

**MEMORANDUM OF UNDERSTANDING AND AGREEMENT BETWEEN
FRONTIER COMMUNICATIONS CORPORATION AND
CALIFORNIA EMERGING TECHNOLOGY FUND**

By their authorized representatives, and intending to be legally bound, Frontier Communications Corporation ("Frontier") and the California Emerging Technology Fund ("CETF") enter into this Memorandum of Understanding and Agreement ("MOU") dated October 23, 2015.

All the terms of this MOU are expressly contingent upon the consummation of the Transaction set forth in the February 5, 2015 Stock Purchase Agreement attached as Exhibit 1 to the Joint Application filed In the Matter of the Joint Application of Frontier Communications Corporation, Frontier Communications of America, Inc. (U 5429 C) Verizon California Inc. (U 1002 C), Verizon Long Distance, LLC (U 5732 C), and Newco West Holdings LLC for Approval of Transfer of Control Over Verizon California Inc. and Related Approval of Transfer of Assets and Certifications (A.15-03-005) ("Transaction").

This MOU reflects additional commitments that Frontier has agreed to make provided that the Transaction is consummated, and reflects CETF's agreement that, based on those commitments, the concerns expressed in CETF's pleadings, testimony, and appearances regarding the Transaction have been resolved. To the extent that Frontier's or CETF's previous positions are inconsistent with this MOU, those positions are hereby modified in accordance with the terms set forth herein.

RECITALS

1. Frontier and CETF are entering into this MOU to ensure that there are tangible public benefits derived from the Frontier acquisition of the Verizon wireline network in California. CETF is a legal party in the proceeding (Application 15-03-005) before the California Public Utilities Commission (CPUC).
2. The mission of CETF is to close the Digital Divide in California by accelerating broadband deployment and adoption. CETF provides leadership to promote public policy to close the Digital Divide and to facilitate consensus among stakeholders to achieve results. CETF collaborates with Regional Consortia, local governments, and civic organizations to identify opportunities to support broadband infrastructure construction. CETF partners with community-based organizations (CBOs) throughout California that are experienced in reaching disadvantaged populations in-culture and in-language to increase broadband adoption among low-income households. CETF is focused on results and has a track record of performance with transparency and accountability.
3. CETF actively supports the promulgation of public-private partnerships as a public policy foundation for closing the Digital Divide by harnessing the discipline and innovation of the private sector with the expertise and cultural competency of those working on behalf of the public sector as "trusted messengers" to reach disadvantaged populations. A public-private partnership is characterized by partners reaching agreement on goals, jointly developing an action plan to achieve explicit outcomes, and working together continuously to implement the plan with mutual accountability for results.

4. CETF and Frontier are joining forces to work together in collaboration with other stakeholders and CBOs in the true spirit of a public-private partnership with the intent to make a significant contribution to closing the Digital Divide in California. Frontier and CETF further agree that the overall goal regarding broadband adoption should be to get as many low-income households as possible online with high-speed Internet access at home in the shortest amount of time with the least cost. It is with this shared commitment that Frontier and CETF are pursuing innovative approaches to increasing broadband adoption.

5. CETF also has acknowledged in filings to the CPUC the value and unique circumstance of Frontier bringing wireline deployment expertise to California to reach unserved and underserved communities. CETF further recognizes that Frontier's commitment to specific broadband infrastructure projects is a significant public benefit that complements its contribution to broadband adoption.

6. CETF and Frontier have worked together to delineate a framework that meets the CETF objective for determining public benefits that are "appropriate, fair and comparable."

7. To ensure that this agreement is being entered into to further the public interest for broadband deployment and adoption, CETF shall receive no funds or other contributions from Frontier.

8. CETF and Frontier agree that time is of the essence. California households without broadband access or the ability to afford high-speed Internet service at home are being left behind at an accelerating pace. Therefore, the commitments herein are being implemented with all deliberate speed consistent with appropriate planning and prudent business practices to ensure success.

