Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of	)	
	)	
Verizon Communications Inc.	)	
	)	
and	)	
	)	
Frontier Communications Corporation	)	WC Docket No. 15-44
	)	
Application for Consent to Partially Assign and Transfer Control of Domestic and International Authorizations Pursuant to Section 214 of the Communications Act of 1934, as Amended	)))))	

JOINT OPPOSITION TO PETITIONS TO DENY AND REPLY TO COMMENTS BY FRONTIER COMMUNICATIONS CORPORATION AND VERIZON COMMUNICATIONS INC.

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April 28, 2015

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Frontier Communications Corporation ("Frontier") and Verizon Communications Inc. ("Verizon") (jointly, the "Applicants") oppose the petitions filed to deny the above-captioned applications (collectively, the "Application") to transfer control of certain Commission authorizations and licenses from Verizon to Frontier (the "Transaction"),[1] and reply to filed comments.

The Transaction is indisputably in the public interest. Frontier plans to acquire Verizon's local wireline operations in California, Florida, and Texas (the "Transferring Companies"), and plans to continue to operate them in the normal course of business. Post-transaction, both retail

[1] *See Verizon Communications Inc. and Frontier Communications Corporation Application for Consent to Partially Assign and Transfer Control of Domestic and International Authorizations, Pursuant to Section 214 of the Communications Act of 1934, as Amended*, WC Docket No. 15-44 (filed Feb. 24, 2015) ("Application"). *See also* Letters from Jennifer L. Kostyu, Counsel to Frontier, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-44 (filed Mar. 6 and 20, 2015).

and wholesale customers will receive substantially the same services on the same terms and conditions under existing contracts, agreements, and tariffs, and the transition will not cause customer disruption.

Only two parties filed petitions to deny the Application.[2] One of those petitions raises issues outside the scope of the Transaction.[3] The other five commenters also raise certain issues unrelated to the Transaction.[4] None of the filings refute the Applicants' showing that the Transaction will result in significant public interest benefits. Nor do they prove that the Transaction will harm the public interest. The Commission should conclude that the Transaction will serve the public interest and expeditiously approve the Application.

I. INTRODUCTION AND SUMMARY

Frontier is a successful operating company with a strong financial position. Acquiring the Transferring Companies will strengthen its financial structure, increase its cash flow, and enhance its ability to invest further in its wireline networks. As a result, consumers will have expanded access to innovative products, including broadband Internet access. Frontier's business plan, coupled with its commitment to high-quality customer service, is intended to lead to greater subscribership to next generation services. Increasing broadband deployment and subscribership in the acquired areas in California, Florida, and Texas (the "Transferring Areas") will help the company meet the growing competition for traditional telecommunications services and to develop new revenue for its wireline operations.

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[2] The Greenlining Institute ("Greenlining") and Florida Power & Light ("FPL") filed petitions to deny.

[3] *See infra* Section IV.C. (demonstrating that the FPL petition in its entirety should be rejected as outside the scope of the Transaction).

[4] *See* California Association of Competitive Telecommunications Companies ("CALTEL") Comments; Communications Workers of America ("CWA") Comments; COMPTEL Comments; TEXALTEL Comments; and The Utility Reform Network et al. ("TURN") Comments.

The Transferring Companies will continue to operate in the normal course of business after the Transaction closes. Retail and wholesale customers will continue to have access to the capabilities they have today. Frontier will provide operations support, customer service, and billing with existing, proven, and tested systems that it currently uses across its 28 state service territory, including in other former Verizon properties. Frontier is committed to honoring all of its regulatory, tariff, and contractual obligations for retail and wholesale customers, including any applicable volume and term discounts. These commitments also include collective bargaining agreements and contractual provisions to address personnel needs in the Transferring Companies. And Frontier's experience in this type of acquisition will streamline the transition for customers. In 2014, Frontier acquired The Southern New England Telephone Company ("SNET") in Connecticut from AT&T (the "2014 transaction").[5] In 2010, Frontier acquired local operations in fourteen states from Verizon (the "2010 transaction").[6] In both transactions, there were no material difficulties after closing.

Commenters that raise doubts about or objections to the Transaction cannot identify any transaction-specific countervailing harm that would undermine the public interest benefits that will stem from the Transaction. No commenter can show that the Transaction would harm competition, given that Frontier and Verizon do not compete for customers in any of the affected exchanges and given that Frontier will offer alternative products and services across the acquired footprint. Rather, the Transaction will increase competition by strengthening Frontier

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[5] *See Applications Filed by Frontier Communications Corp. and AT&T Inc. for the Assignment or Transfer of Control of the Southern New England Telephone Co. and SNET America, Inc.*, Memorandum Opinion and Order, 29 FCC Rcd 9203 (WCB, IB, WTB 2014) ("*Frontier-AT&T Order*").

[6] *See Applications Filed by Frontier Communications Corp. and Verizon Communications Inc. for Assignment or Transfer of Control*, Memorandum Opinion and Order, 25 FCC Rcd 5972 (2010) ("*Frontier-Verizon 2010 Order*").

nationwide. Indeed, Frontier's sole focus on and investment in wireline infrastructure ensures a vibrant, competitive alternative to existing cable and wireless providers.

Consistent with longstanding Commission policy, non-transaction-specific and industry-wide policy issues raised by petitioners and commenters should not be addressed in the context of this Transaction. These issues should be addressed, if at all, in other proceedings. Given the facts in this case, and Frontier's proven track record and market incentives to invest in these properties to expand broadband and provide high-quality services, approving the Application without conditions is the best way to advance the public interest. The Commission should therefore deny the petitions and grant the Application.

II. STANDARD OF REVIEW

The Commission reviews proposed transfers of control and assignments of licenses and authorizations to determine whether they are consistent with the public interest, convenience, and necessity. Because no party contends that the Transaction would result in a violation of the Communications Act (the "Act") or any Commission rule, the Commission's public interest assessment is "a balancing test weighing any potential public interest harms of [the] proposed transaction against any potential public interest benefits to ensure that, on balance, the proposed transaction will serve the public interest."[7] The Commission applies a "sliding scale" approach,

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[7] *Applications of Midwest Wireless Holdings, LLC and ALLTEL Communications, Inc., for Consent to Transfer Control of Licenses and Authorizations,* Memorandum Opinion and Order, 21 FCC Rcd 11526, 11535 ¶ 16 (2006); *see also, e.g., Frontier-AT&T Order,* 29 FCC Rcd at 9205 ¶ 8; *Applications of SoftBank Corp., Starburst II, Inc., Sprint Nextel Corporation, and Clearwire Corporation*, Memorandum Opinion and Order, 28 FCC Rcd 9642, 9651 ¶ 23 (2013) ("*Sprint-SoftBank Order*"); *Frontier-Verizon 2010 Order*, 25 FCC Rcd at 5977 ¶ 9; *SBC Communications Inc. and AT&T Corp. Applications for Approval of Transfer of Control,* Memorandum Opinion and Order, 20 FCC Rcd 18290, 18300-01 ¶ 16 (2005) ("*SBC/AT&T Order*"); *Verizon Communications Inc. and MCJ, Inc. Applications for Approval of Transfer of Control,* Memorandum Opinion and Order, 20 FCC Rcd 18433, 18442 ¶16 (2005) ("*Verizon/MCI Order*").

so that "where potential harms appear less likely and less substantial,"[8] they are not sufficient to offset clear public interest benefits, and thus cannot be the basis for conditions or denial.

Further, the Commission does not evaluate and weigh all harms that opponents of a transaction might assert. Rather, the Commission's evaluation is circumscribed in four significant respects:

- The Commission will not address or weigh harms unless they are *transaction-specific*. To be a proper subject of consideration on review of a transaction, an alleged harm must directly "arise from the transaction."[9] The Commission will not "impose conditions to remedy pre-existing harms or harms that are unrelated to the transaction."[10] Nor will it "single Applicants out for special treatment unwarranted by any likely adverse consequences of the transaction."[11]

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[8] *AT&T Inc. and BellSouth Corporation, Application for Transfer of Control,* Memorandum Opinion and Order, 22 FCC Rcd 5662, 5761-62 ¶ 203 (2007) ("*AT&T/BellSouth Order*"); *see also, e.g., Frontier-AT&T Order*, 29 FCC Rcd at 9212 ¶ 23; *Sprint-SoftBank Order*, 28 FCC Rcd at 9678-79 ¶ 93; *Frontier-Verizon 2010 Order*, 25 FCC Rcd at 5992 ¶ 48; *Applications of Cellco Partnership dba Verizon Wireless and Atlantis Holdings LLC, For Consent to Transfer Control of Licenses and Authorizations, and Spectrum Manager and De Facto Transfer Leasing Arrangements and Petition for Declaratory Ruling that the Transaction is Consistent with Section 310(b)(4) of the Communications Act*, Memorandum Opinion and Order and Declaratory Ruling, 23 FCC Rcd 17444, 17496-97 ¶ 118 (2008).

[9] *Verizon/MCI Order*, 20 FCC Rcd at 18445 ¶ 19; *see also, e.g., Frontier-AT&T Order*, 29 FCC Rcd at 9207 ¶ 11; *Frontier-Verizon 2010 Order*, 25 FCC Rcd at 5978-79 ¶ 12; *IT&E Overseas, Inc., Transferor, and PTI Pacifica Inc., Transferee*, Memorandum Opinion and Order and Declaratory Ruling, 24 FCC Rcd 5466, 5474 ¶ 14 (WCB, WTB, IB 2009); *Applications for Consent to the Assignment and/or Transfer of Control of Licenses; Time Warner Inc. and its subsidiaries, Assignor/Transferor, to Time Warner Cable Inc., and its subsidiaries, Assignee/Transferee,* Memorandum Opinion and Order, 24 FCC Rcd 879, 887 ¶ 13 (MB, WTB, IB 2009); *SBC/AT&T Order*, 20 FCC Rcd at 18303 ¶ 19.

