

Broadband Alliance *of Mendocino County*

Date: July 10, 2015

To: Interested media

Subject: Press Release: CPUC holds Public Participation Hearing regarding the transfer of Verizon landline assets to Frontier Communications

From: Trish Steel, Chair, Broadband Alliance of Mendocino County

The California Public Utilities Commission (CPUC) recently held the first of a series of Public Participation Hearings (PPHs) regarding the sale of Verizon Landline assets in California to Frontier Communications. Two other states, Florida and Texas, also have applications for a similar transfer but California is the only state that is holding these hearings. Because this application for transfer must be approved by the Federal Communications Commission (FCC) and the CPUC, the CPUC wants to hear first-hand from residents who will be affected by this change. CPUC Commissioner Catherine Sandoval is personally traveling around the state for these hearings. This is a rare opportunity to communicate directly with a commissioner about concerns with telephone and internet service, although comments may pertain to all affected areas of the state.

The first of four hearings scheduled for northern California was held on July 6th at the Benbow Inn in Humboldt County. There were many Verizon and Frontier executives, engineers, and Public Affairs personnel present to answer questions. Also in attendance were representatives from the Office of Ratepayer Advocates (ORA) and The Utilities Reform Network (TURN), who are both looking into this transaction to see how and if it benefits the public. Before the hearing, a tour was held to visit the Verizon “central office” in Garberville, and to visit a “remote terminal” near Honeydew to actually see the condition of the physical copper plant.

At the hearing, about a dozen people spoke and expressed their concerns to Commissioner Sandoval and the Administrative Law Judge present for the hearing. The Broadband Alliance of Mendocino County (BAMC), Access Sonoma Broadband, Access Humboldt, and a few Internet providers were among those who spoke and brought their concerns to Commissioner Sandoval. The Broadband Alliance Chair, Trish Steel, presented 10 topics of concern (see them [here](#)). The first concern is that Frontier is buying an asset which has depreciated considerably, has high maintenance costs, but also a declining revenue base as residents transition off the copper landlines. A year after the 2008 sale of Verizon’s assets in New England to FairPoint Communications, FairPoint entered bankruptcy. At the time of the sale, residents were told, “Everything is fine”. But obviously everything was not fine, and a multitude of problems and violations occurred. BAMC doesn’t want to see a similar negative legacy follow this transfer of assets. A positive outcome of the hearing for

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BAMC was meeting and exchanging contact information with the President of Frontier's West Region, Melinda White. For all the years BAMC has been working to advocate for better broadband, Verizon has never provided a good contact to work with.

The Utilities Reform Network (TURN), a consumer advocacy group, is heavily involved in the proceedings for this transfer. A significant concern for TURN is the availability of back-up power at all facilities during power outages. Current battery back-up lasts only 8 hours. If roads are blocked due to emergencies such as earthquakes, it would be problematic to bring in generators from other locations. If needed, would there even be enough generators available to power all the facilities? TURN sees the positive potential that this transfer offers, as Frontier Communications is providing good service in parts of Humboldt county. But the concern remains that the facilities they plan to buy from Verizon are currently in poor shape and will be costly to repair. TURN wants to make sure Frontier Communications is able to live up to their promises.

Another issue brought to light at the hearing concerns the Connect America Fund (CAF) money that Frontier wants to use for expansion of broadband services to targeted unserved census blocks. This money is available from the federal government on a yearly basis for 7 years. However, Frontier will miss the application deadline which falls before the transfer of Verizon's assets. To make it work, Verizon will need to apply for the funding and then include it as part of the transfer of assets. Unfortunately, at the hearing, Verizon representatives would not commit to applying for and accepting the CAF money by the deadline of August 27th, 2015.

Mendocino County has four Verizon exchanges in the northern part of the county which will be affected: Laytonville, Covelo, Leggett, and Piercy. All residents in these areas were mailed notices about the hearing a week in advance, but it appeared that only the Broadband Alliance and two ISP's attended and spoke at the hearing. One Laytonville resident said that she did not get the notice until the Friday before the Monday hearing, which did not give her enough time to make plans to attend. A Covelo resident reported that she never received the notice at all, and that driving home late at night would have been difficult. A few Humboldt County residents attended to express their frustration about their lack of internet options, high costs, and poor service quality. Knowing how many many people are in this situation, it was rather disappointing that more folks were not able to attend and to speak, as it's not often that you have a CPUC commissioner present in a small town wanting to hear from residents directly about their telephone and internet concerns. However, if you were not able to attend the hearing, you can still let the Commission know your thoughts by sending your written comments which reference "**Frontier and Verizon, Application No 15-03-005**" to the CPUC Public Advisor's Office, Room 2103, 505 Van Ness Avenue, San Francisco CA 94102 or by emailing at public.advisor@cpuc.ca.gov. The phone number is 1-866-849-8390. Don't miss this opportunity to let the California Public Utilities Commission know what it's like if you live on the wrong side of the Digital Divide.