9. Frontier is committed to provide broadband access to as many consumers as possible, whether on an individual subscription basis or in a public environment that allows concurrent users to access the internet. In order to address the digital divide, there are 4 areas of opportunity to develop and implement:

a. Broadband is available across as much of the Frontier/Verizon footprint as reasonably possible.

b. Network performance addresses the customer need, low-income or otherwise.

c. Broadband adoption includes access, education, tools, and service levels.

d. Community partnerships are developed and maintained with non-profit organizations, including schools and libraries, in order to establish the knowledgeable and trusted messenger vehicle within the community.

COVENANTS

1. Frontier and the California Emerging Technology Fund (CETF) will work together to address the need to bring broadband service to low-income households in California.

2. Frontier supports the expected FCC-mandated Lifeline broadband program. Upon commencement, Frontier will adhere to all program guidelines and application processes. Frontier will provide training to all customer service representatives who support California. Frontier will continue to support the Lifeline voice program.

3. As with the current Lifeline voice program, Frontier will message the availability of the Interim Low-Income Broadband program across all of the communities served no later than July 1, 2017 (and will do the same for the FCC Lifeline broadband program when enacted and available). In fact, the Lifeline voice program will remain the foundation during the offer of the Frontier Interim Low-Income Broadband Program.

4. Described below is the Frontier Interim Low-Income Broadband Program that will be offered to Frontier Lifeline voice customers. Interim Low-Income Broadband Offer – Only for Frontier wireline Customers (in footprint) who are or become qualified participants in either the California Lifeline or the Federal Lifeline programs (as an efficient mechanism and reasonable criteria to determine eligibility) and have selected Frontier as their Lifeline service provider:

- \$13.99/month for the low-income broadband service (which is a new affordable product for the Verizon service area and an improved product in the Frontier legacy service areas), available only to Lifeline voice customers, existing or new customers.
- Frontier shall not require any more information from applicant than is required for the California LifeLine program.
- Up to 7 megabytes per second (Mbps) downstream where 7 Mbps is available and the highest available upstream speed. If less than 7 Mbps service is available, Frontier will provide the highest available downstream and upstream speeds of service.
- Free Installation.
- Free Modem with wireless router.
- Assistance by Frontier trained customer representatives or designated third parties to educate and sign up for California and/or FCC Lifeline program.

5. Frontier agrees that the low-income household population expands across the Verizon California operating areas. There are approximately 3 million Verizon households in the to-be-acquired areas. The 3 million households make-up approximately 18 percent of the households in California. Currently, there are approximately 150,000 Lifeline wireline voice customers in the Verizon footprint who have selected Verizon wireline as their Lifeline provider. The approximate 150,000 Lifeline voice customer base is the result of approximately 30 years of the Lifeline program availability. The Federal Lifeline wireline voice program commenced in 1985. To participate in the Federal Lifeline program, consumers must either have an income that is at or below 135% of the federal Poverty Guidelines or participate in one of the following assistance programs: Medicaid; Supplemental Nutrition Assistance Program

(Food Stamps or SNAP); Supplemental Security Income (SSI); Federal Public House Assistance (Section 8); Low-Income Home Energy Assistance Program (LIHEAP); Temporary Assistance to Needy Families (TANF); National School Lunch Program's Free Lunch Program; Bureau of Indian Affairs General Assistance; Tribally-Administered Temporary Assistance for Needy Families (TTANF); Food Distribution Program on Indian Reservations (FDPIR); or Head Start (if income eligibility criteria are met).

6. Frontier will work with CETF to develop the plan to inform eligible and prospective customers, including the content of the communications and information materials. Frontier will make the final decisions with regard to customer communication content. Frontier shall continue to promote, offer and support the FCC Broadband Lifeline Program in its service areas as long as such a program is authorized by the FCC. Frontier shall report quarterly to the CETF executives, as selected by the CETF President and CEO on the progress being made in enrolling eligible low-income households. Frontier understands the importance of ensuring a low-income offering is available and accessible, and therefore shall place media buys with ethnic and community print and broadcast media shown to be effective in reaching the target populations in-language. Frontier may seek the advice of the Consumer Advisory Board in selecting media vendors.

