

**ATTACHMENT 1**  
**INTERVENOR TESTIMONY OF**  
**SUNNE WRIGHT MCPEAK, PRESIDENT AND CEO,**  
**CALIFORNIA EMERGING TECHNOLOGY FUND**  
**Application 24-10-006**  
**Submitted May 1, 2025**

My name is Sunne Wright McPeak. I am the President and CEO of the California Emerging Technology Fund (CETF). CETF is a statewide non-profit organization established by this Commission in 2006. The CETF mission is to close the Digital Divide, promote Digital Inclusion, and achieve Digital Equity by accelerating the deployment and adoption of broadband.

I have served as President and CEO since December 2006. I supervise and direct all public policy initiatives of CETF. I have more than 18 years of experience in broadband-related issues and programs in California. Through the years since its establishment, CETF activities have positioned California as a national leader in advancing Digital Infrastructure deployment and Digital Equity as a 21<sup>st</sup> Century Civil Right, developing and launching groundbreaking initiatives such as the Digital Literacy Executive Order S-06-09,<sup>1</sup> School2Home Initiative,<sup>2</sup> California Telehealth Network,<sup>3</sup> *Get Connected! California* to enroll eligible households into the federal Affordable Connectivity Program (ACP),<sup>4</sup> and the Digital Equity Bill of Rights (AB414 – Reyes).<sup>5</sup> As a subject matter expert, my organization routinely has provided recommendations on broadband issues to the Governor's Office, the Legislature, local governments, Regional Broadband Consortia (RBCs), and to this Commission in dockets impacting broadband service, including but not limited to the California Advanced Services Fund, Federal Funding Account, LifeLine, and Commission proceedings involving various corporate transactions impacting broadband providers.

By state law authored by then-State Senator Alex Padilla, CETF is a member of the California Broadband Council, which was established by Senate Bill 1462 in 2010 to promote broadband deployment in unserved and underserved areas of the state as defined by the Public Utilities Commission and broadband adoption throughout the state. The California Broadband Council identifies state resources, encourages public and private partnerships, and recommends strategic policy to establish effective structures for providing world class high speed Internet access throughout California. Pursuant to Governor Newsom's "Broadband For All" Executive Order N-73-20 (August 14, 2020)<sup>6</sup> and subsequent Action Plan,<sup>7</sup> CETF is responsible for working in collaboration with other Council members to promote affordable broadband service and get online all low-income households: The Executive Order directs:

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<sup>1</sup> S-06-09 Information and Communications Technologies (ICT) Digital Literacy (issued 05/28/2009) – The Governor's Executive Order establishes a California ICT Digital Leadership Council, Advisory Committee, and sets the Action Plan for each. It also directs the California Workforce Investment Board to develop a technology literacy component to its strategic plan. <https://cdt.ca.gov/policy/executive-orders-related-to-it/>

<sup>2</sup> <https://school2home.org/>

<sup>3</sup> <https://www.caltelehealth.org/>

<sup>4</sup> <https://www.internetforallnow.org/events/get-connected-california-2/>

<sup>5</sup> <https://legiscan.com/CA/text/AB414/id/2814798>

<sup>6</sup> <https://www.gov.ca.gov/wp-content/uploads/2020/08/8.14.20-EO-N-73-20.pdf>

<sup>7</sup> <https://broadbandforall.cdt.ca.gov/progress-tracker/>

"The California Emerging Technologies [sic] Fund is directed to continue promoting affordable home Internet service offers to recipients of the National School Lunch Program." The subsequent Broadband For All Action Plan (pursuant to the Executive Order) states in Action #16:

Promote affordable broadband services and devices

16. Partner with internet service providers to promote, track, and publicly report the progress of adoption of affordable internet services and devices throughout the state.

- a. Request providers to develop multi-language marketing materials for distribution to under-adopting communities and support dissemination by leveraging existing public programs and campaigns, such as: CalFresh, Department of Motor Vehicles (DMV), CalWorks, Covered California, public libraries, public housing, and the National School Lunch Program (NSLP), investor-owned utility CARES and Energy Savings Assistance (ESA) programs.
- b. Develop tools for low-income individuals and service organizations to identify and subscribe to affordable broadband plans easily.
- c. Continue promoting affordable broadband and device offers to:
  - I. Recipients of the National School Lunch program
  - II. Public library patrons

Key Parties: California Department of Technology, California Public Utilities Commission, California Emerging Technology Fund and California State Library with support from all departments listed above, providers, manufacturers, and local government."

