

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
Albany on December 18, 2025

COMMISSIONERS PRESENT:

Rory M. Christian, Chair  
James S. Alesi  
David J. Valesky  
Uchenna S. Bright  
Denise M. Sheehan  
Radina R. Valova

CASE 24-C-0618 - Joint Petition of Verizon Communications Inc., Frontier Communications Parent, Inc., Frontier Telephone of Rochester, Inc., Frontier Communications of Seneca-Gorham, Inc., Ogden Telephone Company d/b/a Frontier Ogden Telephone Company, Frontier Communications of Sylvan Lake, Inc., Frontier Communications of New York, Inc., Citizens Telecommunications Company of New York, Inc. d/b/a Frontier Communications of New York, Frontier Communications of Ausable Valley, Inc., Frontier Communications of Rochester Inc., and Frontier Communications of America, Inc. for Approval of a Proposed Transaction Pursuant to Sections 99 and 100 of the Public Service Law.

ORDER GRANTING JOINT PETITION  
SUBJECT TO CONDITIONS

(Issued and Effective December 18, 2025)

BY THE COMMISSION:

INTRODUCTION

By the Joint Petition filed on October 31, 2024, and the Amended Supplement to the Joint Petition filed on November

24, 2025,<sup>1</sup> Verizon Communications Inc. (Verizon), Frontier Communications Parent, Inc. (Frontier Parent), Frontier Telephone of Rochester, Inc. (Frontier Telephone of Rochester), Frontier Communications of Seneca-Gorham, Inc. (Frontier Seneca-Gorham), Ogden Telephone Company d/b/a Frontier Ogden Telephone Company (Frontier Ogden), Frontier Communications of Sylvan Lake, Inc. (Frontier Sylvan Lake), Frontier Communications of New York, Inc. (Frontier New York), Citizens Telecommunications of New York, Inc. d/b/a Frontier Communications of New York (Frontier Citizens), Frontier Communications of Ausable Valley, Inc. (Frontier Ausable Valley) (together with Frontier Telephone of Rochester, Frontier Seneca-Gorham, Frontier Ogden, Frontier Sylvan Lake, Frontier New York, and Frontier Citizens, collectively referred to as the Frontier New York Incumbent Local Exchange Carriers (ILECs)), Frontier Communications of Rochester Inc. (Frontier Rochester), and Frontier Communications of America, Inc. (Frontier America) (together with the Frontier New York ILECs, the Frontier Operating Companies and collectively, with Frontier Parent, referred to as Frontier) request Commission approval pursuant to Public Service Law (PSL) §§99 and 100 to transfer indirect ownership and control of the Frontier Operating Companies to Verizon (Transaction).<sup>2</sup>

By this Order, the Commission determines, pursuant to PSL §§99 and 100, that the Transaction is in the public interest, provided the Petitioners unequivocally accept all conditions outlined below, including the commitments to expand fiber-based high-speed broadband services to unserved,

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<sup>1</sup> The Amended Supplement to the Joint Petition includes a revision to the Supplement to the Joint Petition that was previously filed on November 21, 2025.

<sup>2</sup> Verizon, Frontier Parent and the Frontier Operating Companies are collectively referred to herein as the Petitioners.

underserved, or overbuild addresses, fund digital inclusion and small business initiatives, protect against discrimination, and enhance service quality and network reliability, along with other public benefits. Moreover, the Commission further finds that any potential risks or detriments associated with the Transaction can be mitigated by the conditions discussed below.

#### BACKGROUND

##### Verizon Communications, Inc.

Verizon is a Delaware corporation with its principal place of business at 1095 Avenue of the Americas, New York, New York 10036. Verizon is a holding company whose operating subsidiaries provide communications, technology, information, and entertainment products and services to consumers, businesses, and government entities. Verizon is the ultimate corporate parent of several operating subsidiaries in New York, including Verizon New York Inc., the State's largest ILEC.

##### Frontier Communications Parent, Inc.

Frontier Parent is a Delaware corporation with its headquarters and principal place of business at 1919 McKinney Avenue, Dallas, Texas 75210. Like Verizon, Frontier Parent is a holding company whose operating subsidiaries provide communications and technology products, including intrastate, interstate, and international long-distance services in each of the states where Frontier Parent operates. Frontier Parent serves 25 states and operates more than 50 ILECs and a small number of Competitive LECs (CLECs).