[10] *Sprint-SoftBank Order*, 28 FCC Rcd 9676 ¶ 85; *see also, e.g., Applications of AT&T Mobility Spectrum LLC, New Cingular Wireless PCS, LLC, Comcast Corporation, Horizon Wi-Com, LLC, NextWave Wireless, Inc., and San Diego Gas & Electric Company For Consent To Assign and Transfer Licenses,* Memorandum Opinion and Order, 27 FCC Rcd 16459, 16474 ¶ 39 (2012); *Verizon/MCI Order*, 20 FCC Rcd at 18445 ¶19; *SBC/AT&T Order*, 20 FCC Rcd at 18302-03 ¶19.

[11] *General Motors Corporation and Hughes Electronics Corporation, Transferors, and The News Corporation Limited, Transferee, for Authority to Transfer Control,* Memorandum Opinion and Order, 19 FCC Rcd 473, 534 ¶ 131 (2004) ("*GM/Hughes Order*").

- Transaction proceedings are not the proper forum for resolution of industry-wide policy issues.[12] "An application for a transfer of control of Commission licenses is not an opportunity to correct any and all perceived imbalances in the industry. Those issues are best left to broader industry-wide proceedings."[13]

- Allegations that a party to a transaction previously violated the Act, a Commission rule, or some other binding obligation "are more appropriately addressed via the Commission's complaint process," rather than as part of the review of the transaction.[14] Transfer of control proceedings are ill-suited for resolving detailed factual disputes about past actions.

- In assessing a transaction's potential harms and benefits, the Commission generally will not second-guess the judgments of investors and the financial community.[15] So, for example, "[t]he Commission's general policy is not to interfere with a company's capital structure or second guess the financial community or investors which believe that the surviving company in corporate takeovers or buyouts will be financially strong enough to repay debt."[16]

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[12] That is particularly true of "matters that are the subject of other proceedings before the Commission because the public interest would be better served by addressing the matter in the broader proceeding of general applicability." *Applications for Consent to the Transfer of Control of Licenses and Section* 214 *Authorizations from Southern New England Telecommunications Corporation to SBC Communications, Inc.*, Memorandum Opinion and Order, 13 FCC Rcd 21292, 21306 ¶ 29 (1998); *see also, e.g., AT&T/BellSouth Order*, 22 FCC Rcd at 5757-58 ¶ 194.

[13] *GM/Hughes Order*, 19 FCC Rcd at 534 ¶ 131.

[14] *AT&T/BellSouth Order*, 22 FCC Rcd at 5727 ¶ 120 n.342; *Verizon/MCI Order*, 20 FCC Rcd at 18529 ¶ 191 n.517 (declining to address issues that were the subject of pending complaint proceedings).

[15] *Applications of MMM Holdings, Inc. for Transfer of Control of LIN Broadcasting Corporation*, Memorandum Opinion and Order, 4 FCC Rcd 8243, 8245 ¶ 14 (1989); *see also id.*, 4 FCC Rcd at 8244 ¶ 10 ("[I]t is the stockholders themselves who are entitled to choose whether or not to sell their stock, however well- or ill-advised their decisions may be."); *Motient Corporation and Subsidiaries, Transferors, and SkyTerra Communications, Inc., Transferee, Application for Authority to Transfer Control of Mobile Satellite Ventures Subsidiary LLC*, Memorandum Opinion and Order and Declaratory Ruling, 21 FCC Rcd 10198, 10209 ¶ 25 (IB, WCB, OET 2006) ("[W]ithout specific allegations of harm…, Commission precedent supports giving deference to the business judgments underlying the transaction.").

[16] *Applications of Shareholders of GAF Corporation (Samuel J. Heyman), Application for Transfer of Control of GAF Broadcasting Company, Inc. Licensee of Station WNCN (FM), New York, New York, from Shareholders of GAF Corporation to Newco Holdings, Inc.,* Memorandum Opinion and Order, 7 FCC Rcd 3225, 3229 ¶ 15 (1992).

III. THIS TRANSACTION WILL PRODUCE TRANSACTION-SPECIFIC PUBLIC INTEREST BENEFITS

A. This Transaction Will Enable Frontier To Invest Further In Broadband

This Transaction will produce public interest benefits because Frontier will continue to invest in the Transferring Companies' wireline facilities and operations. By doing so, it will deliver speed and capacity improvements at reasonable prices to customers in each state, including the rural portions of the Transferring Areas.[17] As CWA acknowledges, Frontier has a strong track record of investing in its legacy and newly acquired operations.[18] Frontier dedicates its capital expenditures to expanding wireline infrastructure, enhancing transport, and improving the capabilities of its middle-mile and data network backbone.[19] By the end of 2014, Frontier offered wireline broadband services to approximately 92 percent of the households throughout its current and often highly rural service territories,[20] a sharp increase over the approximately 62 percent of customers offered broadband service in the 2010 transaction states when Frontier acquired them.

Frontier has every incentive to invest in broadband in the Transferring Areas, as well as to continue to invest in its existing service footprint. Wireline broadband is the core growth driver for Frontier and is central to its business strategy and competitive success.[21] Customers can look to the many alternatives offered by cable, wireless (fixed and mobile), and other

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[17] *See* Application, Exhibit 1 at 12.

[18] *See* CWA Comments at 11.

[19] *See* Declaration of John M. Jureller ¶ 15, attached as Exhibit A ("Jureller Declaration").

[20] *See id*.

[21] *See* Declaration of John Lass ¶ 6, attached as Exhibit B ("Lass Declaration").

providers, and this competition will help drive Frontier to invest in and improve its network to keep and win customers.[22]

Frontier also continues to seek opportunities, including through the Connect America Fund ("CAF"), to expand its broadband offerings to more customers and increase the speed and bandwidth capabilities in unserved and underserved areas.[23] Although Frontier has not yet formulated a detailed plan, it already has participated to the maximum extent possible in CAF and similar state programs to assist in broadband deployment.[24] Frontier intends to continue utilizing federal and state programs, coupled with its own investment, to expand and enhance broadband service availability and performance in its high-cost rural service areas.

In addition, as explained in the Application, Frontier offers a variety of broadband services that are available both on a standalone basis and as bundled solutions. For example, the company has introduced basic broadband service offerings on attractive terms, such as its $29.99 per month "Simply Broadband" standalone broadband service offer.[25] Frontier uses promotional offers to further drive broadband adoption.[26] A wide range of data services, including consumer broadband utilizing fiber-to-the-home and fiber-to-the-node architectures and business Ethernet products, are also available in certain Frontier service areas.[27] Frontier continually evaluates the

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[22] *See id.*

[23] *See id.* ¶ 7.

[24] *See id.* For example, Frontier has received support from the California Advanced Services Fund ("CASF") program and has received several different CASF grants since 2009 from the California Public Utilities Commission ("CPUC"), which has helped it expand broadband services in extremely rural and hard-to-serve areas in California. In early February, Frontier filed with the CPUC another CASF grant application to receive support for broadband enhancement in the Petrolia, California exchange. *See id.*

[25] *See id.* ¶ 8.

[26] *See id.*

[27] *See id.*

introduction of new and complementary products and services to best meet the needs of its customers.[28]

As demonstrated herein and in the Application, Frontier is committed to wireline broadband deployment and adoption. It would be irrational for Frontier to "disinvest" in broadband or, as TURN suggests, to reduce or diminish existing broadband services,[29] and would be counter to Frontier's long history of support for the communities it serves.[30] TURN's theory is premised on a mischaracterization of Frontier's capital expenditures-to-depreciation ratio that fundamentally misunderstands the evolution of the communications industry, and particularly the incumbent local exchange carrier ("ILEC") business.[31] The ratio of capital investment to depreciation is a reflection of a shrinking legacy customer base that can be served more efficiently with more economic, modern equipment.[32] There are fundamental industry-wide factors that provide a rational explanation for the current levels of network investment across the industry.[33] There has been an increase in wireline broadband infrastructure given customer demands for and reliance on broadband products and services.

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[28] *See id*.

[29] *See* TURN Comments at 18-19.

[30] For example, in 2014 Frontier launched America's Best Communities, a multi-stage three-year $10 million prize competition to stimulate growth and revitalization in small cities and towns within Frontier's footprint. The contest will reward communities with the best business plans for economic development and improved quality of life, and has already drawn more than 200 participating communities. *See* Press Release, *Frontier Communications, DISH Team Up to Support Revitalization of Small Cities with America's Best Communities Contest*, Sept. 10, 2014, *available at* http://investor.frontier.com/releasedetail.cfm?ReleaseID=870165.http://investor.frontier.com/releasedetail.cfm?ReleaseID=870165; Press Release, *America's Best Communities Prize Competition Welcomes Vince Gill*, Jan. 16, 2015, *available at* http://investor.frontier.com/releasedetail.cfm?ReleaseID=891759.

[31] *See* Jureller Declaration ¶ 16.

[32] *See id*.

[33] *See id*.

The Commission should thus reject CWA's and TURN's onerous data requests regarding Frontier's ability and willingness to deploy broadband services.[34] The Commission already has detailed information regarding the Applicants' broadband networks through their Form 477 submissions. The additional data requests will only delay consideration of the Transaction.

The Commission should likewise reject the conditions on broadband deployment and adoption proposed by CWA and Greenlining.[35] The Commission's focus in transactions such as this one is whether the transaction will produce public interest benefits, not whether there are additional obligations that would be "good" based on a party's view of the public interest.[36] The Commission likewise will not impose conditions to remedy issues that are either pre-existing, industry-wide, or "that are unrelated to the transaction."[37] In this case, conditions are unnecessary to ensure Frontier's ongoing commitment to broadband, given its undisputed business strategy of investing in and focusing on wireline broadband deployment and adoption.