From 2003 to 2006, I served as Secretary of the California Business, Transportation and Housing Agency, and was responsible for 42,000 employees and a budget in excess of \$11 billion. For three years prior to my state service, I served for seven years as President and CEO of the Bay Area Council, an employer-led policy organization addressing regional economic prosperity issues. Prior to that I served as President & CEO of the Bay Area Economic Forum, a public-private partnership between the Bay Area Council and the Association of Bay Area Governments. I also served for more than 15 years on the Contra Costa County Board of Supervisors and was President of the California State Association of Counties in 1983-1984. I hold a B.A. in an Individual Major (International Medicine) from the University of California, Santa Barbara, and a Master of Public Health in Health Education and Medical Care Administration from the University of California, Berkeley. My resume is attached hereto as **Exhibit 1**.

**CETF Comments on Issues**

In the Assigned Commissioner's Scoping Memo and Ruling requesting Additional Information and Ruling on Oral Motion, dated January 13, 2025, the Assigned Commissioner set forth six issues to be considered by the Commission as it reviews this proposed transaction. The purpose of the CETF testimony is to address the issues in the proceeding. CETF reserves the right to address other issues as they evolve if we did not address them in this Opening Testimony.

- I. **Does the proposed transaction satisfy the requirements of Public Utilities (PU) Code Section 854(a)?**

1           CETF agrees that Section 854(a) requires this Commission’s preapproval for this corporate  
2 transaction. The Joint Applicants have submitted an application for Commission approval for the  
3 transaction and has not indicated any intention to close on the transaction prior to mandatory  
4 Commission approval. So long as there are Commission-ordered conditions to ensure broadband  
5 deployment at minimum speeds to each Frontier household, Digital Inclusion programs, Tribal  
6 consultations, affordable rate plans such as Lifeline and a Home Internet Lifeline Program for six  
7 years, and post-transaction monitoring to ensure compliance, CETF supports approval of the  
8 Application.

9           CETF urges the Commission to adhere to the schedule contained in the Assigned  
10 Commissioner’s Scoping Memo and Ruling Requesting Additional Information and Ruling on Oral  
11 Motion (Scoping Memo), dated January 13, 2025. If Frontier is in financial difficulty and cannot  
12 further expand its broadband infrastructure upgrades beyond its prior commitment made in its  
13 2015 Restructuring Decision, it is in the public interest to approve the transaction with the above-  
14 mentioned conditions to allow Verizon to purchase Frontier in order to provide financial stability  
15 and additional assets to Frontier. However, as noted, any approval must be conditioned on specific  
16 and firm commitments by Applicants to ensure public benefits that are “appropriate, fair and  
17 comparable” to prior corporate consolidations beyond network upgrades, including significant  
18 Digital Inclusion programs, Tribal commitments, and specific commitments to infrastructure  
19 upgrades to bring broadband to every unserved and underserved household in the service territory  
20 of Frontier. CETF will discuss what specific commitments it believes is required, based on prior  
21 Commission precedent in similar cases.

22           **II. Does the proposed transaction satisfy the requirements of PU Code Section 854(b)?**  
23           **Does it provide short-term and long-term economic benefits to Frontier’s customers?**  
24           **Does it adversely affect competition?**

          In considering whether the proposed transaction satisfies the requirements of Public  
Utilities Code Section 854(b), CETF recommends that the Commission approve the proposed  
transfer of control but only if the evidence shows that the consolidation will result in significant  
short-term and long-term economic benefits to Frontier’s California consumers that will outweigh  
any detriments of the consolidation. In past communications transactions, this Commission has  
carefully reviewed short-term and long-term economic benefits of the proposed consolidations. It  
has approved conditions that have improved broadband infrastructure deployment and quality of  
service goals, in addition to other types of benefits, such as emergency response, affordability, and  
programs to bring low-income and disadvantaged households online or become digitally literate.

          As this Commission considers what short-term and long-term economic benefits it desires  
to see as a result of this important consolidation, CETF recommends that the primary economic  
long-term benefit requirement should be a clear path of investment commitments by Verizon to  
bring reliable and affordable voice service *and broadband service* at minimum broadband speeds to  
every household in the Frontier service areas. Statewide broadband deployment is a goal set by  
the Governor, the Legislature and this Commission. With the wealth of state and federal  
infrastructure grant programs in recent years – Connect America Fund (CAF II), Rural Digital  
Opportunity Fund (RDOF), Infrastructure Investment and Jobs Act’s Broadband Equity Access and  
Deployment (BEAD) program, American Rescue Plan Federal Funding Account, and the California  
Advanced Services Fund – CETF would think that the Digital Divide as to infrastructure for every

1 household in the Frontier service area would be resolved. Sadly, this is not the case, which is why  
Commission leadership to ensure this result is critically important.