7. Frontier will accept the Connect America Fund (CAF) II obligations and funds in California. If the transaction is approved, Frontier will have access to approximately \$32 million annually for six years from Verizon California to upgrade approximately 77,402 locations in California. The obligations under CAF II are significant and Frontier will bear the risk and expense associated with fulfilling the CAF II requirements beyond the specific funding provided through the program. Additionally, and separate from CAF II, Frontier is committing to augment the broadband speed for 250,000 households in the Verizon California service areas to support speeds of 25 Mbps downstream and 2 Mbps upstream by 2020. Frontier also commits to deploy broadband to an additional 100,000 households at 10 Mbps downstream and 1 Mbps upstream in selected areas across the Verizon footprint. This is yet another important consumer benefit of the Transaction in that 100,000 households that currently do not have access to broadband with Verizon California or access to adequate broadband speed, will have the ability to receive these services from Frontier by 2020.

8. Frontier is prepared to deliver broadband access as available to as many users as possible located in the current Frontier footprint, including the Counties located in the Northeast area of California. This will include a comprehensive network assessment of the following Counties: Modoc, Shasta, Lassen, Plumas, Siskiyou, and Tehama. In addition to these counties benefiting from CAF II support accepted by Frontier, Frontier will deliver broadband to an additional 7,000 unserved households at speeds of 10 Mbps download and 1 Mbps upload in Frontier's legacy California service areas.

a. A method of providing broadband is via Frontier Satellite Broadband, in partnership with Hughesnet. In very rural areas where a network build-out is constrained due to the high cost per household (and where it falls outside of the FCC census block guidelines), and line-of-sight conditions are acceptable, Frontier will offer a satellite broadband product that allows 5 Mbps to 15 Mbps download speed. This is a Hughesnet product, therefore the product attributes are controlled by Hughesnet.

b. To promote the availability and product attributes, Frontier will offer a free installation, plus the first month free to new subscribers.

c. Frontier shall be available to provide more detailed information about the Hughesnet partnership to CETF, Regional Consortia, elected county and city officials, and other regional and community stakeholders by November 30, 2015 in order to allow them to evaluate this service and to provide feedback to Frontier regarding the extent to which the Hughesnet service addresses may address the needs of unserved and underserved households. CETF accepts the responsibility to schedule this meeting. Frontier will send knowledgeable executive(s), but is not responsible to schedule or attend additional meetings to discuss the Hughesnet opportunity.

9. In very rural areas where network build is too costly, and where the FCC's Very High Cost CAF support is not yet available, Frontier and CETF will identify by April 2017 fifty (50) public locations to install broadband so users may access the internet under the guidelines communicated by such a public entity. Frontier also understands that there may be very low-income urban neighborhoods where available low-income broadband offers are beyond the financial means of certain households. In these areas, Frontier and CETF in consultation with CBO partners will evaluate whether and where to further use the commitment of Frontier for the 50 public locations in low-income urban neighborhoods to encourage broadband adoption.

a. In the spirit of recognizing that 27% of those with no internet access in California connect to the internet from another location (CETF 2015 Field Poll survey, named Internet Connectivity and the Digital Divide in California Households), Frontier will work with CETF to identify and build no less than 50 public locations across low-income areas (as defined by the U.S. Census data) to ensure that no less than 1,250 concurrent users can access the internet at speeds no less than 10 Mbps down and 1 Mbps up across these 50 public Wi-Fi locations. CETF agrees that these public broadband locations will only be deployed in locations with existing sufficient transport capacity to access the Internet and Frontier will not be required to construct or expand backhaul capacity. Frontier will complete the identification, design and deployment of at least ten (10) of the 50 public broadband locations by January 2017.

10. Frontier shall work with CETF to co-convene and meet with the Regional Consortia, elected county and city officials, and other regional and community stakeholders in the six (6) Northeast counties no later than July 1, 2016 to present the framework of a plan to reach as many of the unserved and underserved households in the 6 counties. Frontier shall rely upon both the CPUC data and feedback from the participants to identify unserved and underserved households. This analysis will be informed by the FCC CAF II build obligations. As has been communicated to Frontier, CETF has a priority focus on considering unserved and underserved households along the following corridors: Highway 299 east from Redding to Alturas; Highway 139 from Alturas to Susanville; and Highway 36 from Susanville to Red Bluff. CETF accepts the responsibility to schedule this meeting. Frontier will send knowledgeable executive(s), but is not responsible to schedule or attend additional meetings to discuss the plan for the six Northeast Counties noted.

