

January 3, 2025

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VIA ELECTRONIC FILING

Rosemary Chiavetta, Secretary Pennsylvania Public Utility Commission Commonwealth Keystone Building 400 North Street, 2nd Floor Harrisburg, PA 17120

Re: Docket Nos. A-2024-3051925 et al.

Dear Secretary Chiavetta:

Enclosed for filing please find the Prehearing Memorandum on behalf of the Joint Applicants.

Should you have any questions or need additional information, please contact me.

Sincerely,

Michael B. Hazzard

Counsel to Verizon Communications Inc.

(Pro Hac Vice Motion pending)

Enclosures

cc: Attached Service List

BEFORE THE PENNSYLVANIA PUBLIC UTILITY COMMISSION

Joint Application of:	:		
Frontier Communications Parent, Inc.,	:		
Commonwealth Telephone Enterprises LLC,			
• •	•	Docket Nos.	A-2024-3051925
Commonwealth Telephone Company LLC d/b/a Frontier Communications		Docket Nos.	
	:		A-2024-3051926
Commonwealth Telephone Company,	:		A-2024-3051927
Frontier Communications of Breezewood, LLC	:		A-2024-3051929
Frontier Communications of Canton, LLC	:		A-2024-3051931
Frontier Communications of Lakewood, LLC,	:		A-2024-3051932
Frontier Communications of Oswayo River LLC,	:		A-2024-3051933
Frontier Communications of Pennsylvania, LLC,	:		A-2024-3051934
Citizens Telecommunications Company of	:		A-2024-3051935
New York, Inc.,	:		A-2024-3051936
CTSI, LLC d/b/a Frontier Communications	:		
CTSI, LLC,	:		
CTE Telecom, LLC, d/b/a Frontier	:		
Communications CTE Telecom Company,	:		
Frontier Communications of America, Inc.	:		
,	:		
And	:		
	:		
Verizon Communications Inc.,	•		
France Merger Sub Inc.,	•		
Trance Weiger Sub Inc.,	•		
For any Approvals Required Under	•		
the Public Utility Code for a Transfer			
of Control of Frontier Communications			
	•		
Parent, Inc. and its Pennsylvania subsidiaries to	:		
Verizon Communications Inc.	:		

JOINT APPLICANTS' PREHEARING MEMORANDUM

Frontier Communications Parent, Inc. ("Frontier Parent") with its wholly-owned subsidiaries certified by the Pennsylvania Public Utility Commission ("Commission") to provide regulated services in Pennsylvania (the "Frontier Pennsylvania Operating Subsidiaries") (together, "Frontier") and Verizon Communications Inc. ("Verizon") with its wholly-owned subsidiary created for the merger France Merger Sub Inc. ("France Merger Sub") (collectively, the "Joint Applicants"), pursuant to 52 Pa. Code § 5.222 and the Prehearing Conference Order dated December 23, 2024, respectfully submit this prehearing memorandum for purposes of the prehearing conference scheduled for January 6, 2025 in this matter.

I. HISTORY OF PROCEEDING

This Joint Application seeks Commission approval of a proposed parent-level transaction where Verizon will acquire 100 percent ownership of Frontier pursuant to an Agreement and Plan of Merger dated September 4, 2024. As a result of this transaction, there will be a change of control of the Frontier Pennsylvania Operating Subsidiaries, which will become whollyowned indirect subsidiaries of Verizon. On October 31, 2024, Joint Applicants filed this application requesting any required approvals pursuant to 66 Pa. C.S. § 1102(a), the Commission's Policy Statement on parent-level mergers at 52 Pa. Code § 69.901, and the regulations at 52 Pa. Code § 63.321-63.325.

The Commission published notice of the Joint Application in the Pennsylvania Bulletin on November 16, 2024, with a deadline for any protests or interventions of December 2, 2024. On November 13, 2024 the Office of Consumer Advocate ("OCA") filed a Notice of Intervention and Public Statement. On November 26, 2024 the Office of Small Business Advocate ("OSBA") filed a Notice of Intervention and Public Statement. On November 27,

The Frontier Pennsylvania Operating Subsidiaries are listed in the caption.

2024 OCA filed a Protest and Public Statement. On December 2, 2024 Broad Horizons

Lotowners' Association ("BHLA") filed a Protest. The matter has been assigned to the Office of

Administrative Law Judge and a Prehearing Conference scheduled for January 6, 2024.