B. The Transaction Promotes Rural Service And Investment By Strengthening Frontier

The Transaction will reinforce Frontier as a national service provider in both rural and more urban areas and bolster its ability to continue to invest in its wireline networks and services. Frontier expects that the Transaction will enhance its financial profile and scalability so that it can better provide high-quality services for the long term.

[34] *See* CWA Comments at 3-4, 13-14; TURN Comments at 14-15.

[35] *See* CWA Comments at 8; Greenlining Petition at 10.

[36] *See Verizon Communications, Inc. and América Móvil, S.A. de C.V.*, Memorandum Opinion and Order and Declaratory Ruling, 22 FCC Rcd 6195, 6210-11 ¶ 35 (2007).

[37] *Sprint-SoftBank Order*, 28 FCC Rcd 9676 ¶ 85; *AT&T/BellSouth Order*, 22 FCC Rcd at 5758 ¶ 194.

Frontier is already a financially strong company. Frontier's current equity market capitalization is approximately $7.0 billion.[38] The company reported annual revenues of approximately $4.77 billion for the year ending December 31, 2014.[39] Its annual free cash flow, which is the cash generated by the business *after* funding all operating expenses, was $793 million in 2014, which exceeded the company's previously-stated guidance range provided to the investment community.[40] From the second quarter of 2010 to December 31, 2014, Frontier improved its capital structure by reducing its net debt-to-adjusted-EBITDA (earnings before interest, taxes, depreciation, and amortization) ratio from 4.04x to 3.72x.[41] In addition, at the end of 2014, the company had more than $1.4 billion in cash and credit available.[42] As CWA acknowledges, Frontier's capital intensity from 2010 to 2014 was consistent with, and in some cases higher, than other carriers.[43]

Frontier achieved these financial results even as it continued to invest in its network and operations. Its reduction in leverage is even more impressive considering that it includes the

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[38] *See* Jureller Declaration at ¶ 4.

[39] *See id*.

[40] *See id*.

[41] *See id*.

[42] *See id*. Pro forma for the 2014 transaction, Frontier's revenue for 2014 would have been $5,775 million if the transaction occurred on January 1, 2014. Additionally, the full year impact of the 2014 transaction brings a substantial incremental amount of cash flow to support further investment in the properties and the additional debt service obligations. *See id*.

[43] *See* CWA Comments at 11-13. CWA's criticism of Frontier's "capital intensity" over time is ill-founded. CWA's assumption that Frontier will have a lower capital intensity figure post-closing is based on a Bank of America equity analyst report that estimates Frontier's capital expenditures through 2018. *See id.* at 12-13, citing David Barden, Bank of America/Merrill Lynch, *Frontier doubles its size by buying VZ wireline assets*, Feb. 12, 2015 ("BoA Report"). In fact, for 2014, Frontier's capital intensity was 15.6 percent when considering total capital expenditures as compared to revenue. Based upon Frontier's strong investment track record, its statements on the importance of the network as its primary asset, and other factors, CWA's fears of network underinvestment are not factually supportable. *See* Jureller Declaration ¶ 14.

incremental debt required to finance the $2.0 billion all-cash 2014 transaction in Connecticut.[44] Investing in its business and network is Frontier's highest capital allocation priority.[45] Frontier's historical data demonstrate that its business strategy strikes a prudent balance of funding operations, investing in network infrastructure, and providing required returns to capital providers, while continuing to generate sufficient cash flow to provide financial flexibility to respond to market forces and opportunities.[46] In other words, Frontier's robust free cash flow is the historical product of sound management practices and financial resources, while investing in its ongoing business needs and future plans.[47] Similarly, Frontier here expects the Transaction to increase substantially the cash flow (in total and per share) to fund network investments, while maintaining the company's debt ratings.[48]

Moreover, the Transaction will strengthen Frontier for the future, rather than diminish it as some commenters suggest.[49] The broadband business is highly capital intensive, particularly as existing networks are upgraded to meet increasing demands for broadband capacity and speeds. Acquisitions that lead to increased scale and scope provide the financial framework for the ongoing investments that are essential to deliver competitive wireline products and services.

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[44] *See id.* ¶ 5; *see also* Frontier Communications, *Investor Update: Fourth Quarter 2014*, slide 10 (Feb. 19, 2015), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=810519&filekey=ef6c1b2a-db76-47bb-a3b8-bfded6d99da2&filename=FTREARNINGS_DECK_4Q14_FINAL_Release_for_Feb_19_2015.pdf; Frontier Communications, *Investor Update: Second Quarter 2011*, slide 15 (Aug. 3, 2011), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=536793&filekey=3b7b9cc0-baa5-4074-ab10-72cd36a5bf25&filename=2Q11_Earnings_Presentation.pdf.

[45] *See* Jureller Declaration ¶ 15.

[46] *See id.* ¶ 6.

[47] *See id.*

[48] *See id.* ¶ 7.

[49] *See* TURN Comments at 5-6.

After the Transaction, Frontier will have a larger customer base that will enable the company to improve efficiency of wireline operations and enhance its purchasing power.[50] Analysts anticipate that the Transaction will strengthen Frontier so that it can adequately invest in the network, pay competitive dividends, and reduce its leverage.[51]

Not only is the Transaction strategically beneficial for Frontier, the Verizon operations are also being acquired on attractive terms.[52] The Transaction has been structured prudently for future strategic and operational flexibility. Net of certain benefits arising from the structure of the Transaction, the $10.54 billion purchase price suggests an estimated 3.8x multiple based on 2014 estimated pro forma Day 1 EBITDA.[53]

Frontier anticipates that the Transaction will also give it more operating flexibility and potentially improved access to capital as Frontier integrates the Transferring Companies. Frontier estimates that the Verizon operations associated with the Transaction will generate approximately $5.8 billion in revenues and approximately $2.3 billion in EBITDA.[54] On the day the Transaction was announced, Frontier used EBITDA metrics, among many other factors, to

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[50] *See* Jureller Declaration ¶ 7.

[51] *See, e.g.,* BoA Report at 3-9.

[52] *See* Jureller Declaration ¶ 8.

[53] *See* Frontier Investor Presentation, *Frontier Communications to Acquire Verizon Wireline Operations in California, Florida and Texas*, slide 6 (Feb. 5, 2015) ("Frontier Investor Presentation"), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=807528&filekey=D05E3F23-F896-4B56-AB6C-3D69DB74DBFB&filename=Frontier_Communications_to_Acquire_Verizon_Wireline_Operations_in_California_Florida_and_Texas.pdf.

[54] *Id.*, slide 4. Although one commenter questions the use of EBITDA as failing to account for capital investment (*see* TURN Comments at 7, 20), it is a commonly-used summary metric that provides perspective on operating cash flow and that can be used to track operating performance from one period to the next. *See* Jureller Declaration ¶ 9.

help demonstrate that the agreed-upon price is favorable for Frontier.[55] The company also explained certain projected cost savings, including $525 million of Verizon corporate cost allocations.[56] Additionally, based upon currently available information, Frontier expects to achieve another $175 million in annualized cost savings, again as a result of managing corporate allocations and other costs, by the end of the third year of operation after closing, resulting in approximately $700 million in total annualized operating cost savings across Frontier's 28 state operating area.[57] The savings are expected to better assure ongoing availability of capital for Frontier's infrastructure investment and to cover operational costs, and improved customer services and investment in the Transferring Areas.[58]

Frontier also anticipates that the Transaction will be 35 percent accretive to leveraged free cash flow per share in Year 1 as compared to its estimated status quo operations.[59] Major credit rating agencies expect that Frontier will be able to utilize its enhanced operating cash flows and capital resources to improve services and network facilities across its markets. For example, Moody's Investors Service ("Moody's") affirmed Frontier's corporate credit rating following the public announcement of the Transaction.[60] Moody's stated that it expects Frontier's cash flow profile to meaningfully improve following the Transaction and projects that

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[55] *See* Jureller Declaration ¶ 10.

[56] *See id.*

[57] *See id.*

[58] Frontier Investor Presentation, slide 5. While TURN suggests that Frontier "commit" to share these synergies with consumers, it fails to acknowledge that consumers will benefit from such synergies through the improved services and investment in the Transferring Areas that will result from the Transaction. *See* TURN Comments at 13-14.

[59] *See* Jureller Declaration ¶ 12.

[60] *See* Moody's Investors Service, *Moody's affirms Frontier's Ba3 corporate family rating following acquisition announcement* (Feb. 5, 2015), *available at* https://www.moodys.com/research/Moodys-affirms-Frontiers-Ba3-corporate-family-rating-following-acquisition-announcement--PR_317954.

the cash flow increase will improve Frontier's financial flexibility to invest in its network and offer services to its customers.[61]

The following table provides a summary of financial metrics for Frontier on a standalone and pro forma basis for the proposed Transaction, excluding certain Verizon-allocated costs that are not transferring to Frontier and including estimated full-year results for the 2014 transaction in Connecticut. The projection is for net debt to adjusted EBITDA to increase by 0.1x, while Frontier expects the credit rating agencies will maintain the company's current debt ratings.[62]

Summary Frontier Standalone and Pro Forma Financials

Statistics	Pro Forma Frontier Standalone*	Pro Forma Frontier plus Transaction
Revenue	$5.87B	$11.66B
Adjusted EBITDA	$2.57B	$4.89B
Net debt to adj. EBITDA	3.7x	3.8x

**Frontier Investor Presentation, February 5, 2015; includes full-year pro forma Connecticut.*

In short, Frontier's financials, and its corresponding ability to meet the telecommunications needs of customers, are buttressed and enhanced by this Transaction, not diminished.