11. Frontier shall communicate with CETF, Regional Consortia, elected county and city officials, and other regional and community stakeholders in their service

areas to present the framework of a plan no later than October 31, 2016 to upgrade the 77,402 locations, augment the broadband speed for 250,000 households, and deploy broadband to an additional 100,000 households. A more detailed plan will be shared on or before December 1, 2016. Frontier will make the final determination regarding locations for broadband deployment. However, the purpose of this commitment is to ensure clear communication from Frontier regarding the Frontier implementation of this commitment. CETF shall assist Frontier in securing cooperation from local officials and permitting agencies to achieve the deployment to the 100,000 households as soon as reasonably possible. Frontier will provide an analysis of the difference in consumer experience and cost between 1 Mbps and 3 Mbps upstream to inform regulators (CPUC), policymakers, CETF, Regional Consortia, elected county and city officials, and other regional and community stakeholders.

12. Frontier is knowledgeable and has experience seeking funding and deploying broadband facilities through the California Advanced Services Fund (CASF) program. Frontier understands the importance of adequate funding of CASF and will work with CETF and Regional Consortia to establish future goals and authorized funding for CASF through Assembly Bill (AB) 238 and/or other appropriate legislative bills.

13. Frontier will continue to offer the existing broadband products in the Verizon service area for at least one year.

Network performance addresses the customer need, low-income or otherwise.

14. Frontier is acquiring, based upon the approval by the CPUC, a network with variable speed attributes across the Verizon footprint. Upon operation commencement, Frontier will maintain the speed attributes acquired and begin identifying network opportunities for enhancement prioritization. A team of no less than 50 field representatives will be focused solely on the purpose of identifying network issues, including upgrade needs, prioritization, and the development of the plan.

Broadband adoption includes access, education, tools, and service levels.

15. Frontier will implement an Interim Low-Income Broadband program for customers who are or become qualified participants in either the California or the FCC Lifeline program and have selected Frontier as their Lifeline service provider.

16. There are 3 areas of broadband adoption to address:

a. Broadband is available either in the private dwelling (home or business) or in a public environment (schools, libraries, community gathering locations).

b. Broadband users have a web-capable device in their hands, utilizing a public-private partnership(s) within the communities.

c. Education and training to ensure understanding about the device, content available, and how to access the internet.

17. Frontier agrees to broadly market the Frontier Interim Low-Income Broadband program and the FCC's Lifeline broadband program, when each is available. Frontier agrees that over a period of three (3) years, the target of 200,000 enrolled Lifeline broadband customers is an aspirational target CETF and Frontier will endeavor with sincere commitment and in good faith to achieve.

18. Frontier's "interim" affordable stand-alone broadband rate of \$13.99 per month will be all inclusive (no additional fees, except local, state, and federal taxes), provide a speed of up to 7 Mbps download and available to Frontier customers that participate in the existing Federal or California Lifeline voice program and select Frontier as their Lifeline service provider. This offer will remain in effect until the FCC enacts a Broadband Lifeline Program and it becomes effective with sufficient time to transition "interim" affordable broadband customers to the FCC Program without undue disruption or hardship to the existing customer. Further, Frontier customers on the affordable rate shall have that rate, pending the transition to the new FCC Lifeline broadband program. The affordable offer will not require a long-term contract or credit check.

19. Frontier and CETF will outreach to potential community-based organizations (CBO) partners regarding consumer outreach with the aspiration goals of achieving as much of the 200,000 low-income adoptions in the shortest-possible timeframe with the aspirational goal being no longer than three years. Frontier and CETF in consultation with CBO partners will develop a mutually-agreed upon plan no later than June 30, 2016 to achieve broadband adoption by 200,000 low-income households. CETF partners may include Youth Policy Institute, Southeast Community Development Corporation, Humboldt State University California Center for Rural Policy, EveryoneOn, United Ways of California, Radio Bilingue, California Foundation for Independent Living Centers, YMCA of Greater Long Beach, The Stride Center, Chicana Latina Foundation and Latino Community Foundation, and others with deep experience and a track record of achieving broadband adoption. CETF will select the CBO partners and implement a grant agreement, including performance accountability standards related to achieving the aspirational goal of 200,000 low-income households adopting broadband service, with each of the CBO partners. The results will be reported quarterly to Frontier.