The issue in this proceeding is whether the Commission should approve the transfer of control of the Frontier Pennsylvania Operating Subsidiaries to Verizon. Under 66 Pa. C.S. § 1103(a), the Commission "shall" approve the proposed transfer of Frontier's jurisdictional operations if it finds that the transaction "is necessary or proper for the service, accommodation, convenience, or safety of the public," which occurs when the Commission finds that the transaction will result in an affirmative public benefit based on a weighing of net effects including any impact on competition.²

Here, the transaction will result in affirmative public benefits in several material respects, will not adversely affect competition, and should be approved. As demonstrated in the Joint Application, this proposed transaction will build upon Verizon's recognized leadership in operating and deploying cutting-edge networks and its commitment to prioritizing consumer choice while serving local communities. Verizon possesses the financial standing and expertise necessary to further optimize Frontier networks. By leveraging its significant financial strength, capital resources, and unparalleled technology, tools, and training, Verizon will build on Frontier's post-bankruptcy efforts since April 2021 to invest in its network, deliver better service, increase customer value, and offer more choice to current Frontier customers in Pennsylvania.

² Popowsky v. Penn. Pub. Util. Comm'n, 594 Pa. 583, 606, 937 A.2d 1040, 1054 (2007).

II. SERVICE LIST

Pursuant to 52 Pa. Code § 1.55, Verizon's representatives for the service list in this proceeding are as follows:

Suzan D. Paiva, Esquire Verizon 900 Race St., 6th Floor Philadelphia, PA 19107 Telephone: (267) 768-6184 Suzan.d.paiva@verizon.com

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Frontier's representatives for the service list in this proceeding are as follows:

Norman J. Kennard, Esquire Bryce R. Beard, Esquire Eckert Seamans Cherin & Mellott, LLC 213 Market Street, 8th Floor Harrisburg, PA 17101 Telephone: (717) 237-6041 nkennard@eckertseamans.com bbeard@eckertseamans.com

III. SETTLEMENT

Joint Applicants are open to discussions regarding the possibility of a reasonable settlement of this matter.

³ Mr. Hazzard's motion to appear *pro hac vice* in these proceedings is pending.

IV. DISCOVERY

Joint Applicants propose that the Commission's standard discovery rules be modified so that answers and objections to discovery (interrogatories, document requests or requests for admission) are due within 15 calendar days of service. Discovery served after noon on a Friday or the day before a Commission holiday shall be deemed to have been served on the next business day.

V. PROCEDURAL SCHEDULE

Joint Applicants propose the following procedural schedule:

January 21, 2025 – Joint Applicants' Direct Testimony

February 18, 2025 – Protesting Parties' Rebuttal Testimony

March 18, 2025 – Joint Applicants' Surrebuttal Testimony

Week of March 24, 2025 – Parties Meet for Settlement Conference

Week of April 14, 2025 – Evidentiary Hearings (1 or 2 days)

May 13, 2025 – Main Briefs

June 3, 2025 – Reply Briefs

July 15, 2025 – Recommended Decision

August 4, 2025 – Exceptions

August 14, 2025 – Reply Exceptions

Joint Applicants further propose that all due dates for testimony, briefs and discovery be satisfied by e-mail service by 4:30 p.m. on the due date, with a hard copy provided only upon request.

On December 19, 2024, the Joint Applicants proposed the schedule set forth above to the other parties to this proceeding. On January 2, 2025, the OCA presented an alternative proposal, which, among other things, calls for Public Input Hearings ("PIHs").

The Joint Applicants oppose PIHs in this matter for two primary reasons. First, PIHs typically are not required in merger proceedings, particularly in instances where, as here, the merger involves a change of control at the holding company level with no customer migration and will be seamless to customers. Second, Frontier conducted PIHs in 2023 in the same geographic area in conjunction with an OCA complaint proceeding, which resulted in a settlement agreement approved by the Commission in May of 2024. Frontier is working to implement the terms of the settlement, and the legal obligations associated with complying with the settlement will not change as a result of the proposed merger. Accordingly, the Joint Applicants submit that PIHs are unnecessary here.

VI. WITNESSES

Verizon expects to call the following witnesses. Verizon plans to present the testimony of these witnesses as panel testimony, if acceptable to the presiding officers.