2 There is significant Commission precedent for Commission action as to infrastructure  
deployment.

- 3 • In the first transaction where Verizon sold the wireline network to Frontier,  
4 Decision 15-12-005, this Commission approved conditions that mandated Frontier  
5 upgrade to 25 megabits per second (Mbps.) download and 2 Mbps. upload  
6 broadband speeds for 250,000 households, and to upgrade another 100,000  
7 households to speeds of 10 Mbps. download and 1 Mbps. upload speeds by 2020.
- 8 • In Decision 16-05-007, Applicants Charter, Time Warner and Bright House made  
9 commitments to connect 150,000 households and pass 80,000 new locations, in  
10 addition to providing 25,000 WiFi hotspots in underserved areas for public access  
11 to the Internet.
- 12 • In the Frontier Restructuring Decision, Decision 21-04-008, the Commission  
13 approval was conditioned on Frontier agreeing to deploy broadband to 400,000  
14 households at 25 Mbps. download and 2 Mbps. upload speeds, 100,000 unserved  
15 households at 10 Mbps. download and 1 Mbps. upload speeds, and 250,000  
16 households at 6 Mbps. download and 1 Mbps. upload speeds by 2022. Frontier  
17 also committed to bring fiber-to-the-premises to at least 150,000 additional  
18 California households within four years of approval for the Restructuring Decision.
- 19 • In Decision 20-04-008, the T-Mobile-Sprint merger proceeding, the Applicants  
20 agreed to a \$7 billion investment in 5G network upgrades in a six to seven year  
21 timeframe, with rural and Tribal commitments over six years, in order to cover 99%  
22 of the California population with wireless service at speeds of 100 Mbps. download  
23 by 2026.

24 Likewise, in this proceeding, the Commission has an opportunity to ensure that its State goal  
embodied by its "Internet for All" commitment be realized. At a minimum, CETF would expect to  
see firm infrastructure deployment commitments from Applicants to upgrade every Frontier  
household to broadband speeds within the short term future, however, such infrastructure  
commitments are noticeably lacking in the Application.

Instead, the Applicants have stated that Frontier is in a difficult financial condition, and the  
Verizon purchase will give Frontier a much needed cash infusion. Joint Applicants represent that  
Frontier currently only has the financial wherewithal to complete its last fiber upgrade commitment  
to 10 million homes in the state, and nothing more. Frontier has many households that still require  
broadband upgrades; the purchase of Verizon will give an opportunity for more households to be  
upgraded to broadband service. CETF finds the lack of specificity in the Application as to  
broadband upgrades for unconnected or underserved households very disappointing and thus,  
CETF would not recommend approval of the application absent a specific infrastructure  
commitment that is enforceable and monitored post transaction.

It is my view that when Verizon sold its landline telephone business in California to Frontier  
Communications in 2015, the aging network required more modernization and upgrades than was  
originally understood by Frontier. Frontier then made the pivot to fiber, but it clearly lacked  
adequate funding to bring fiber-to-the-home to all households in the state.

In purchasing Frontier, Verizon will become an even more competitive statewide Internet  
Service Provider (ISP) with greater market share and will benefit greatly from the acquisition.

Verizon is already one of the "Big Five ISPs" in the California, along with Charter/Spectrum, AT&T, Comcast/Xfinity, and T-Mobile. If Verizon adds Frontier's wireline network which covers much of the state, the Frontier network is clearly a valuable asset that provides a new competitive advantage to Verizon's California footprint. For example, Verizon may use the Frontier wireline network to carry its wireless traffic to points of presence that connect to the Public Switched Telephone Network (PSTN) and the global Internet. Thus, Verizon is not buying the Frontier network out of the good of its heart, but for important business reasons.

With this proposed purchase of Frontier comes responsibility. It is my view that Verizon "owns the Digital Divide" as one of the "Big Five ISPs" and thus, has a responsibility to make a commensurate contribution to closing the Digital Divide, both in terms of infrastructure and broadband adoption. Verizon will need to step up to its other responsibilities to ensure there is no discrimination in providing advanced services to rural, remote or Tribal households. In that light, Verizon cannot avoid an "appropriate, fair and comparable" investment in public benefits by claiming the cost of such public benefits does not "make the deal work" monetarily for Verizon. Absent a robust set of voluntary and specific commitments by Verizon, *CETF recommends that this Commission order as a condition of the consolidation, a specific schedule of upgrades for quality of service for both voice and broadband services by New Frontier and order an independent monitor to ensure these commitments are met post transaction.*

## Digital Inclusion

In addition to broadband deployment obligations, *CETF recommends that Verizon also be ordered to invest in Digital Inclusion commitments that are "appropriate, fair and comparable" to past corporate consolidations in the communications industry.* In the past, CETF has successfully negotiated a number of Memorandum of Understandings which were approved by this Commission as a condition of corporate consolidations. These include voluntary long-term commitments to affordable retail rate plans (both low-cost broadband and Lifeline plans), and free or low-cost Internet-ready electronic devices for low-income or disadvantaged households, free WiFi in public locations and hotspots, enhancement to emergency services, voluntary low-cost broadband adoption programs for Digital Equity, and School2Home to transform the lowest-performing middle schools in high-poverty communities. Examples include:

- \$32.5 million over five years provided by Charter to CETF for adoption and digital equity grants to Community-based Organizations; a \$14.99 affordable broadband offer for 5 years, targeting 350,000 households; connectivity to 75 anchor institutions including rural and urban low-income areas. (Charter – Time Warner – Bright House, D.16-05-007, May 12, 2016).
- Active marketing of a Low Income and FCC Lifeline broadband program, with a 3-year goal to enroll 200,000 households; \$13.99 Lifeline and Low-Income offer for 7 Mbps. download, with no charge for router or installation; and funding of purchase of 50,000 WiFi capable, Internet ready tablets, for low income households (Frontier-Verizon, D.15-12-005, December 3, 2015).
- 2 years free service at community WiFi sites; \$3 million in digital literacy funding; extension of Frontier low-income plans through December 2023; voluntarily offer of Affordable Broadband and Fundamentals; funding of 29,221 Chromebooks for donation to Tribal students, 5,000+ distributed to disadvantaged households; Yurok

1 Tribal project feasibility study. (Frontier Restructuring Decision, D.21-04-008, April  
2 15, 2021).

- 3 • \$35 million+ over five years to CETF to be used for LifeLine and low-income offer  
4 promotion, plus \$13.5 million for digital inclusion programs and \$4.5 million for  
5 digital inclusion policy initiatives; Lifeline commitment with 3 GB / month data for  
6 four years; 52,000 low-income K-12 households to receive free device donations  
7 and connectivity for a total of 112,000 households served under EmpowerED and  
8 1Million projects; up to \$1M for School Leadership teams to take digital inclusion  
9 training; Voluntary commitment to achieve 332,500 new low-income and LifeLine  
10 adoptions within 5 years; Voluntary offers include a non-Lifeline option at  
11 \$20/month or less; Emergency network support involving Cell on Wheels and Cells  
12 on Light Trucks in the state; consultation with Regional Broadband Consortia  
13 annually. (Sprint-T-Mobile, D.20-04-008, April 16 2020).

14 See **Exhibit 2** Analysis of Appropriate, Fair and Comparable Value for Public Benefits Commitments  
15 and a Chart of Past CETF MOUs with Communications Providers.<sup>8</sup> Exhibit 2 demonstrates the scope  
16 of significant public benefit commitments approved in the past and should act as a benchmark for  
17 this Commission. Verizon should step up to its responsibilities and become a major force in closing  
18 the Digital Divide as Frontier, Charter, and T-Mobile have agreed to do in past agreements.

19 As to impacts on competition. CETF urges the Commission to undertake such a study if  
20 there is any question as to whether or not the Verizon acquisition of Frontier enhances its  
21 competitive advantage. On the one hand, the purchase of Frontier by Verizon will bolster Frontier  
22 financially so that New Frontier may be in a better financial condition to compete against existing  
23 competitors in the state, such as cable broadband providers, Competitive Local Exchange Carriers  
24 (CLECs), AT&T California (landline telephone company), and Commercial Mobile Radio Service  
competitors (AT&T Wireless and T-Mobile Wireless). Given Frontier's strapped financial position,  
the purchase of Frontier by Verizon by the end of this year will be beneficial to Frontier customers.  
There is no public benefit in Frontier entering bankruptcy again, particularly with its status as a  
Carrier of Last Resort and the Incumbent Local Exchange Carrier. As I discussed previously, Verizon  
will greatly enhance its competitive position by owning both a landline telephone company (New  
Frontier) and a nationwide CMRS provider, comparable to AT&T California and AT&T Wireless. On  
balance, competition will be enhanced in favor of Verizon.

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19 <sup>8</sup> The past voluntary commitments include low income and Lifeline rate plans, investment in digital equity  
20 programs for communities with high numbers of unconnected households and bringing broadband  
21 connections to vital community anchor institutions like schools, community colleges, libraries, hospitals and  
22 rural healthcare providers. There have been commitments to assist Tribal communities with connectivity. In  
23 the area of emergency response, there have been commitments to deploy network assets that assist areas  
24 devastated by disasters such as a wildfire, flooding or earthquakes. There have been commitments to assist  
evacuees with free WiFi service and loaner devices. There have also been specific commitments to connect  
rural fairgrounds to broadband so that emergency responders and evacuees may obtain vital information in  
emergencies and disasters on reliable and redundant communication networks.

1           **III. Does the proposed transaction meet the requirements of Section 854(c) – maintain or**  
2           **improve Frontier’s financial condition, quality of service, quality of management,**  
3           **beneficial on an overall basis to state and local economies and communities served**  
4           **by Frontier, preserve the ability of the Commission to regulate and audit Frontier,**  
5           **and provide mitigation measures to prevent significant adverse consequences that**  
6           **may result?**

7           CETF has discussed the issues of quality of service, financial condition and need for benefits  
8           to state and local economies in its response to the prior issue and will not repeat it here. Adverse  
9           consequences of the consolidation would be for the new owner Verizon to fail to invest in New  
10          Frontier such that it fails in what should be its primary goal -- ensuring that every California  
11          household in Frontier’s service area receives reliable and quality voice and broadband service at an  
12          affordable rate. Should Verizon fail to make verifiable and specific commitments for New Frontier  
13          infrastructure upgrades in California, CETF recommends that a mitigation measure be for this  
14          Commission to order specific infrastructure deployment obligations. In addition, to address the  
15          affordability — the primary barrier for low-income households to getting online — Applicants  
16          should also be required to invest in Digital Inclusion efforts in the state as described in my  
17          testimony below. This investment in California should be significant, given the size of the acquiring  
18          corporation and its sizable assets.