20. Across the defined low-income areas, Frontier will fund the purchase of 50,000 web Wi-Fi capable tablets, each of which will be Wi-Fi capable to connect to a public internet service or private Wi-Fi and support low-income broadband service, as part of the adoption initiative, over a two (2) year period. These web Wi-Fi capable devices will be processed and distributed by non-profit organizations as part of a public-private partnership program initiated by Frontier in collaboration with CETF and partners. Frontier recognizes that a significant number of households with internet access do not subscribe due to the lack of a computer or smart phone. (CETF 2015 Field Poll survey, named Internet Connectivity and the Digital Divide in California Households). For the purposes of this MOU, "WiFi" means a Managed Wi-Fi Data service (or Wireless LAN service) which utilizes the 802.11b/g/n/ac specifications. The service operates within the 2.4 GHz and 5 GHz unlicensed spectrum bands (ISM bands).

21. The web capable devices will be available to all eligible households within the Frontier service areas but may be distributed to both Frontier and non-Frontier customers who subscribe to broadband service at home. The non-profit partner will provide the administration process and ensure that the web capable devices are distributed consistent with the plan developed by Frontier, CETF and partners within the

guidelines of the non-profit's program and within the territory served by Frontier. The purpose of this program is to facilitate broadband adoption with the aspirational goal of achieving broadband adoption by 200,000 low-income households with an affordable offer, and an emphasis on outreach to the youth, people with disabilities, and elderly located in low-income defined areas.

22. The 50,000 Internet-enabled devices will be distributed over a two (2) year period, beginning in July 2016 and will be considered for purposes of achieving the aspirational goal of 200,000 low-income households adopting broadband service. Devices will have the functionality to access the internet and be compatible with the needs of students, aligned with technology programs of major school districts in the Frontier service areas, and capable of helping prepare students for Smarter Balanced Assessment System (SBAC) testing. Thus, Frontier shall consult with CETF and selected community-based organization partners on the specifications and distribution of the devices.

Community partnerships are developed and maintained with non-profit organizations, including schools and libraries, in order to establish the knowledgeable and trusted messenger vehicle within the community.

23. The public-private partnerships, focused on the distribution of the tablets and broadband adoption, will be developed by CETF and CBO partners, and will be selected by CETF. As examples of potential public-private partnerships:

- Frontier is interested in a partnership with the Youth Policy Institute (YPI), utilizing its existing knowledge and outreach programs to effectively communicate and deploy broadband outreach to the Promise Neighborhoods that are located within the Verizon Southern California footprint. CETF will work with selected community and non-profit organizations to develop and improve broadband adoption to low-income areas, partnering with YPI, or a similar non-profit organization, with selection the responsibility of CETF.
- Frontier is interested in a partnership with Humboldt State Foundation, utilizing its existing knowledge and outreach programs to effectively communicate and deploy broadband outreach to low-income residents who are located within the Verizon Northern California footprint. CETF will work with selected community and non-profit organizations to develop and improve broadband adoption to low-income areas, partnering with the Humboldt State Foundation, or a similar non-profit organization, with selection the responsibility of CETF.

24. If YPI, Humboldt State Foundation, and/or other selected non-profit organizations are able to participate at the level needed, CETF will work with each organization to develop a plan, with the Frontier program 'white labeled' as a Frontier and "non-profit" program.

- Work via YPI, Humboldt State Foundation (or other CETF recommended organizations, including schools, libraries, and non-profit organizations to serve as "trusted messengers") and partners to execute the Frontier program.
- Develop a workshop program to ensure Low-Income Customers can operate the basic functions on the Wi-Fi capable tablet, access websites, and access certain applications, funded via Frontier partnerships. Frontier will take the

lead to identify and solidify funding, up to \$3,000,000 to be available through grants to CBOs to support activities to accomplish specific goals for broadband adoption (as part of achieving 200,000 adoptions by low-income households). Frontier and CETF along with CBO partners may solicit additional funds from charitable foundations and other sources if necessary to augment the Frontier contributions to support broadband adoption.