IV. THE TRANSACTION WILL PROMOTE COMPETITION AND BENEFIT CUSTOMERS, AND HAS NO COUNTERVEILING HARMS

A. The Transaction Will Promote, Not Hinder, Competition

The Transaction will promote competition by positioning Frontier as a strong national provider of communications services. Frontier and Verizon currently do not compete for

[61] *See id.* Moody's analysis demonstrates the hollowness of TURN's implication that Frontier's business strategy is merely to "increase cash flow through acquisitions." *See* TURN Comments at 6. TURN also appears to question Frontier's decisions to acquire SNET and the Transferring Companies when "larger and more securely financed companies" do not want the properties. *See id.* at 6. Frontier is singularly focused on its wireline business while other local service providers that have wireless properties face different and competing priorities.

[62] *See* Jureller Declaration ¶ 13.

customers in any of the affected exchanges because none of the local exchanges being acquired from Verizon overlap with any of the local exchanges already served by Frontier.[63] This transaction will not reduce the number of competitors in any region, or even nationally.[64]

In fact, Verizon – the larger of the two entities and the more vertically integrated entity – will become smaller. Frontier also will still be significantly smaller than local exchange carriers ("LECs") such as Verizon, AT&T, and CenturyLink. Further, because Frontier does not operate a nationwide mobile network or a large enterprise communications business, the Transaction does not raise discrimination concerns.

B. The Transaction Will Benefit Wholesale And Retail Customers

1. Transition Plan For Operations Support Systems And Personnel

a. The Applicants Will Apply Their Substantial Experience In Transitioning Operations Support And Billing Systems For Wholesale And Retail Customers

Applicants are planning a smooth transition of the Transferring Companies with no disruption to customers. Upon closing of the Transaction, Frontier immediately will transition the Transferring Companies' operations and customers to Frontier's existing billing systems and operations support systems ("OSS").[65] Since these systems are scalable and will support the

[63] Only three small adjacencies exist where the Applicants' local service areas touch, all in California. *See* Letter from Jennifer L. Kostyu, Counsel to Frontier, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-44, at 2 (filed Mar. 6, 2015). Moreover, general concerns regarding the state of competition in the marketplace are outside the scope of this proceeding, and should be addressed, if at all, in industry-wide rulemakings of general applicability.

[64] Frontier's acquisition of long distance service customers also will not negatively affect competition. The Commission has long acknowledged that competition to offer interexchange services is intense. *See, e.g.*, *SBC-AT&T Order*, 20 FCC Rcd at 18368-71 ¶¶ 146-52. A wide variety of service providers will continue to provide long distance services in the new Frontier areas and nationwide after closing.

[65] *See* Lass Declaration ¶ 10.

operations transferring to Frontier, this approach will eliminate the need to build new OSS and billing systems from scratch.[66]

Frontier has a strong record of successfully integrating acquired operations and customers. Prior to 2010, Frontier integrated a variety of telecommunications operations associated with smaller acquisitions. As part of the 2010 transaction, Frontier cut over the West Virginia OSS that were unique to that state at closing, along with the operational systems used across the other thirteen states (including California) approximately one year ahead of schedule.[67] That transition helpfully informs the present, much less complex one. The Transaction involves fewer lines and a smaller number of states.[68] Frontier already has in place similar OSS and billing systems and significant experience with those systems and will be cutting the customers directly over to these systems at closing, rather than working with replicated systems for a year before the cutover as it did before.[69]

Similarly, Frontier's transition in Connecticut following the 2014 transaction overall was successful and did not result in prolonged or systemic problems.[70] In contrast to the claims of commenters,[71] the few issues that did arise were unique to that transaction and were largely attributable to the unique aspects of transitioning AT&T U-verse services.[72] The circumstances

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[66] *See id.*

[67] *See id.* ¶ 11.

[68] *See id.* ¶ 12.

[69] *See id.*

[70] *See id.* ¶ 13

[71] *See* CWA Comments at 4; CALTEL Comments at 7; TURN Comments at 9-11.

[72] *See* Lass Declaration ¶ 13.

in this case are different given that Frontier already has significant operational experience with systems similar to those of the Transferring Companies, including FiOS.[73]

Further, the Applicants will have a comprehensive transition plan in place that includes pre-testing the data transfer and integration process so that any problems and issues can be identified and resolved prior to the actual conversion.[74] Frontier has enhanced its data conversion and quality assurance processes since the 2010 and 2014 transactions.[75] Frontier intends to use its seasoned transition team, which most recently facilitated conversion efforts after the 2014 transaction, and expects their experiences to provide valuable insight.[76]

Speculation that competitors will be harmed during the transition is unfounded.[77] As noted above, Frontier's existing OSS includes automation and other tools and controls used for managing accounts, orders, and relationships with customers.[78] While CALTEL expresses concern that its members have little or no prior experience with Frontier,[79] many wholesale customers in the Transferring Areas already utilize Frontier OSS and therefore will not be required to change their existing systems interfaces to process orders, track provisioning, or manage troubles.[80] To the extent certain wholesale customers currently do not do business with Frontier in any of its existing 28 state footprint and do not yet interface with Frontier's systems, Frontier will undertake a detailed communication and transition plan to facilitate the use of the

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[73] *See id*.

[74] *See id*. ¶ 14.

[75] *See id*.

[76] *See id*.

[77] *See* TEXALTEL Comments at 4-7; COMPTEL Comments at 4-14; CALTEL Comments at 4-12.

[78] *See* Lass Declaration ¶ 12.

[79] *See* CALTEL Comments at 5, 7.

[80] *See* Lass Declaration ¶ 12.

Frontier systems. Wholesale carriers will be provided training regarding ordering, provisioning, and managing wholesale service issues and the opportunity to conduct system interface testing prior to closing of the Transaction.[81]

The Commission should not impose any transition-related conditions on the Transaction, including those adopted in the 2010 transaction.[82] The conditions in the 2010 transaction were adopted under very different circumstances that involved properties in a total of fourteen states. They also involved two types of transitions: the transfer of existing systems described above for thirteen states, plus a cutover in one state that required development of new processes and major system upgrades. Here, the Applicants are only dealing with three properties, all of which have systems substantially similar to those previously converted by Frontier, and have the benefit of experience gained through the 2010 transition.[83]

Finally, commenters' claims about the alleged state of Verizon's copper network in California are outside the scope of this proceeding.[84] Those allegations have been raised in a pending state rulemaking proceeding in which both commenters and Verizon are participating.[85] As explained in Section II above, this Transaction is not the proper forum for resolving industry-wide policy issues, nor is it the proper forum to address state-specific policy issues. For the

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[81] *See id*.

[82] *See* TEXALTEL Comments at 7; COMPTEL Comments at 6-14.

[83] *See* Lass Declaration ¶ 12.

[84] *See* CALTEL Comments at 3, 8-9; CWA Comments at 9-11; TURN Comments at 4-5.

[85] *See Order Instituting Rulemaking to Evaluate Telecommunications Corporations Service Quality Performance and Consider Modification to Service Quality Rules*, California Public Utilities Commission, Rulemaking 11-12-001 (filed Dec. 1, 2011).

same reason, the Commission also should reject any suggestion that Verizon be required to redress alleged service quality issues in California.[86]

Regardless, as Verizon has explained in the California proceeding, Verizon has consistently met or exceeded the California Commission's Trouble Report standards in its California wire centers, demonstrating the overall health of the network. In 2014, Verizon's "monthly trouble rate ranged from .8 to 1.7 per 100 lines, far below the 6 in 100 line standard…."[87] Verizon has also made, and continues to make, significant capital investments in its ILEC networks in California, Texas, and Florida. In short, any claim that Verizon has failed to invest in its network in recent years is wrong in addition to being outside the scope of this proceeding. What is relevant – and undisputed – is that Frontier is committed to investing and providing high-quality wireline service in the areas it is acquiring.

b. The Transaction Will Benefit The Personnel Of The Transferring Companies

The Transaction will be fair and reasonable to all affected personnel, including both union-represented and non-union employees. The Verizon employees who join Frontier will benefit from employment at a service provider that is focused on wireline communications –

[86] *See* CWA Comments at 10-11. There is no need for the Commission to appoint a third party to evaluate the condition of the purchased outside plant or otherwise condition approval of the Application on specific commitments to repair outside plant. *See* TURN Comments at 4-5, 20. Frontier is an experienced telecommunications company with a long track record of providing wireline service. Frontier has acquired, evaluated, and improved the network infrastructure in the Verizon territories it acquired in 2010 and is confident it can effectively evaluate and manage the outside plant and network to be acquired as part of this Transaction. Nor is there any need for the Commission to assess the service quality of Frontier's network in the areas acquired in the 2010 transaction, or elsewhere. *See* TURN Comments at 13. Frontier is operating successfully throughout its current areas and has every intention of doing so in the Transferring Areas upon close of the Transaction.

[87] Verizon California Inc.'s Reply Comments on Staff's Proposal to Modify General Order 133-C, California Public Utilities Commission Rulemaking 11-12-001, at 3 (Apr. 17, 2015).

their area of expertise – and committed to serving its customer base and providing quality service in California, Florida, and Texas.[88]

Frontier will honor all existing collective bargaining agreements applicable to the union-represented employees in the Transferring Companies who are transferring to Frontier.[89] For non-union employees, Frontier has agreed, for no less than one year following the closing, to maintain at least the same rate of base salary, as well as annual bonus opportunities at the target level in effect immediately prior to closing.[90] In addition, Frontier has agreed to provide non-union employees, for at least one year following the closing, with benefits that are substantially comparable in the aggregate to: (1) the benefits that were being provided by Verizon to such employees prior to closing; or (2) the benefits that Frontier provides to its similarly-situated employees.[91]

Moreover, all employees who transfer to Frontier will receive credit under Frontier's plans for their time of employment with Verizon to the same extent it was credited under the corresponding Verizon plans.[92] Frontier also will credit each employee with accrued but unused vacation time and certain other time-off benefits that they were entitled to at the Transferring Companies at the time of closing.[93] For all employees at closing who have pension benefits in Verizon designated pension plans, those pension benefits will be transferred from the applicable

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[88] *See* Lass Declaration ¶ 15.

[89] *See id.* ¶ 16.

