORNIA**
5

6 In the Matter of the Joint Application of
7 Frontier Communications Corporation,
8 Frontier Communications of America, Inc.
9 (U 5429 C), Verizon California, Inc.
10 (U 1002 C), Verizon Long Distance LLC
11 (U 5732 C), and Newco West Holdings LLC
12 for Approval of Transfer of Control Over
13 Verizon California, Inc. and Related Approval
14 of Transfer of Assets and Certifications
15

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

12 **[PROPOSED] RULING OF ASSIGNED ADMINISTRATIVE LAW JUDGE**
13 **GRANTING JOINT MOTION OF FRONTIER COMMUNICATIONS CORPORATION,**
14 **FRONTIER COMMUNICATIONS OF AMERICA, INC., THE UTILITY REFORM**
15 **NETWORK, THE OFFICE OF RATEPAYER ADVOCATES**
16 **AND THE CENTER FOR ACCESSIBLE TECHNOLOGY**
17 **FOR APPROVAL OF PARTIAL SETTLEMENT**

18 1. Pursuant to Rule 12.1 of the Commission's Rules of Practice and Procedure, and for
19 good cause shown, the Joint Motion of Frontier Communications Corporation, Frontier
20 Communications of America, Inc., The Utility Reform Network, the Office of Ratepayer
21 Advocates, and the Center for Accessible Technology for Approval of Partial Settlement, filed on
22 October 30, 2015, is hereby GRANTED.

23 2. The Parties' Settlement Agreement, attached to the above referenced motion as
24 Exhibit 1, is hereby APPROVED.
25
26
27
28

By: _____
Administrative Law Judge