



Federal Communications Commission
Washington, D.C. 20554

June 17, 2015

Via Electronic Mail

William F. Maher
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Kathleen M. Grillo
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Re: Applications Filed by Frontier Communications Corporation and Verizon Communications Inc. for Assignment or Transfer of Control (WC Docket No. 15-44)

Dear Mr. Maher, Mr. Halley, and Ms. Grillo:

On February 24, 2015, Frontier Communications Corporation (Frontier) and Verizon Communications Inc. (Verizon) filed a series of applications pursuant to sections 214 and 310(d) of the Communications Act of 1934, as amended,¹ seeking Commission approval for various assignments and transfers of control of licenses and authorizations.² In order for the Commission to complete its review of the applications and make the necessary public interest findings under sections 214 and 310(d), we require additional information and clarification of certain matters discussed in the applications.

Accordingly, we request that you provide written responses for each request set forth in the attached Information Request and, where appropriate, amend the lead application to reflect such responses. In order to expedite consideration of your application, please respond to the following requests pertaining to this proposed transaction by Wednesday, July 1, 2015.

Your responses should be filed with Marlene H. Dortch, Secretary, Federal Communications Commission, under reference number WC Docket No. 15-44. The Wireline Competition Bureau also should receive, at a minimum, two copies of all filings. In addition, please keep Bureau Staff updated

¹ 47 U.S.C. §§ 214, 310(d).

² See *Verizon Communications Inc. and Frontier Communications Corporation Application for Consent to Partially Assign and Transfer Control of Authority to Provide Global Facilities-Based and Global Resale International Telecommunications Services and Transfer Control of Domestic Common Carrier Transmission Lines, Pursuant to Section 214 of the Communications Act of 1934, as Amended*, WC Docket No. 15-44 (filed Feb. 24, 2015) (Application). Applicants filed a supplement to the Application on March 6, 2015. Letter from Jennifer L. Kostyu, Counsel to Frontier, to Marlene H. Dortch, Secretary, FCC, WC Docket No. 15-44 (filed March 6, 2015).

regarding any scheduling issues associated with the proposed transaction, including the timing associated with an expected decision in the proceeding before the California Public Utilities Commission.

If you have any questions regarding this matter, please contact Dennis Johnson or Alex Johns, Wireline Competition Bureau, at (202) 418-0809 or (202) 418-1167, respectively.

Sincerely,

A handwritten signature in black ink, appearing to read 'Randy Clarke', with a long, sweeping horizontal line extending to the right.

Randy Clarke
Chief, Competition Policy Division
Wireline Competition Bureau

Attachment

Information Request—WC Docket No. 15-44

1. **Financing:**
 - a. Beyond the ordinary market risks that accompany any business transaction, are there any financial issues associated with the proposed transaction that would compromise Frontier's ability to maintain or improve its network and customer service quality?
 - b. After taking steps to finance the transaction, please provide a comparison of Frontier's anticipated debt levels to those of other, similarly sized incumbent local exchange carriers based on publically available information. In light of Frontier's new financing, what *pro forma* net debt to EBITDA ratio and debt to equity ratio are expected?
 - c. Frontier states in its Joint Opposition and Reply that it decreased its net debt-to-adjusted-EBITDA from 4.04x to 3.72x in 2014. Please explain how Frontier did this – by decreasing debt, or increasing EBITDA?

2. **OSS/transition:** The Application states that Frontier and Verizon have a plan in place “for the transition of customers, OSS, and billing systems so that neither retail nor wholesale customers will experience service, ordering, or billing disruptions.” The Applicants' Joint Opposition and Reply states that they will have a comprehensive transition plan in place.
 - a. Please provide details on this transition plan, including the level of complexity anticipated, and the scope and scale of testing the parties will conduct prior to the cutover.
 - b. Do the parties' respective OSS offer equivalent functionality, or will Frontier need to upgrade its systems in order to provide customers the same features and functions as those currently provided by Verizon? If upgrades are necessary, please indicate what changes are required, and identify the markets where they will be needed.
 - c. Will Frontier's OSS provide the same level of service to both wholesale and retail customers?
 - d. Do the parties have a plan to mitigate any customer service problems that result from the cut-over? If so, please describe it.

3. **Service Quality:** Frontier states that its local engagement model will allow it to provide high quality service in the transaction areas. Please explain:
 - a. Whether there have been service quality proceedings undertaken by the CA, FL, and TX state commissions about Verizon's network in the transaction areas in the last three years and what, if any, findings the states made.
 - b. If the states require on-going remediation efforts, will Frontier continue to implement the remediation plan after the transaction?

4. **Benefits/Broadband Investment:** Frontier states that the transaction will allow it to increase the geographic reach of its current fiber network from 14 percent to about 31 percent of its footprint. It also asserts that Verizon has made substantial capital investments in its networks and that Frontier intends to continue to invest in facilities and operations in order to increase broadband penetration and deliver speed and capacity improvements at reasonable prices in each state, including the rural areas. Please provide more detail about these statements:

- a. To how many (and what percentage of) housing units has Verizon deployed broadband in the transaction areas? At what speeds are the services available to those units?
 - b. Please identify the percentage by which Frontier expects to improve broadband deployment over Verizon's current deployment rate, including assessments of the potential data rates capable, the anticipated cost per customer to achieve the projected improvements, and the timeframe for achieving these projected improvements.
 - c. Describe what assumptions are made about providing broadband to those currently unserved by Verizon's broadband service; the extent to which Frontier has tested (or is testing) Verizon's existing infrastructure that could be used to provide fixed broadband services in the transaction market areas; and what facilities Frontier would need to construct in the transaction market areas to achieve its projected improvements in broadband deployment.
 - d. Identify what percentage of homes in the transaction market areas will be broadband enabled as a function of time, specifically, within one year after consummation of the proposed transaction. What percentage of homes does Frontier anticipate will have broadband service, within two years after consummation, three years, four years, and up to and including five years after consummation, or a different end date for which Frontier has projections?
 - e. Frontier states that it 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. Please support this statement by providing as much detail as possible describing specific expansion and enhancement plans associated with this transaction as opposed to Frontier's more general broadband plans.
 - f. Describe the extent to which Verizon did or did not have specific pre-transaction plans to expand FiOS or improve broadband service and speeds in the affected areas? Provide an overview of Frontier's capital expenditure plan post-transaction, and explain how capital expenditures are related to Frontier's ability to compete for customers.
5. **Savings:** The parties state that the transaction will "yield overall greater operational efficiencies..." and that specifically, Frontier projects \$700 million annual cost savings by year three from the consolidation of various administrative systems and functions. Please describe, in as much detail as possible, how the increased cash flow will benefit the public interest, including whether and to what levels the anticipated savings will result in shareholder dividends, network upgrades, increased broadband deployment or enhanced broadband services, and improved quality of service.