[90] *See id.*

[91] *See id.*

[92] *See id.* ¶ 17.

[93] *See id.*

Verizon pension plans to corresponding plans at Frontier that are identical in all material aspects.[94]

Frontier intends to utilize the existing workforce that will transfer over with this acquisition.[95] The Commission should therefore reject requests for data about job losses,[96] which in any event are outside the scope of the proceeding. Concerns that job losses or employees choosing to retire early will have an effect on service quality are misplaced.[97] As discussed in Section II.C. above, Frontier is committed to providing high service quality throughout its service areas, including the Transferring Areas. Frontier has demonstrated that its customer service philosophy supports consistently retaining staffing levels necessary to maintain service quality.[98] Indeed, TURN notes that Frontier has a higher ratio of employees to voice connections than does Verizon.[99] Additionally, and as acknowledged by Greenlining,[100] Frontier uses a local engagement model in which Frontier general managers and other employees live locally and provide high-quality service to the local customer base, including friends and neighbors, and they are active leaders in their communities. Frontier intends to apply its local engagement model in the Transferring Areas and will be hiring local general managers as well as filling other positions across the states.[101]

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[94] *See id.*; CWA Comments at 4.

[95] *See* Lass Declaration ¶ 18.

[96] *See* Greenlining Petition at 8-9; CWA Comments at 4, 14.

[97] *See* TURN Comments at 8-9; CWA at 7; CALTEL Comments at 8.

[98] *See* Lass Declaration ¶ 18.

[99] *See* TURN Comments at 8.

[100] *See* Greenlining Petition at 5.

[101] *See* Lass Declaration ¶ 18. Suggestions that the Transaction will impact internal diversity related to the Transferring Companies are merely speculative, not transaction-specific or relevant to this proceeding, and the Commission should dismiss them. *See* Greenlining Petition at 5-8, 11. As a general matter, however, Frontier is committed to diversity for both its employee base

2. There Will Be No Disruption Or Harm To Retail Or Wholesale Customers

No customers will be harmed as a result of the Transaction. Existing retail and wholesale customers will continue to receive substantially the same services on the same terms and conditions under their existing contracts, agreements, and tariffs. Frontier also intends to integrate several Verizon customer call and care centers into Frontier's operations, which will benefit all customers.[102] The Verizon employees working in these call centers will be trained on Frontier's customer service principles (to always put the customer first), products and services, and to utilize Frontier's customer support and billing systems.[103] The customer service representatives in the centers that transition to Frontier will respond to customer service calls in service areas Frontier proposes to acquire from Verizon and Frontier's existing service areas.[104]

a. Retail Customers

Upon closing of the Transaction, the indirect ownership of the Transferring Companies will change from Verizon to Frontier, but the Transferring Companies will continue to operate in the ordinary course of business. Retail customers will continue to receive substantially the same services on the same terms and conditions as under existing contracts, agreements, and tariffs, and the transfer will be coordinated closely to ensure a smooth transition of OSS and billing systems.[105] Frontier will continue to provide local exchange and domestic interstate and international interexchange telecommunications and information services after closing, and will

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and management team, and the company has strong programs to attract and hire military veterans. Frontier is also sensitive to concerns associated with supplier diversity for the Transferring Companies and will expand its diversity initiatives and embrace Verizon's supplier diversity efforts in conjunction with the Transaction. *See* Lass Declaration ¶ 19.

[102] *See id.* ¶ 9.

[103] *See id.*

[104] *See id.*

[105] *See id.* ¶¶ 13, 19.

otherwise honor existing obligations.[106] Affected presubscribed long distance customers will be transferred in accordance with the Commission's rules to Frontier Communications of America, Inc. As a result, customers should not be harmed by the Transaction.

The Applicants will also adjust revenue commitments and volume thresholds for enterprise retail customers with volume and term agreements so that customers retain the same contractual rights after the Transaction. Following the transition, customers who maintain the volumes they purchase in the Transferring Areas and Verizon's remaining areas, respectively, will continue to qualify for the same volume discounts.[107] Specifically, Frontier will adjust pro rata the volume commitments in agreements assigned to it or tariffs it adopts so that any such volume commitments in effect exclude volume requirements from states outside of the Transferring Areas.[108] Verizon will do the same with respect to service it will continue providing outside the Transferring Areas. Both Applicants will amend their tariffs or satisfy other filing requirements and amend customer agreements as may be necessary to restate the applicable terms, conditions and rates, including volume commitments. Consequently, retail customers will receive the same benefits from the existing Verizon volume discount arrangement both pre- and post-transaction.[109]

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[106] *See id*. ¶ 19.

[107] *See id*.

[108] *See id.*; *see* Securities Purchase Agreement at Section 6.13(b) ("By way of example, and not by limitation, if after the Closing, such customer or Affiliate purchased 75% of a Volume Commitment from Buyer and 25% of a Volume Commitment from Affiliates of Seller, then Buyer would reduce the Volume Commitment by 25% in affected Tariffs and agreements implementing such Tariffs. Buyer and Seller shall work together to make all filings and take all other actions as may be required by applicable Laws to make the pro-rata reductions of Volume Commitments adopted or made by Buyer under this Section 6.13(b) legally effective no later than the Closing Date."), *available at* https://www.sec.gov/Archives/edgar/data/20520/000119312515035522/d868145dex21.htm.

[109] *See* Lass Declaration ¶ 20.

b. Wholesale Customers

Wholesale customers will not be harmed as a result of the Transaction. Frontier will honor the regulatory, tariff, and contractual obligations of the Transferring Companies, including applicable volume and term discounts.[110] Frontier will abide by its ILEC obligations and will assume all Verizon wholesale agreements applicable to the Transferring Areas.[111] And as discussed above, Frontier and Verizon plan a smooth transition of OSS, billing systems, and operations so that customers will not experience disruptions in service, ordering, or billing.

Specifically, Frontier will assume those wholesale agreements that relate to service wholly within Transferring Areas.[112] With respect to existing Verizon wholesale agreements that relate in part to service outside of the Transferring Areas, Frontier and the relevant counterparty will enter into an agreement under which those entities will continue to operate under the terms of the Verizon agreement after closing in the respective Transferring Areas only.[113] In the event agreements are in evergreen status, Frontier has no plans to terminate those agreements after closing.[114]

There is no need to impose conditions relating to wholesale arrangements based on the 2010 transaction, as some commenters suggest,[115] or to entertain complaints about Verizon's past performance.[116] As discussed above, the 2010 transaction was far larger and more complex, and the Applicants are applying to this Transaction the experience gained in 2010. Commenters

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[110] *See id*. ¶ 20.

[111] *See id*. ¶ 21.

[112] *See id*.

[113] *See id*.

[114] *See id*; CALTEL Comments at 5; TEXALTEL Comments at 5-6.

[115] *See* TEXALTEL Comments at 5, 7; COMPTEL Comments at 6-14.

[116] *See* CWA Comments at 9-10; TURN Comments at 4-5; CALTEL Comments at 8-9.

do not point to any reason for imposing the proposed conditions based on Frontier's activities since the term of most of the 2010 conditions lapsed in 2013. Moreover, the proposed conditions include topics of ongoing Commission proceedings.[117] While concerns about Verizon's past performance also are unfounded, to the extent that commenters' concerns reflect industry-wide issues, this proceeding is not the place to resolve them.[118] In any event, they predate the Transaction, do not raise transaction-specific harms, and are irrelevant to the question of Frontier's *post-transaction* performance.

It also is unnecessary to impose conditions with respect to the rates for Unbundled Network Elements ("UNEs") offered by the Transferring Companies.[119] It is likewise inappropriate to address whether the Texas Public Utilities Commission should reduce rates for collocation, power, and UNEs in the Verizon territories or that Frontier should reduce its rates to those separately established by AT&T in Texas or elsewhere.[120] Both issues are well outside the scope of this Commission proceeding. Frontier will adhere to Verizon's Statement of Rates for Unbundled Network Elements included in interconnection agreements.[121] Further, the Applicants will abide by the volume and term agreements for wholesale customers in the same manner as described above for retail enterprise customers.[122]

Commenters' speculation that Frontier might seek to take advantage of the Section 251(f) exemption from interconnection and related obligations for certain rural carriers is both

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[117] *See, e.g., Technology Transitions*, Order, Report and Order and Further Notice of Proposed Rulemaking, Report and Order, Order and Further Notice of Proposed Rulemaking, Proposal for Ongoing Data Initiative, 29 FCC Rcd 1433 (2014).

[118] *See GM/Hughes Order*, 19 FCC Rcd at 534, ¶ 131.

[119] *See* COMPTEL Comments at 7-8; TEXALTEL Comments at 5.

[120] *See* TEXALTEL Comments at 4-5.

[121] *See* Lass Declaration ¶ 21.

[122] *See id*. ¶ 20.

premature and outside the scope of the Transaction.[123] As an initial matter, Frontier has stated that it will abide by all its existing interconnection agreements, including those in rural and non-rural areas.[124] In addition, whether Frontier would qualify for the rural exemption is not even an issue until and unless Frontier seeks such an exemption. Moreover, nothing about the rural exemption is transaction-specific. The rural exemption applies to all rural properties, regardless of the identity of the owner, and this Transaction will not convert any non-rural lines into rural lines. Further, under the terms of Section 251(f), the authority to continue or terminate such an exemption lies with state commissions, not the Commission, based on specific statutory criteria.

The Commission should also reject CALTEL's request seeking nondiscriminatory access to contractual arrangements between the Transferring Companies and Verizon affiliates that are not moving to Frontier.[125] The Transaction will leave in place the contracts and arrangements between the Transferring Companies and all other companies with which they have arrangements. Commenters should not be allowed to use the Transaction as a wedge for questioning legitimate arrangements between companies or gaining regulation-based commercial and financial advantages for their members.