19          The Commission should consider the overall value of the combined company – Verizon and  
20          Frontier Communications – which will combine to be a large and dominant provider of broadband  
21          data and voice (mobile and landline) with significant market share. Relevant facts for the  
22          Commission to consider in “right-sizing” the amount of public investment as a part of approving this  
23          corporate consolidation is that Verizon today is one of the four largest telecommunications  
24          companies in the United States with *more than \$134 billion in revenues,<sup>9</sup> gross profits of more than*  
25          *\$79 billion, net revenues of almost \$10 billion, and market capitalization at \$185 billion.<sup>10</sup>* As of  
26          year-end 2024, Frontier has \$5.94 billion in revenues, gross profits of \$1.62 billion and a market  
27          capitalization of \$8.63 billion.<sup>11</sup>

28                   **Deployment Obligations**

29          Similar to prior corporate consolidation proceedings, I recommend that this Commission  
30          order Verizon to make specific, firm and enforceable commitments to what I call “Deployment  
31          Obligations” as a major part of a “public benefits” condition to be ordered by the Commission.  
32          Such Deployment Obligations would be agreed to by the Applicants as a condition of the  
33          approval. These Deployment Obligations would consist of priority infrastructure  
34          deployment projects to be undertaken by Frontier and completed within a specified  
35          timeframe, with post transaction compliance monitoring.

36          As background, these proposed Deployment Obligations were developed during a  
37          series of consultations between February and March 2025 arranged by CETF between  
38          California Verizon representatives and eleven Regional Broadband Consortia (RBCs) and

39                   <sup>9</sup> <https://newsroom.frontier.com/press-release/frontier-reports-fourth-quarter-and-full-year-2024-results/>

40                   <sup>10</sup> <https://companiesmarketcap.com/verizon/marketcap/>

41                   <sup>11</sup> <https://companiesmarketcap.com/frontier-communications/marketcap/>

two Metropolitan Planning Organizations (MPOs). The MPOs are Southern California Association of Governments (SCAG) and San Diego Association of Governments (SANDAG). After these video consultations, CETF developed written notes of the consultation including the deployment opportunities that each RBC and MPO recommended in each region. The RBCs and MPOs had the ability to review the consultation notes and provide additional information about suggested priority areas for upgraded infrastructure deployment in Frontier service territories. Please see **Exhibit 3**, which is documentation of how CETF developed an Excel list of recommended priority deployment projects that RBCs and MPOs recommend that New Frontier undertake. Exhibit 3 includes: (1) a schedule of the consultations between Verizon, CETF and each RBC or MPO; (2) a summary of the consultation prepared by CETF and reviewed by the RBC-MPO; and (3) a spreadsheet of priority deployment projects and California Advanced Services Fund (CASF) applications by Frontier in its territory which was prepared after the consultations were completed by CETF and sent to the Applicants.

I recommend the Commission review the spreadsheet in Exhibit 3 which lists priority deployment projects recommended by the RBCs and MPOs and order that the Applicants complete some or all of these projects as deployment obligations as a condition of approval of this application. The priority projects identified by RBCs and MPOs in Exhibit 3 total less than \$400 million. An example of an appropriate infrastructure deployment public benefits commitment by Verizon would be to require Verizon to invest **at least \$500 million** in Frontier Service Areas and high-poverty underserved neighborhoods in Verizon service areas over with construction completed in the next five (5) years (no later than December 31, 2030) to be determined in consultation with the RBCs and MPOs in a process facilitated by CETF with specific selected projects to be approved by the Commission no later than December 31, 2027. CETF, RBCs and the MPOs would act as community partners in assisting Verizon and Frontier to obtain approvals from local governments for projects and permits. This approach not only would be a rather modest deployment public benefits commitment in comparison to the billions committed by prior applicants in previous settlement agreements but would foster collaboration needed to accelerate deployment in a true partnership.

### **Digital Equity Ecosystem**

Previously, I referred to affordability as a barrier for low-income households to get online. In addition to the infrastructure deployment obligations, CETF recommends that this Commission order conditions in its decision that require the Applicants to take steps to bring unconnected households online through a combination of affordable offers for a time period of six years, required participation in Lifeline programs including active marketing in-language and in-culture through community and ethnic media channels in target communities, and investment in the unique CETF Digital Equity Ecosystem as described below.



