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August 26, 2015

VIA Electronic Mail

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St. SW
Washington, DC 20554

Re: *Connect America Fund*, WC Docket No. 10-90

Dear Ms. Dortch:

Pursuant to the Wireline Competition Bureau's April 29, 2015 Public Notice announcing the offers of model-based Phase II Connect America Fund ("CAF") support to price cap carriers,¹ Verizon hereby conditionally accepts the CAF offer in California of \$31,978,057 annually and the offer in Texas of \$16,576,929 annually.

As background, on February 5, 2015, Verizon and Frontier entered into a Securities Purchase Agreement ("Purchase Agreement"). Under the Purchase Agreement, Frontier will acquire all the ownership interests of certain of Verizon's subsidiaries, including Verizon California Inc. ("Verizon California") and GTE Southwest Incorporated d/b/a Verizon Southwest ("Verizon Texas"), and these companies will become wholly-owned indirect subsidiaries of Frontier (the "Transaction").² While Verizon and Frontier continue to work to swiftly obtain all necessary approvals for the Transaction, the Commission's deadline for CAF Phase II acceptance is occurring prior to Verizon and Frontier obtaining all such approvals.

Verizon's acceptance is thus expressly conditioned upon issuance and acceptance of Regulatory Approvals for the Transaction by December 31, 2015. Regulatory Approvals are the regulatory approvals required to consummate the transaction in accordance with its terms, including approval of the Transaction by the FCC and the California Public Utilities Commission. Verizon will notify the Bureau if these conditions have been satisfied.

Verizon requests that the Universal Service Administrative Company ("USAC") defer all CAF payments until Verizon and Frontier close the Transaction. Upon written notification to the Bureau that the Transaction has

¹ See *Wireline Competition Bureau Announces Connect America Phase II Support Amounts Offered to Price Cap Carriers to Expand Rural Broadband*, Public Notice, 30 FCC Rcd 3905 (Apr. 29, 2015) ("*Public Notice*").

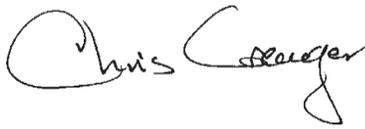
² See Verizon Communications Inc. and Frontier Communications Corporation, Consolidated Application for the Partial Assignment and Transfer of Control of Domestic and International Section 214 Authorizations, WC Docket No. 15-44 (Feb. 25, 2015).

closed, USAC would then pay Frontier the deferred CAF amounts.³ In the event that the conditions of this acceptance are not satisfied, the parties request that upon receipt of written notice from Verizon that the conditions have not been satisfied, USAC will reinstate Verizon's Connect America Fund Phase I Frozen Universal Service support in California and Texas and resume payment to Verizon of these amounts.

Consistent with the FCC's decision concerning the Connect America Fund Phase II in the above-referenced proceeding,⁴ when the conditions of this acceptance are satisfied, Verizon California and Verizon Texas commit to satisfy the associated service obligations and acknowledges that failure to meet such service obligations may result in penalties and/or enforcement actions.

We look forward to working with the Commission throughout this process in order to maximize this opportunity to deliver broadband service to rural America.

Sincerely,

A handwritten signature in black ink that reads "Chris Creager". The signature is written in a cursive style with a large initial "C" and a distinct "er" at the end.

Christopher Creager

³ Cf. *Public Notice; Connect America Fund*, Report and Order, 29 FCC Rcd 15644 ¶¶ 92-93 (2014) (allowing carriers to defer a lump sum payment until calendar year 2016).

⁴ See *Public Notice; see also Connect America Fund*, Report and Order, 28 FCC Rcd 7211 ¶¶ 23-29 (adopting procedures for price cap carriers to accept Phase II support via the state-level commitment).