



**California Emerging Technology Fund
Summary of Recommended Public Benefits
California Public Utilities Commission
Application 24-10-007
Verizon Acquisition of Frontier Communications
Filed May 1, 2025**

CETF recommends a Public Benefits Agreement (Memorandum of Understanding—MOU) by Verizon (or ordered by the CPUC if Verizon declines to enter into a voluntary Public Benefits MOU) that is "Appropriate, Fair, Comparable" to past corporate consolidation MOUs. CETF submitted as part of its Testimony filed on May 1, 2025 a detailed summary (Exhibit 2) of past MOUs which all contain 3 categories of Public Benefits:

- Deployment of High-Speed Internet Infrastructure
- Affordable Internet Service Subscription Offers
- Investments in Digital Inclusion Programs

Verizon today is one of the 5 largest ISPs (AT&T, Charter, Comcast, T-Mobile, Verizon) in California and, therefore, "owns the Digital Divide" with an imperative to close the Digital Divide in proportion to its market share and market value. Verizon is enhancing its competitive advantage with the acquisition of Frontier Communications by adding wireline backhaul to augment its wireless network. Verizon is not purchasing Frontier Communications as a matter of "corporate charity" and, therefore, needs to step up to close the Digital Divide, promote Digital Inclusion, and achieve Digital Equity as is the official policy of the Governor and Legislature.

News releases and media reports verify that Verizon is an ISP giant: "Verizon today is one of the four largest telecommunications companies in the United States with *more than \$134 billion in revenues,¹ gross profits of more than \$79 billion, net revenues of almost \$10 billion, and market capitalization at \$185 billion.*²

CETF recommends that the CPUC order Verizon to invest a total of \$605 million in Public Benefits for Deployment and Digital Inclusion (plus offer affordable Internet subscriptions), which is rather modest compared to the billions committed by ISPs in past corporate consolidations. In the alternative, Verizon could enter voluntarily into a Public Benefits MOU with CETF.

CETF Public Benefits Recommendations for Deployment of High-Speed Internet Infrastructure

- Require Verizon to invest at least \$500 million in Frontier service areas and in low-income Verizon neighborhoods (based on RBC-MPO consultations summarized in Exhibit 3A and 3B). Require Verizon to partner with Chumash Tribe (who will retain majority ownership) to accelerate deployment in Santa Ynez Valley and to honor Frontier commitments to Yurok.
- Establish a process facilitated by CETF to reach agreement between Verizon and RBCs-MPOs on specific deployment projects to be approved by the CPUC.
- Require construction to be completed in 5 years in accordance with an agreed-upon schedule.

¹ <https://newsroom.frontier.com/press-release/frontier-reports-fourth-quarter-and-full-year-2024-results/>

² <https://companiesmarketcap.com/verizon/marketcap/>

CETF Public Benefits Recommendations for Affordable Internet Service Subscription Offers

- Offer affordable Internet subscriptions for eligible households in Verizon and Frontier service areas with eligibility standardized to California LifeLine Program. Support current Verizon Forward affordable product for \$20 per month and Frontier "ACP-mirror offer" for \$30 per month with standardized eligibility. Ensure this requirement is not dependent on any action by the Federal Communications Commission (FCC) or the federal government.
- Require affordable offers to be available continuously for 6 years.
- Require Verizon and Frontier to inform eligible households in Verizon and Frontier service areas and advertise affordable offers through community and media channels.

CETF Public Benefits Recommendations for Investments in Digital Inclusion

- Invest at least \$105 million for Digital Inclusion commitments to reach 20% of remaining Digitally-Disadvantaged households. The 20% relates to Verizon as 1 of the "Big 5" ISPs. The \$105 million is comprised of \$80 million for CBOs (including School2Home and other strategies to reach 100,000 HHs such as partnerships with RBCs) and \$25 million to CETF to lead and manage the Digital Equity Ecosystem and fulfill the CPUC-assigned Core Mission.
- The \$80 million for CBOs is based on an average of \$800 per Adoption (100,000 HHs x \$800). The \$25 million for CETF is based on a conservative \$5 million per year for 5 years (current CETF Operating Budget, including School2Home, exceeds \$8 million)—see below.
- Require Verizon to transfer Digital Inclusion funds to CETF (structured to provide sufficient cash flow to support CBOs) as the most efficient and effective mechanism to manage funds (vs. another CPUC account with an application process and reimbursement grants—CETF pays CBOs on time for verified performance).

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 3 Elements of UNESCO Framework (Second 3 Elements Available for Workforce Introduction) | \$415 |
| Computing Device Upon Completion of Digital Literacy Training (Refurbished and New Chromebooks with Protective Cover) | \$300 |
| Total Cost Per Adoption | \$800 |
| Adoption for 100,000 HHs (\$800 x 100,000 HHs) | \$80,000,000 |
| CETF Management of Digital Equity Ecosystem and Core Mission (>\$5M x 5 Years = >\$25M) | \$25,000,000 |
| TOTAL DIGITAL INCLUSION COMMITMENT | \$105,000,000 |