1 The affordability barrier is compounded by the lack of awareness of the poorest  
2 Californians and an increasingly difficult challenge of reaching those most economically-  
3 fragile residents. According to the 2023 Statewide Digital Equity Survey, sponsored by the  
4 California Department of Technology (CDT) and CETF, and conducted by independent  
research partner University of Southern California (USC) Annenberg School for  
Communication and Journalism (see Exhibit 4, 2023 Statewide Digital Equity Survey, for  
details of the full survey):

5 As the Digital Equity Survey reveals, affordability is the top reason for low-income  
6 households not being connected to the Internet. 35.6% of Unconnected Households say  
7 it is the top reason vs. only 2.7% (<3%) cite the lack of Internet infrastructure. However,  
nearly 70% of low-income households are paying more than the affordability yardstick  
used by the FCC (2% of disposable income) referred to as "Unsustainably Connected." The  
average cost for Internet by a low-income household is nearly \$70 per month.

8 CETF experience demonstrates that successful broadband adoption programs must  
9 address the three barriers to broadband adoption<sup>12</sup> to bring all low-income households  
online:

- 10 • The first barrier to adoption is *cost*. And by this, I mean both the cost for Internet  
service and an appropriate computing device.
- 11 • The second barrier is *relevance* to the person's life. This is the reason why outreach  
12 in-language and in-culture by "trusted messengers"—the original "Digital  
Navigators"—is essential to explain to persons living in low-income unconnected  
households how they will benefit from being connected at home to the Internet.
- 13 • The third barrier is the lack of *digital literacy*. What digital literacy means is that no  
14 one will subscribe to Internet service and acquire a device if they do not know how  
to use it to navigate the Internet, obtain an email address, or download an app.

15 CETF strongly recommends that as a condition of approval of the transaction, the  
Applicants be required to invest in a Digital Equity Ecosystem for broadband adoption  
16 throughout the state. The purpose of the Digital Equity Ecosystem is to provide the most  
cost-efficient approach to achieving a broadband Adoption. A successful Adoption usually  
17 involves the following steps in assisting residents in unconnected households to: (a)  
understand the benefits of being connected online at home; (b) become aware of available  
18 affordable Internet service options; (c) acquire an affordable device for connecting to the  
Internet; (d) learn the foundational skills of digital literacy; and (e) select and sign up for  
home Internet service.

19 The CETF Digital Equity Ecosystem operates at scale and, therefore, is very cost-  
20 efficient compared to other organizations or government management (see Exhibit 5  
which provides further information about the Ecosystem). The Digital Equity Ecosystem  
21 has twelve essential components, including 1. Direct Notification; 2. Get Connected Call  
Center; 3. Training and Certifying Digital Navigators; 4. Managing the Delivery of Digital

22 <sup>12</sup> John Horrigan "Broadband Adoption & Use in America" March 2010, at p. 16.  
23 <https://transition.fcc.gov/DiversityFAC/032410/consumer-survey-horrigan.pdf>

1 Literacy Training of Digital Skills Proficiency (coupled with compilation of impact data); 5.  
2 Supporting the Online DigitalLearn Resources; and 6. Overseeing Community-Based  
3 Organization Grantees.

4 *CETF recommends that Applicants be required to invest a modest \$105 million in*  
5 *Digital Inclusion programs as a condition of the transaction approval.* This Digital Inclusion  
6 investment will cover these specific elements of a California Digital Inclusion program:

- 7 • Direct Notification to Drive Enrollment in Affordable Internet Service;
- 8 • Call Center to Enroll Households by Community-Based Organizations (CBOs) In-
- 9 Language and In-Culture;
- 10 • Recruitment and Training of Digital Navigators;
- 11 • Outreach In-Language and In-Culture by CBO Trusted Messengers;
- 12 • Digital Literacy Training by CBO Digital Navigators (Synchronous) with Proficiency
- 13 Assessment;
- 14 • Online Digital Literacy Resources (Asynchronous) with Proficiency Assessment;
- 15 • Affordable Computing Devices;
- 16 • In-Person Enrollment Events;
- 17 • Public Awareness Advertising;
- 18 • Tech Support;
- 19 • Grant Management; and
- 20 • Evaluation.

21 Consistent with past Commission precedent, CETF recommends that Applicants  
22 be required to make an "appropriate, fair, and comparable" investment in Digital  
23 Inclusion programs to do its part to bring online all low-income Unconnected,  
24 Underconnected, and Unsustainably Connected households. A \$105 million investment is  
truly modest for a corporation the size of Verizon with 2024 revenue at \$134.8 billion.