C. Pole Attachment Disputes Are Outside The Scope Of The Transaction

FPL's petition addressing pole attachment disputes is outside the scope of the Transaction and should be dismissed. FPL improperly requests that the Commission use this proceeding as a forum for addressing pole attachment contractual disputes and matters that are unrelated to and outside the scope of the Transaction.[126] FPL's petition to deny the Applications or, in the

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[123] *See* TEXALTEL Comments at 6; COMPTEL Comments at 8.

[124] *See* Lass Declaration ¶¶ 20-21.

[125] *See* CALTEL Comments at 10-12.

[126] FPL in fact characterizes the disputes as "legal action to collect monies due under valid contracts." FPL Petition at 8.

alternative, to impose unprecedented and unnecessary conditions on the Transaction, is contrary to the Commission's longstanding policy that it will not mediate private disputes between parties as part of the transfer application approval process[127] or attempt to adjudicate non-transaction-specific claims.[128] Rather, FPL seeks only to use the Transaction to gain leverage in its contractual disputes with Verizon and Frontier. FPL also fails to identify any specific injury it would sustain resulting from Frontier's acquisition of the Transferring Companies. In addition, FPL has a full opportunity to pursue its allegations of violations in the complaint proceedings that were initiated prior to this transaction and that are currently pending before the Commission. The Commission should therefore deny or dismiss the FPL petition.[129]

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[127] *See, e.g., Margaret Jackson (Transferor) and Ray Webb (Transferee)*, 18 FCC Rcd 26403, 26404 (2003) ("It is well established under Commission precedent that the Commission is not the proper forum for resolving private contractual disputes, and that the Commission will not defer action on pending transfer applications pending state court litigation of contractual disputes."); Letter from Peter H. Doyle, Chief of the Audio Div., Media Bur., FCC, to Cumulus Licensing LLC, 21 FCC Rcd 2998, 3006 (2006); *Listeners' Guild, Inc. v. FCC*, 813 F.2d 465, 469 (D.C. Cir. 1987).

[128] *See supra*, Section II.

[129] FPL also does not have standing to request denial of the Applications. To demonstrate standing as a "party in interest" under Section 309(d)(1) of the Act and Section 1.939(d) of the Commission's rules, FPL must allege facts sufficient to establish: "(1) personal injury, (2) that is 'fairly traceable' to the challenged action, and (3) a substantial likelihood that the relief requested will redress the injury claimed." *MCI Communications Corp. and Southern Pacific Telecommunications Co.*, 12 FCC Rcd 7790, 7794 (1997). FPL's petition does not demonstrate any direct injury or a causal link between any claimed injury and grant of the Application.

V. CONCLUSION

The Commission should deny the petitions to deny the Application and should grant the Application expeditiously, without conditions. The proposed transaction will benefit the public interest, and there is no showing of public interest harm.

Respectfully submitted,

By: FRONTIER COMMUNICATIONS CORPORATION

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April 28, 2015

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of April 2015, I caused to be served on the persons listed below a true and correct coy of the foregoing Joint Opposition to Petitions to Deny and Reply to Comments by Frontier Communications Corporation and Verizon Communications Inc. in WC Docket No. 15-44 by electronic mail:

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Exhibit A

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of **Verizon Communications Inc.** and **Frontier Communications Corporation** Application for Consent to Partially Assign and Transfer Control of Domestic and International Authorizations Pursuant to Section 214 of the Communications Act of 1934, as Amended	))))))))))))	WC Docket No. 15-44

DECLARATION OF JOHN M. JURELLER

I, John M. Jureller, hereby declare and state as follows, under penalty of perjury:

1. My name is John M. Jureller. I am Executive Vice President and Chief Financial Officer of Frontier Communications Corporation ("Frontier"). My business address is 3 High Ridge Park, Stamford, Connecticut 06905. I have been employed by Frontier since January 2013. From 2008 through 2012, I was Senior Vice President, Finance and Operations for the Resources Group of General Atlantic LLC. From 2006 to 2008, I was Chief Financial Officer of WestPoint Home. From 2003 through 2006, I was a member of the Corporate Turnaround & Restructuring practice of AlixPartners, LLC. Before then, I held a series of increasingly senior financial roles with various companies and financial institutions. I earned an M.B.A. in Finance in 1982 and a B.S. with Distinction in 1981 from Cornell University.

2. As Executive Vice President and Chief Financial Officer of Frontier, I am responsible for managing, overseeing, and advising the company on its financial activities and operations. This includes the capital structure and investments of the company, short term and

long term economic forecasting and strategy, the assessment of financial risks and strategies to address those risks, and other financial issues impacting the company.

3. The proposed transaction (the "Transaction") between Frontier and Verizon Communications, Inc. ("Verizon") will serve the public interest. The purpose of this declaration is to: (1) explain that Frontier is a strong company with the financial qualifications to undertake the Transaction; (2) demonstrate how the Transaction is projected to strengthen the company financially; and (3) describe Frontier's financial commitment to maintaining and improving its wireline networks, including its high-speed data network.

I. FRONTIER IS A FINANCIALLY STRONG COMPANY

4. Frontier's current equity market capitalization is approximately $7.0 billion.[1] The company reported annual revenues of approximately $4.77 billion for the year ending December 31, 2014.[2] Its annual free cash flow, which is the cash generated by the business *after* funding all operating expenses, was $793 million in 2014, which exceeded the company's previously-stated guidance range provided to the investment community.[3] From the second quarter of 2010 to December 31, 2014, Frontier improved its capital structure by reducing its net debt-to-adjusted-EBITDA (earnings before interest, taxes, depreciation and amortization) ratio from 4.04x to 3.72x.[4] In addition, at the end of 2014, the company had more than $1.4 billion in cash

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[1] *See* Frontier Communications, *Key Ratios*, *available at* http://investor.frontier.com/financials-keyRatios.cfm (last visited Apr. 27, 2015).

[2] *See* Frontier Communications, *Financial Statements*, *available at* http://investor.frontier.com/financials-statements.cfm (last visited Apr. 27, 2015).

[3] Frontier Communications, *Investor Update: Fourth Quarter 2014*, slide 9 (Feb. 19, 2015) ("Frontier 4Q 2014 Investor Update"), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=810519&filekey=ef6c1b2a-db76-47bb-a3b8-bfded6d99da2&filename=FTREARNINGS_DECK_4Q14_FINAL_Release_for_Feb_19_2015.pdf.

[4] Frontier 4Q 2014 Investor Update, slide 10; *see also* Frontier Communications, *Investor Update: Second Quarter 2011*, slide 15 (Aug. 3, 2011), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=536793&filekey=3b7b9cc0-baa5-4074-ab10-72cd36a5bf25&filename=2Q11_Earnings_Presentation.pdf. Net debt is total debt less cash and equivalents.

and credit available. Pro forma for the recent acquisition of The Southern New England Telephone Company in Connecticut (the "2014 transaction"), Frontier's revenue for 2014 would have been $5,775 million if the transaction occurred on January 1, 2014.[5] Additionally, the full year impact of the 2014 transaction brings a substantial incremental amount of cash flow to support further investment in the properties and the additional debt service obligations.[6]

5. Frontier achieved these financial results even as it continued to invest in its network and operations. This reduction in leverage is even more impressive considering that it includes the incremental debt required to finance the $2.0 billion all-cash 2014 transaction.[7]

6. Frontier's historical data demonstrate that its business strategy strikes a prudent balance of funding operations, investing in the network, and providing required returns to capital providers, while continuing to generate sufficient cash flow to provide financial flexibility to respond to market forces and opportunities. In other words, Frontier's robust free cash flow is the historical product of sound management practices and financial resources, while investing in its ongoing business needs and future plans.

II. THE TRANSACTION WILL STRENGTHEN THE COMPANY FINANCIALLY

7. The Transaction is expected to strengthen Frontier's already strong financial profile and improve scalability so that it can better provide high-quality services for the long term. After the Transaction, Frontier will have a larger customer base that will enable the company to improve efficiency of operations and enhance the company's purchasing power.

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[5] Frontier Communications Corporation, Annual Report (Form 10-K), at F-14 (Feb. 24, 2015) ("Frontier Annual Report") (for the fiscal year ending December 31, 2014).

[6] *See* Frontier Communications, *Investor Presentation*, slide 14 (Dec. 17, 2013), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=713931&filekey=597C50DB-9DD0-478F-8813-F2C2759DE357&filename=FTR_Investor_Presentation.pdf.

[7] Frontier 4Q 2014 Investor Update, slide 10.

The Transaction is expected to increase substantially the cash flow (in total and per share) from which Frontier can fund network investments, while maintaining the company's debt ratings.

8. The Verizon operations are being acquired on attractive terms for Frontier. The Transaction has been structured prudently for future strategic and operational flexibility. Net of certain benefits arising from the structure of the Transaction, the $10.54 billion purchase price suggests an estimated 3.8x multiple based on 2014 estimated pro forma Day 1 EBITDA.[8]

9. Frontier anticipates that the Transaction will also give it more operating flexibility and potentially improved access to capital as Frontier integrates the Transferring Companies. Frontier estimates that the Verizon operations associated with the Transaction will generate approximately $5.8 billion in revenues and approximately $2.3 billion in EBITDA.[9] EBITDA is a commonly-used summary metric that provides perspective on operating cash flow and that can be used to track operating performance from one period to the next. Investors understand well that EBITDA does not include capital expenditures, and they are advised that EBITDA calculations do not provide a complete view of a company's financial position or its planned investment. In addition to EBITDA, management and investors typically examine growth trends, margins, revenue mix, free cash flow (which includes capital expenditures and is used in calculating the dividend payout ratio), leverage ratios, balance sheet metrics, investment patterns, competitive activity, management performance and consistency, among others.