25. Once the FCC's Lifeline broadband program commences, and starting with the approximately 150,000 current Lifeline voice customers in the Verizon California footprint Frontier will commit to work with the Federal Communications Commission (FCC) on revisions to the Lifeline Program, to support broadband to low-income households. This will be a nationwide program with consistent rules regarding customer qualifications and a uniform application process.

- Frontier will adopt the FCC's Lifeline Broadband Offer and communicate proactively across California, starting with the 150,000 current Lifeline 'voice' Customers who have access to broadband.
- As broadband is expanded, based upon access to the second round of CAF II, the FCC Lifeline broadband service will be communicated.

Year 4 and beyond

26. Frontier remains committed to bring broadband accessibility to as many households in California as reasonably possible. We have shown the understanding and commitment to access federal and statewide funds over the years and this will continue. Frontier has also invested heavily across the operating areas, including the VZN properties acquired during 2010.

27. At the end of three years, Frontier will meet with the CETF executives to discuss progress and the plan going forward. It is our intent to continue the network improvement, provide broadband to additional unserved households, and provide the programs that will improve broadband adoption, with an emphasis on broadband adoption in the low-income defined areas of California served by Frontier.

Other agencies focused on network development and enhancement

28. Frontier agrees to meet with FirstNet on the emergency response network.

29. Frontier already participates in CENIC, K-12 and other programs bringing network connectivity to educational facilities. Frontier will continue to pursue other projects in the Verizon California footprint.

30. Frontier shall engage with the California Telehealth Network (CTN) and invite CTN (in addition to CENIC and K-12HSN) to stakeholder meetings. CTN may be a valuable partner for purposes of driving broadband adoption.

Frontier Consumer Advisory Board

31. Frontier will establish a Frontier Consumer Advisory Board of 12 members selected by Frontier executives. CETF will have one seat on the Board, to be nominated by CETF. A non-profit organization (a CBO) designated by CETF from among the CBO partners will have one seat on the Board, to be nominated by CETF. This is an unpaid position, but the quarterly Board meetings will include travel expense (within California) and a per diem for the CETF representative and the CETF-designated CBO representative.

Reporting

32. Outreach, Broadband Adoption, CAF II build-out progress will be reported quarterly to the Frontier Consumer Advisory Board. Frontier Region President will meet with the CETF CEO/President on a quarterly basis.

Other

33. Frontier recognizes the importance of leadership continuity as it relates to this Agreement, and will consult with CETF on a transition plan will be developed between Frontier and CETF to help ensure the initiatives continue without pause should a leadership change occur.

Miscellaneous

34. The agreements, representations, and covenants herein are expressly contingent upon consummation of the Transaction. Should the Transaction not be consummated for any reason, this MOU will be void and the representations herein will have no effect on the Parties.

35. Provided that the Transaction is consummated, Frontier agrees to fulfill the commitments presented herein.

36. CETF agrees that the commitments made in this MOU resolve any and all issues presented in CETF's pleadings, comments, testimony, appearances, correspondence, or other representations in connection with this Transaction and the Commission's review of this Transaction in A.15-03-005.

37. Frontier and CETF agree that the terms of this MOU replace and supersede any representations that are inconsistent with these terms, whether presented in formal comments, testimony, pleadings, appearances, correspondence, or any other informal or formal submissions in connection with this Transaction or the Commission's review of this Transaction in A.15-03-005.

38. CETF agrees to support the approval of the Transaction subject to the commitments identified herein. CETF agrees that commitments made herein resolve its concerns regarding the Transaction.

39. This MOU constitutes the entire agreement between the Parties in this proceeding, and this agreement expressly supercedes any prior agreements, without limitation, relating to the Transaction or the Commission's review of the Transaction.

40. Both parties were represented by counsel in connection with this MOU and the MOU is the product of mutual negotiation and drafting amongst the Parties.


41. This MOU will be interpreted and enforced pursuant to California law.

42. This MOU may be executed in counterparts.

Executed by:


California Emerging Technology Fund

Dated: October 23, 2015

By: 
Sunne Wright McPeak
President and CEO
California Emerging Technology Fund

Frontier Communications Corporation

Dated: October 23, 2015

By: 
Melinda White
Area President – West Region
Frontier Communications Corporation