Being very conservative and focusing only on the neediest residents who also are  
the lowest-income (150% of the Federal Poverty Level referred to as "Covered  
Households"), today in California there are 513,870 Digitally-Disadvantaged Households  
according to the 2023 Statewide Digital Equity Survey: *355,342 Unconnected households*  
*and 158,537 Underconnected (smartphone only)*. Rounding this figure to 500,000  
households for illustrative purposes and to be conservative and assigning to Verizon as  
one of "the Big 5 ISPs," a modest 20% responsibility (100,000 HHs) to achieve Adoptions,  
Verizon should be dedicating at least \$80 million and \$25 million for CETF's Core Mission  
and management of a statewide Digital Equity Ecosystem (>\$5 million per year for 5 years  
= >\$25 million) or \$105 million.<sup>13</sup>

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<sup>13</sup> . Further, it should be noted that these figures do not include management and operation of the  
School2Home program, which CETF recommends Verizon also support. Verizon has submitted a brief  
description of its school program; while it is a worthy program, it is not as complete an education  
transformation program as School2Home.

1 I want to explain that the Digital Equity Ecosystem may be run cost-effectively by a  
2 deeply experienced organization such as CETF which has digital infrastructure and digital  
3 inclusion as its Core Mission. Our ability to be successful at low cost is evidenced by our  
4 years of successful broadband adoption programs, the School2Home education-based  
5 program, and our recent success leading the effort to enroll the most households in ACP  
6 among all the States.

7 Below I provide the current cost of an Adoption by a CBO Grantee along with the  
8 calculation of the recommended required Digital Inclusion investment by Applicant  
9 Verizon.  
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### Cost Per Adoption and Digital Inclusion Investment for Verizon

| Adoption Component   | Cost Per Component |
|--|--------------------|
| Enrollment in Affordable Internet Service by CBOs In-Language and In-Culture through the Get Connected Call Center | \$65               |
| Screening for Digital Literacy Training and Online Resources by CBOs through the Get Connected Call Center         | \$20               |
| Digital Literacy Training for First 3 Elements of UNESCO Framework   | \$415              |
| Computing Device Awarded Upon Completion of Digital Literacy Training  | \$300              |
| <b>Total Cost Per Adoption</b>   | <b>\$800</b>       |
| Adoption for 100,000 HHs ( $\$800 \times 100,000$ )  | \$80,000,000       |
| CETF Management of Digital Equity Ecosystem and Core Mission ( $>\$5M \times 4 \text{ Years} = >\$25M$ )           | \$25,000,000       |

It must be underscored that *it is essential that Verizon be required to continuously offer an affordable product, such as Verizon Forward, for at least six years* following close of the transaction. Further, eligibility for the offer should be aligned to a home Internet LifeLine Program (see page 23). This is required to address the first barrier to adoption: cost. Further, the affordable offer must be independent of any action by the federal government, including Congress or the Federal Communications Commission.

The request for this affordable offer is not news to Verizon. Numerous California legislators, CETF, and the Digital Equity Coalition have written on numerous occasions to the Verizon Chief Executive Officer (CEO) and other large broadband provider CEOs (see letters at **Exhibit 6**) requesting voluntary commitments for affordable offers for low-income households to address the affordability barrier. However, no CEO had the courtesy to reply. AT&T had its California lobbyist reply to the Legislators and apparently Verizon had its trade association, US Telecom, send a generic reply. Those replies failed to make any voluntary or specific commitments. This is why an affordable product commitment must be ordered as a condition of approval by the Commission. Further, although the letters to CEOs requested a period of five years for the affordable offer, in subsequent studying of the details of managing a Broadband LifeLine Program, CETF now recommends a period of six years to require the offer of an affordable home internet subscription program to align with biannual Legislative Sessions and Budget Acts.

#### IV. What impacts will the proposed transaction have on environmental and social justice communities? Would approval of the transaction affect the achievement of any of the nine goals of the Commission's Environmental and Social Justice ("ESJ") Action Plan?

1 In the Commission's Environmental and Social Justice Action Plan 2.0 (ESJ Action  
2 Plan),<sup>14</sup> Goal 3.4 states the Commission should "Extend Essential Communications Services  
3 to ESJ Communities: Ensure implementation of new investments that offer ESJ  
4 communities' access to high quality communications services at affordable rates."<sup>15</sup> CETF  
5 commends the Commission on this goal. Broadband is an essential 21<sup>st</sup> Century essential  
6 communications service. To that end, ordering the Deployment Obligations and an  
7 investment by Verizon in Digital Inclusion at the level recommended by CETF would serve  
8 ESJ Action Plan Goal 3.4. The California Department of Transportation (Caltrans) awarded a  
9 Sustainable Communities Grant to the Southern California Association of Governments  
(SCAG) that found in 2022 that ubiquitous broadband deployment and universal adoption  
could reduce vehicle trips and associated greenhouse gas emissions (GHGs) by 1-15%  
which exceeds the potential to reduce GHGs through walking and bicycle paths.<sup>16</sup>  
Broadband deployment and adoption were confirmed in the Final Report to be a "green  
strategy" that reduces impacts on the environment and in low-income communities  
consistent with the Commissioner's Environmental and Social Justice Action Plan.

