Ex Parte

CWA Proposed Non-Financial Conditions – Verizon/Frontier Transaction

CWA believes that the proposed merger fails to meet the requirements of the law and should be rejected. If, however, the Commission approves the transaction, the CWA urges the Commission to adopt conditions that would at least ameliorate some of the most serious risks of the transaction:

BROADBAND

- **By 2015, 80 percent of consumers covered by the transaction shall have the ability to receive 50 mbps downstream and 20 mbps ~~down~~upstream.**
- **Within three years of the Transaction Closing date, 100 percent of the lines in the transaction territory should be capable of 4 mbps DSL service, and 85 percent of lines should be capable of 7 mbps DSL service.**
    - Verizon should place funds in an escrow account that will allow 100 percent broadband availability. The funds should only be returned to Verizon upon verifiable attainment of DSL availability milestones in the transaction area. A suggested sequence of annual milestones aimed at guaranteeing broadband availability to100 percent of the transaction territory within three years should be:
        - Within one year of the Transaction Closing Date, 75 percent of the lines in the transaction territory should be capable of carrying DSL service at 4 mbps download speed.
        - Within two years of the Transaction Closing date, 90 percent of the lines in the transaction territory should be capable of 4 mbps DSL service, and 75 percent of lines should be capable of 7 mbps service.
        - It is only after each milestone is achieved that Verizon would have a portion of the Escrow funds returned. If the milestones are not met, the funds would be turned over to Frontier.
- **Verizon should license its FiOs platform for use in all Frontier service areas (just as we believe it has done in Oregon, Washington, Indiana, and South Carolina).**
- **Job commitments as part of the public interest.** Frontier claims unprecedented synergies for a deal of this size – two times bigger than any other. In past merger reviews, the Commission has recognized commitments to maintain or grow jobs as a significant public interest benefit related to service quality and investment. Frontier has made inadequate commitment to maintain or grow jobs. The $500 million in synergies that it projects means job cuts.

WEST VIRGINIA CUTOVER

- Restructure the transaction so Verizon cannot leave until Frontier achieves a full conversion to its own operating systems.
- Require a third-party audit of the cutover *before* it occurs and on-going Commission oversight, and independent testing, of that process.
- Require Frontier to allocate sufficient resources in West Virginia to coincide with the time that cutover occurs so that Frontier is able to handle any possible spikes in customer calls and complaints.
- Require Frontier to provide a report to the Commission outlining its plans, which would be subject to the Commission's review and approval before the cutover could occur.

SYSTEMS INTEGRATION

- Frontier shall submit an integration plan to the Commission at least 180 days before the integration occurs.

SERVICE QUALITY

- Verizon should establish a Service Quality Incentive Escrow Fund that would cover two years' worth of penalties for failure to meet service quality benchmarks in the states.
- The Commission should establish retail Service Quality requirements with penalties for missing the Commission's benchmarks.