Paul B. Vasington Director-State Public Policy Verizon 6 Bowdoin Square Boston, Massachusetts 02114

Mr. Vasington will testify on issues regarding the proposed transaction, such as affirmative public benefits, why the proposed transaction will not negatively

⁴ The Joint Applicants continue to engage in good faith with the OCA to come to a mutually agreed upon schedule for this proceeding.

⁵ Office of Consumer Advocate, Office of Small Business Advocate v. Commonwealth Telephone Company, LLC d/b/a Frontier Communications Telephone Company, Docket C-2023-3037574 (Order entered May 9, 2024).

impact competition, how Verizon invests in local communities, and the impact of the proposed transaction on Frontier employees.

Paul Sullivan
Vice President of Wireline Network Operations
Verizon
100 Causeway Street
Boston, Massachusetts 02114

Mr. Sullivan will testify on issues related to the network generally, such as service quality, Verizon's commitment to provide safe, adequate, and reliable service, and how Verizon's technology, tools, and training will help to optimize Frontier's network.

Tom Nugent Vice President of Consumer Sales and Service Centers Verizon One Verizon Way Basking Ridge, New Jersey 07920

Mr. Nugent will testify on issues regarding Verizon's customer service strategy and how Verizon's commitment to consumer choice and customer-centric-service will benefit Frontier customers.

Frontier expects to call the following witness:

Allison M. Ellis Senior Vice President, Business Development Frontier Communications Parent, Inc. 3007 N. Roxboro St. Durham, North Carolina 27704

Joint Applicants reserve the right to supplement and/or modify their witness list as may become necessary upon review of any additional testimony submitted in this matter or other developments.

VII. ISSUES

1. Should the Commission approve the proposed transfer of Frontier's jurisdictional operations to Verizon under 66 Pa. C.S. § 1103(a) by finding that the transaction "is necessary or proper for the service, accommodation, convenience, or safety of the

public" because the transaction will result in an affirmative public benefit based on a weighing of net effects including any impact on competition?

<u>Proposed Response</u>: Yes. The proposed transaction will result in affirmative public benefits in several material respects, will not adversely affect competition, and should be approved.

2. Should the Commission impose any conditions upon its approval of the proposed transaction?

<u>Proposed Response</u>: No. While 66 Pa. C.S. § 1103(a) authorizes the Commission to impose conditions, merger conditions are not appropriate where it has been demonstrated that the merger will result in public benefit without those conditions.⁶

VIII. PROTECTIVE ORDER

Joint Applicants plan to submit a petition for a protective order to govern the disclosure of information that the parties view as competitively sensitive or otherwise proprietary. The proposed form of order has been provided to the other parties to determine if it can be submitted as an agreed upon protective order. Joint Applicants respectfully request that the protective order be entered expeditiously.

IX. CONSOLIDATION

Joint Applicants respectfully request that the following docket numbers be consolidated pursuant to 52 Pa. Code § 5.81: A-2024-3051925, A-2024-3051926, A-2024-3051927, A-2024-3051929, A-2024-3051931, A-2024-3051932, A-2024-3051933, A-2024-3051934, A-2024-3051935, A-2024-3051936.

Respectfully submitted,

See, e.g., Joint Application of SBC Communications, Inc. and AT&T Corp. Together with its Certificated Pennsylvania Subsidiaries for Approval of Merger, Docket Numbers A-311163F0006, A-310213F0008, A-310258F0005 (Opinion and Order adopted and entered October 6, 2005) ("requiring conditions in this instance is not necessary in light of the fact that the proposed merger provides affirmative public benefits under the City of York standards.").

/s/ Bryce R. Beard

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Counsel to Frontier

Dated: January 3, 2025

/s/ Suzan D. Paiva

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Counsel to Verizon Communications, Inc. (*Pro Hac Vice* Motion Pending)

A-2024-3051925, et al. – JOINT APPLICATION FOR TRANSFER OF CONTROL OF FRONTIER PARENT, INC. AND ITS PA REGULATED UTILITIES TO VERIZON COMMUNICATIONS INC.

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The Honorable Erin L. Gannon Administrative Law Judge Pennsylvania Public Utility Commission 400 North Street Commonwealth Keystone Building Harrisburg, PA 17120 egannon@pa.gov

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