10 **V. How will Frontier maintain its obligations of prior Commission decisions if the**  
11 **proposed transaction is approved, including Carrier of Last Resort (COLR)**  
12 **obligations, LifeLine obligations, "Right of First Offer" obligations under D. 21-**  
13 **04-008, and Frontier obligations to Tribes pursuant to D. 21-04-008?**

14 On the obligations to the Yurok Tribe of Frontier under D.21-04-008, contained in  
15 Attachments 1 and 3 thereto, CETF supports ensuring Frontier has complied with such  
16 obligations fully.

17 CETF also recommends that Verizon enter into a partnership with the Santa Ynez  
18 Band of Chumash Indians to accelerate broadband deployment in the Santa Ynez Valley  
19 with a majority ownership by the Chumash of such facilities. Finally, CETF recommends  
20 that Frontier be required to consult with and engage with any interested Tribal nation on  
21 and adjacent to its service territory to entertain in good faith requests to connect any  
22 Tribal networks to its network and to provide broadband service to Tribal lands if  
23 requested.

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24 <sup>14</sup> "Environmental and Social Justice Communities" are defined in the ESJ Action Plan 2.0 as predominantly  
communities of color or low income communities, underrepresented in the policy setting or decision-making  
process, subject to disproportionate impacts from one or more environmental hazards, and likely to experience  
disparate implementation of environmental regulation and socioeconomic investments in their communities.  
Targeted communities include disadvantaged communities, all Tribal lands, low-income households, and low-  
income census tracts. ESJ Action Plan, Executive Summary, p. 2.

<sup>15</sup> ESJ Action Plan, Goal 3.4.

<sup>16</sup> [https://s42263.pcdn.co/wp-content/uploads/2022/04/SCAG005\\_001\\_Working-Framework-for-Stakeholder-Outreach-and-Focus-Groups-with-Survey-Questions-for-Final-Report.pdf](https://s42263.pcdn.co/wp-content/uploads/2022/04/SCAG005_001_Working-Framework-for-Stakeholder-Outreach-and-Focus-Groups-with-Survey-Questions-for-Final-Report.pdf)

1           Regarding Lifeline, CETF recommends that Frontier be required to continue to  
2 participate in the Lifeline program for at least six (6) years and so long as it remains the  
3 Carrier of Last Resort. In addition, due to the affordability barrier that I discussed above,  
4 CETF recommends that the existing Verizon Forward affordable rate plan be required to  
5 stay in place for six years after the close of the transaction. This is the arc of time that CETF  
6 and its partners have observed is necessary for a low-income household to leverage  
7 Internet service to start changing their lives.

8           CETF further recommends that a Home Internet Lifeline program be considered as a  
9 condition of approval, which would assist low-income households and ESJ communities on  
10 the affordability barrier. By "Home Internet Lifeline program," I mean a low-cost program  
11 for Internet that is a part of the Lifeline program and available to eligible low-income  
12 households with eligibility linked to existing public assistance programs, such as Medi-Cal,  
13 CalFresh, TANF, Tribal TANF, Supplemental Security Income (SSI), State Supplementary  
14 Payment (SSP), Pell Grants, and California Alternative Rates for Energy (CARE) customers.

15           **VI.     What commitments have the Applicants made, including additional**  
16 **investments in California, as part of this Application? What methods should**  
17 **the Commission use to determine whether the Applicants have met those**  
18 **commitments? How are these commitments in the public interest?**

19           In its early pleadings, CETF pointed out to the Commission what few specific public  
20 benefit commitments are contained in the Application, both infrastructure deployment  
21 and digital inclusion. Today, CETF pointed out in detail how lacking the Application is  
22 compared to past precedent as to public benefits, in both deployment, adoption, and  
23 other public benefits such as emergency response. CETF strongly recommends that  
24 Verizon be required make an "appropriate, fair and comparable" investment in digital  
infrastructure of \$500 million, including priority projects contained in Exhibit 3 (the  
spreadsheet) with a process for RBC/MPO/CETF consultation and verification, and Digital  
Inclusion (\$105 million) programs comparable to past corporate transactions (see Exhibit  
2). As evidence of the breadth and depth of support for CETF recommendations,  
attached are letters of support (**Exhibit 7**) urging the Commission to incorporate the CETF  
recommendations into approval of the Verizon acquisition of Frontier Communications.

          This concludes my testimony.

**ATTESTATION OF SUNNE WRIGHT MCPEAK**

I hereby attest that I prepared or directed to prepare my Opening Testimony on behalf of the California Emerging Technology Fund in Application No. 24-10-006. I certify under penalty of perjury that it is true and correct to the best of my knowledge and belief.

\_\_\_\_\_  
Signature

Sunne Wright McPeak, President & CEO  
California Emerging Technology Fund