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[8] *See* Frontier Communications, *Frontier Communications to Acquire Verizon Wireline Operations in California, Florida and Texas*, slides 5, 6 (Feb. 5, 2015) ("Frontier 2015 Investor Presentation"), *available at* http://investor.frontier.com/common/download/download.cfm?companyid=AMDA-OJWDG&fileid=807528&filekey=D05E3F23-F896-4B56-AB6C-3D69DB74DBFB&filename=Frontier_Communications_to_Acquire_Verizon_Wireline_Operations_in_California_Florida_and_Texas.pdf.

[9] *Id.*, slide 4.

10. On the day the Transaction was announced, Frontier used EBITDA metrics, among other measures, to demonstrate that the agreed-upon price is favorable for Frontier. The company also explained certain projected savings, including the elimination of $525 million of Verizon corporate cost allocations.[10] The reductions come as Frontier will replicate, as of the closing, certain corporate support functions that Verizon currently provides all of the properties for various shared services, such as network operations, engineering, and information technology services, and accounting and administrative functions. These are net costs that will not transfer to Frontier upon the closing of the Transaction. Instead, Frontier will provide these services. Based upon Frontier's experience from prior integrations, it is anticipated that the incremental costs of these services are substantially less than the amount the Verizon had been allocating to these operations. Additionally, based upon currently available information, the company expects to achieve another $175 million in annualized cost savings, again as a result of managing corporate allocations and other costs, by the end of the third year of operation after closing, resulting in approximately $700 million in total annualized operating cost savings across Frontier's operations. The savings are expected to better assure ongoing availability of capital for infrastructure investment and to cover operational costs, and improved customer services and investment in the Transferring Areas.

11. The broadband business is highly capital intensive, particularly as existing networks are upgraded to meet increasing demands for broadband capacity and speeds. Acquisitions that lead to increased scale and scope provide the financial framework for the ongoing investments that are essential to deliver competitive wireline products and services.

[10] *Id. See also* Thomson Reuters Street Events, Edited Transcript, *FTR - Frontier Communications Corp to Acquire Verizon's Wireline Operations in California, Florida and Texas*, Event Date/Time: February 05, 2015 / 9:30PM GMT, p.1.

12. Frontier also anticipates that the Transaction will be 35 percent accretive to leveraged free cash flow per share in Year 1 as compared to its estimated status quo operations.[11] Major credit rating agencies expect that Frontier will be able to utilize its enhanced operating cash flows and capital resources to improve services and network facilities across its markets. For example, Moody's Investors Service ("Moody's") affirmed Frontier's corporate credit rating following the public announcement of the Transaction.[12] Moody's stated that it expects Frontier's cash flow profile to meaningfully improve following the Transaction and projects that the cash flow increase will improve Frontier's financial flexibility to invest in its network and offer services to its customers.[13]

13. The following table provides a summary of financial metrics for Frontier on a standalone and pro forma basis for the proposed Transaction, excluding certain Verizon-allocated costs that are not transferring to Frontier and including estimated full-year results for the 2014 transaction in Connecticut. The projection is for net debt to adjusted EBITDA to increase by 0.1x, while Frontier expects that the credit rating agencies will maintain the company's current debt ratings.

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[11] Frontier 2015 Investor Presentation, slide 5.

[12] *See* Moody's Investors Service, *Moody's affirms Frontier's Ba3 corporate family rating following acquisition announcement* (Feb. 5, 2015) ("Moody's Report"), *available at* https://www.moodys.com/research/Moodys-affirms-Frontiers-Ba3-corporate-family-rating-following-acquisition-announcement--PR_317954. *See also* Standard & Poor's Ratings Services, *RatingsDirect: Frontier Communications Corp. 'BB-' Corporate Credit Rating Affirmed On Purchase Of Verizon Properties; Outlook Stable*, Feb. 5, 2015. While Fitch Ratings put Frontier on negative watch, Frontier's rating at that agency is at level one notch higher than those of S&P and Moody's; *see* FitchRatings, *Fitch Places Frontier Communications' 'BB' IDR on Rating Watch Negative*, February 9, 2015.

[13] *See* Moody's Report.

Summary Frontier Standalone and Pro Forma Financials

Statistics	Pro Forma Frontier Standalone[14]	Pro Forma Frontier plus Transaction
Revenue	$5.87B	$11.66B
Adjusted EBITDA	$2.57B	$4.89B
Net debt to adj. EBITDA	3.7x	3.8x

14. CWA's assumption that Frontier will have a lower capital intensity figure of 12.9 percent post-closing[15] is based on a Bank of America equity analyst report that estimates Frontier's capital expenditures through 2018.[16] In fact, for 2014, Frontier's capital intensity was 15.6 percent when considering total capital expenditures as compared to revenue.[17] Any future capital investment activity will be based upon the facts and circumstances at that time. Frontier has consistently and publicly reiterated that the first element of its capital allocation strategy is appropriate investment in the network, as it views its network as the primary asset of the company. A strong and highly enabled network allows Frontier to provide competitive services for its residential and business customers, supporting long term revenue and EBITDA generation. Frontier recognizes that an appropriate level of capital investment – a level not merely measured in terms of a percentage of revenue – is in the best interests of all stakeholders. Further, the prospect of the upcoming Phase II of the Connect America Fund ("CAF II") – in which Frontier has indicated that it will look to maximize its share – provides for additional capacity for network investment. Therefore, based upon Frontier's strong investment track record, its statements of the importance of the network as its primary asset, the capital likely to

[14] Frontier Investor Presentation, February 5, 2015; includes full-year pro forma Connecticut.
[15] CWA Comments at 12.

[16] David Barden, Bank of America/Merrill Lynch, *Frontier doubles its size by buying VZ wireline assets*, Feb. 12, 2015.

[17] *See* Frontier Annual Report at F-6, F-8.

be provided from CAF II programs and the presentations made, CWA's fears of network underinvestment are not factually supportable.

III. FRONTIER IS FINANCIALLY COMMITTED TO MAINTAINING AND IMPROVING ITS WIRELINE NETWORKS

15. As noted above, investing in its wireline business and networks is Frontier's highest capital allocation priority. Frontier regards its capital expenditures related to expansion and improvement of broadband availability and speed as fundamental in attracting, serving, and retaining a greater number of customers. Frontier dedicates its capital expenditures to expanding wireline infrastructure, enhancing transport, and improving the capabilities of its middle-mile and data network backbone. This strategy has been successful. By the end of 2014, approximately 92 percent of the households throughout Frontier's current and often highly rural service territories had access to wireline broadband products. This figure is particularly impressive considering that only approximately 62 percent of customers in the 14 states in the 2010 transaction had access to broadband service at the time Frontier acquired them.

16. One commenter's reliance on Frontier's capital expenditures-to-depreciation ratio as a basis to measure the company's commitment to investing in broadband networks is misplaced.[18] Over the last 15 years, the communications industry has undergone significant changes that affect capital investment levels and how that investment compares with depreciation. Incumbent local exchange carriers ("ILECs") continue to report depreciation of long-lived network assets that supported traditional switched access services, while the use of switched access lines has lessened. At the same time, emerging technologies and increased competition have increased companies' emphasis on capital investments in modern technologies. ILECs, including Frontier, have committed to more efficient fiber-based networks and advanced

[18] The Utility Reform Network et al. Comments at 18-19.

electronics that often are more economical to deploy in terms of per-unit costs than those for legacy networks and related equipment. Thus, fundamental industry-wide factors provide a rational explanation for the current levels of network investment across the telecommunications industry that are less than depreciation levels. The ratio of capital investment to depreciation is a reflection of a changing customer base that can be served more efficiently with more economic, modern equipment.

IV. CONCLUSION

17. Frontier, already a financially strong company, has the financial qualifications to undertake the Transaction, which will further strengthen the company. Frontier also is financially committed to maintaining and improving its wireline networks. The proposed Transaction will therefore serve the public interest.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 28, 2015

John M. Jureller

Exhibit B

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of **Verizon Communications Inc.** and **Frontier Communications Corporation** Application for Consent to Partially Assign and Transfer Control of Domestic and International Authorizations Pursuant to Section 214 of the Communications Act of 1934, as Amended	))))))))))))	WC Docket No. 15-44

DECLARATION OF JOHN LASS

I, John Lass, hereby declare and state as follows, under penalty of perjury:

1. My name is John Lass. I am Executive Vice President, Field Operations of Frontier Communications Corporation ("Frontier"). My business address is 3 High Ridge Park, Stamford, Connecticut 06905. I was appointed to my current position in April 2015, prior to which I served as President of Central Region of Frontier since September 2010. I also have previously served at Frontier as Senior Vice President/General Manager of Frontier's former Central Region; Vice President – Integration; and Vice President, Revenue Assurance and Regional Operations. I also served as Vice President and General Manager of Citizens Utilities' Vermont Electrical Division, a former division of Frontier. I also have held a variety of operations positions in New York and the Midwest with Frontier/Citizens Utilities, GTE and Contel since I began with the Company in December 1980. I earned a B.S. in Civil Engineering from Iowa State University in Ames, Iowa and an Associate of Arts Degree from Iowa Central Community College.

2. As Executive Vice President, Field Operations of Frontier, I am responsible for managing and overseeing all field operations for Frontier. All regional field operations groups report to me, as well as Frontier's carrier/wholesale and network operations and network provisioning groups.

3. The proposed transaction (the "Transaction") in which Frontier will acquire the local wireline subsidiaries of Verizon Communications Inc. ("Verizon") in California, Florida, and Texas (the "Transferring Companies") will serve the public interest and benefit consumers. After closing, residential consumers will benefit from Frontier's world-class customer service, intense local engagement, and commitment to and focus on enhancing wireline voice, broadband, and video services to customers in the respective service areas in California, Florida, and Texas, including rural customers in those states.

4. The purpose of this declaration is to: (1) describe Frontier's business strategy of investing in its wireline networks and providing advanced broadband capabilities and high-quality customer service; (2) explain how the transition of the Transferring Companies from Verizon to Frontier will be smooth and manageable; (3) describe how the Transaction will be fair and reasonable to all affected personnel; and (4) confirm that Frontier will honor all existing customer agreements and obligations.

5. In executing the Transaction and integrating the Transferring Companies, Frontier's experiences in this type of acquisition – significantly, Frontier's 2014 acquisition of The Southern New England Telephone Company in Connecticut from AT&T (the "2014 transaction"), and Frontier's 2010 acquisition of local operations in fourteen states from Verizon (the "2010 transaction") – will help smooth and streamline the transition here.

I. FRONTIER'S BUSINESS STRATEGY FOCUSES ON INVESTING IN NETWORKS AND PROVIDING BROADBAND SERVICES AND HIGH-QUALITY CUSTOMER SERVICE

6. Frontier's business plan in the local service areas that it seeks to acquire from Verizon (the "Transferring Areas"), as in its existing service territories, is to expand access to innovative products, including broadband Internet access, and provide high-quality customer service. Wireline broadband is the core growth driver among Frontier's service offerings and is central to its business strategy and competitive success. Thus, Frontier has every incentive to invest in broadband in the Transferring Areas and plans to continue to invest across its service footprint. Customers can look to the many alternatives offered by cable, wireless (fixed and mobile), and other providers, and this competition will help drive Frontier to invest in and improve its network to keep and win customers.

7. Frontier continues to seek opportunities, such as through the Connect America Fund ("CAF") and state programs, to help expand its broadband offerings to more customers and increase the speed and bandwidth capabilities in underserved areas and unserved areas. For example, Frontier has received support from the California Advanced Services Fund ("CASF") program and has received several different CASF grants since 2009 from the California Public Utilities Commission ("CPUC"), which has helped it expand wireline broadband services in extremely rural and hard-to-serve areas in California. In early February 2015, Frontier filed with the CPUC another CASF grant application to receive 60 percent support for broadband enhancement in the Petrolia exchange near Ferndale, California. Frontier intends to continue utilizing federal and state programs, coupled with its own investment, to expand and enhance broadband service availability and performance in its high-cost rural service areas.

8. To promote and extend broadband deployment and adoption, Frontier also offers a variety of broadband services that are available both on a standalone basis and as bundled

solutions. For example, the company has introduced basic broadband service offerings on attractive terms, such as its $29.99 per month "Simply Broadband" standalone broadband service offer. Frontier uses promotional offers to further drive broadband adoption. A wide range of data services, including consumer broadband utilizing fiber-to-the-home and fiber-to-the-node architectures and business Ethernet products, are also available in certain Frontier service areas. Frontier continually evaluates the introduction of new and complementary products and services to best meet the needs of its customers.

9. Frontier also intends to integrate several Verizon customer call and care centers into Frontier's operations. The Verizon employees working in these call centers will be trained on Frontier's customer service principles (to always put the customer first), products and services, and to utilize Frontier's customer support and billing systems. The customer service representatives in the centers that transition to Frontier will respond to customer service calls in service areas Frontier proposes to acquire from Verizon and Frontier's existing service areas.

II. THE TRANSITION OF OPERATIONS WILL BE SMOOTH AND MANAGABLE

10. Upon closing of the Transaction, Frontier immediately will transition the Transferring Companies' operations and customers to Frontier's existing billing systems and operations support systems ("OSS"). These systems are scalable and will support the operations transferring to Frontier, so this approach will eliminate the need to build new OSS and billing systems from scratch.

11. Frontier has a strong record of successfully integrating acquired operations and customers. Prior to 2010, Frontier integrated a variety of telecommunications operations associated with smaller acquisitions. As part of the 2010 transaction, Frontier cut over the West Virginia OSS that were unique to that state at closing along with the operational systems used across the other thirteen states approximately one year ahead of schedule.

12. The 2010 transaction transition helpfully informs the present, much less complex one. This transaction involves fewer lines and a smaller number of states. Frontier already has in place similar OSS and billing systems and significant experience with those systems, including automation and other tools and controls used for managing accounts, orders, and relationships with both retail and wholesale customers. Frontier will be cutting the customers directly over to these systems at closing, rather than working with replicated systems for a year before the cutover as it did before. Many wholesale customers in the Transferring Areas already are Frontier customers and competitors in Frontier's existing services areas. These customers already utilize Frontier OSS and therefore will not be required to change their existing systems' interfaces to process orders, track provisioning, or manage troubles. To the extent certain wholesale customers currently do not do business with Frontier in any of its existing 28 state footprint and do not yet interface with Frontier's systems, Frontier will undertake a detailed communication and transition plan to facilitate the use of the Frontier OSS. Wholesale carriers will be provided training regarding ordering, provisioning, and managing wholesale service issues and the opportunity to conduct system interface testing prior to closing of the proposed transaction.

13. Similarly, Frontier's transition in Connecticut following the 2014 transaction overall was successful and did not result in prolonged or systemic problems. The few issues that did arise were unique to that transaction and were largely attributable to the unique aspects of transitioning AT&T's U-verse services. The circumstances in this case are different given that Frontier already has significant operational experience with systems similar to those of the Transferring Companies, including FiOS.

14. Frontier and Verizon will have a comprehensive transition plan in place that includes pre-testing the data transfer and integration process so that any problems and issues can be identified and resolved prior to the actual conversion. Frontier has enhanced its data conversion and quality assurance processes since the 2010 and 2014 transactions. Frontier intends to use its seasoned transition team, which most recently facilitated the conversion efforts in Connecticut after the 2014 transaction, and expects their experiences to provide valuable insight.

III. THE TRANSACTION WILL BE FAIR AND REASONABLE TO AFFECTED PERSONNEL

15. The Transaction will be fair and reasonable to all affected personnel in the Transferring Companies, including both union-represented and non-union employees. The Verizon employees who join Frontier will benefit from employment at a service provider that is focused on wireline communications – their area of expertise – and committed to serving its customer base and providing quality service in California, Florida, and Texas.

16. Frontier will honor all existing collective bargaining agreements applicable to the union-represented employees in the Transferring Companies who are transferring to Frontier. For non-union employees, Frontier has agreed, for no less than one year following the closing, and subject to their continued employment, to maintain at least the same rate of base salary, as well as annual bonus opportunities at the target level in effect immediately prior to closing. In addition, Frontier has agreed to provide non-union employees, for at least one year following the closing, with benefits that are substantially comparable in the aggregate to: (1) the benefits that were being provided by Verizon to such employees prior to closing; or (2) the benefits that Frontier provides to its similarly-situated employees.

17. Moreover, all employees who transfer to Frontier will receive credit under Frontier's plans for their time of employment with Verizon to the same extent it was credited under the corresponding Verizon plans. Frontier also will credit each employee with accrued but unused vacation time and certain other time-off benefits that they were entitled to at the Transferring Companies at the time of the closing. For all employees at closing who have pension benefits in Verizon designated pension plans, those pension benefits will be transferred from the applicable Verizon pension plans to corresponding plans at Frontier that are identical in all material aspects.

18. Frontier intends to utilize the existing workforce that will transfer over with this acquisition. In addition, Frontier has demonstrated that its customer service philosophy supports consistently retaining staffing levels necessary to maintain service quality. Frontier also uses a local engagement model in which Frontier general managers and other employees live locally and provide high-quality service to their friends and neighbors, and are active in their communities. Frontier intends to apply its local engagement model in the Transferring Areas and will be hiring local general managers as well as filling other positions across the states.

19. As a general matter, Frontier is committed to diversity for both its employee base and management team, and the company has strong programs to attract and hire military veterans. Frontier is also sensitive to concerns associated with supplier diversity for the Transferring Companies and will expand its diversity initiatives and embrace Verizon's supplier diversity efforts in conjunction with the proposed transaction.

IV. FRONTIER WILL HONOR ALL EXISTING CUSTOMER CONTRACTS AND OBLIGATIONS

20. Frontier will honor existing obligations, and retail and wholesale customers of the Transferring Companies will continue to receive substantially the same services on the same

terms and conditions as under existing contracts, agreements, and tariffs. Revenue commitments and volume thresholds for enterprise customers with volume and term agreements will be adjusted so that customers retain the same contractual rights after the Transaction. Following the transition, customers who maintain the volumes they currently purchase in the Transferring Areas and Verizon's remaining areas, respectively, will continue to qualify for the same volume discounts. Specifically, Frontier will adjust pro rata the volume commitments in contracts assigned to it or tariffs it adopts so that any such volume commitments in effect exclude volume requirements from states outside of the Transferring Areas. Tariffs will be amended, and other filing requirements will be satisfied and customer agreements amended, as may be necessary to restate the applicable terms, conditions and rates, including volume commitments. Consequently, customers will receive the same benefits from the existing Verizon volume discount arrangements both pre- and post-transaction.

21. Frontier will abide by its incumbent local exchange carrier obligations and will assume all Verizon wholesale agreements applicable to the Transferring Areas, including honoring the terms, conditions and rates identified in those agreements. Frontier will adhere to Verizon's Statement of Rates for Unbundled Network Elements included in interconnection agreements and there will be no change in the rates, terms or conditions of the interconnection services provided as a result of the proposed transaction. With respect to existing Verizon wholesale agreements that relate in part to service outside of the Transferring Areas, Frontier and the relevant counterparty would enter into an agreement under which those entities would continue to operate under the terms of the Verizon agreement in the respective Transferring Areas only. In the event that agreements are in evergreen status, Frontier has no plans to terminate those agreements.

V. CONCLUSION

22. Frontier intends to apply its business strategy of investing in its wireline networks, and providing advanced broadband capabilities and high-quality customer service to the Transferring Areas. The transition of the Transferring Companies will be smooth and manageable from an operational, personnel, and customer perspective. In addition, Frontier's sole focus on and investment in wireline infrastructure ensures a vibrant, competitive alternative to the existing cable and wireless providers. Accordingly, the Transaction will serve the public interest.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 28, 2015

John Lass