##### Frontier New York Operating Companies

In New York, Frontier Parent operates nine telephone corporations with the following New York certifications:

- Frontier Telephone of Rochester is a New York corporation with its principal address at 180 South Clinton Avenue, Rochester, New York 14646. Frontier Telephone of

Rochester is a New York ILEC that offers voice and internet services in 35 exchanges that include urban, suburban, and rural areas. As of October 2025, Frontier Telephone of Rochester served approximately 37,000 total access lines in New York.<sup>3</sup>

- Frontier Seneca-Gorham is a New York corporation with its principal local address at 71 Main Street, Bloomfield, New York 14469. Frontier Seneca-Gorham is a New York ILEC that offers voice and internet services in four exchanges that include rural and suburban areas. As of October 2025, Frontier Seneca-Gorham served approximately 1,100 total access lines in New York.
- Frontier Ogden is a New York corporation with its principal local address at 21 West Avenue, Spencerport, New York 14559. Frontier Ogden is a New York ILEC that furnishes voice and internet services in three exchanges that include rural and suburban areas. As of October 2025, Ogden Telephone served approximately 1,600 total access lines in New York.
- Frontier Sylvan Lake is a New York corporation with its principal local address at Route 82, P.O. Box 338, Hopewell Junction, New York 12533. Frontier Sylvan Lake is a New York ILEC that offers voice and internet services in one exchange that includes rural and suburban areas. As of October 2025, Frontier Sylvan Lake served approximately 1,500 total access lines in New York.
- Frontier New York is a New York corporation with its principal local address at 145 North Main Street, Monroe, New York 10950. Frontier New York is a New York ILEC that offers voice and internet services in eight exchanges that include urban, suburban, and rural areas. As of October 2025, Frontier New York served approximately 8,500 total access lines in New York.

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<sup>3</sup> Access line count data is based upon records related to the Commission's proceedings on the service quality of local exchange telephone companies. See, e.g., Case 24-C-0179, In the Matter of Quality of Service Provided by Local Exchange Companies in New York State for 2024.

- Frontier Citizens is a New York corporation with its principal local address at 137 Harrison Street, Johnstown, New York 12095. Frontier Citizens is a New York ILEC that offers voice and internet services in 128 exchanges that include urban, suburban, and rural areas. As of October 2025, Frontier Citizens served approximately 35,000 total access lines in New York.
- Frontier Ausable Valley is a New York corporation with its address at 310 Front Street, Keeseville, New York 12944. Frontier Ausable Valley is a New York ILEC that offers voice and internet services in four exchanges located in rural areas. As of October 2025, Frontier Ausable Valley served approximately 800 total access lines in New York.
- Frontier Rochester is a Delaware corporation with its principal local address at 137 Harrison Street, Gloversville, New York 12078. Frontier Rochester is a New York CLEC authorized as a facilities-based provider of intrastate services pursuant to a Certificate of Public Convenience and Necessity (CPCN) issued in Case 94-C-0531.<sup>4</sup> As of October 2025, Frontier Rochester served approximately 19,000 total access lines in New York.
- Frontier America is a Delaware corporation with its principal local address at 137 Harrison Street, Gloversville, New York 12078. Frontier America is a New York CLEC authorized as a facilities-based provider of intrastate services pursuant to a CPCN issued in Case 92-C-0802.<sup>5</sup> As of October 2025, Frontier America served approximately 200 total access lines in New York.

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<sup>4</sup> Case 94-C-0531, Petition of "R-Com" for an Original Certificate of Public Convenience and Necessity to resell all forms of intrastate telephone service.

<sup>5</sup> Case 92-C-0802, Petition of Visions, Inc. for an Original Certificate of Public Convenience and Necessity to Provide InterLATA and IntraLATA Switched and Dedicated Telecommunications Services on a Resale Basis, Letter Approving CPCN by Operation of Law (dated September 25, 2000).

JOINT PETITION AND AMENDED SUPPLEMENT

The Petitioners seek Commission approval pursuant to PSL §§99 and 100 to transfer indirect control of the Frontier Operating Companies to Verizon through a parent-level transaction in which, pursuant to an Agreement and Plan of Merger dated September 4, 2024 (Agreement),<sup>6</sup> a wholly owned subsidiary of Verizon created solely for purposes of facilitating the Transaction, France Merger Sub Inc., will be merged into Frontier Parent, with Frontier Parent as the surviving entity. After the closing of the Transaction, Frontier Parent will become a wholly owned subsidiary of Verizon, and the Frontier Operating Companies will then become indirect wholly owned subsidiaries of Verizon.

The Petitioners state that, as the Transaction will occur at the holding-company level, there will be no merger or dissolution of any regulated company, and no transfer of the customers or assets of any such company. Therefore, the change in ownership will be seamless for New York customers of the Frontier Operating Companies.<sup>7</sup> According to the Joint Petition, the corporate identities, authorizations, rights, obligations, rates, and services of the Frontier Operating Companies will not change as a result of the Transaction.

Public Interest Statement

The Petitioners state that the Transaction will advance the Commission's public interest objectives by, among other things, facilitating infrastructure investment,

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<sup>6</sup> A copy of the Agreement is provided as Exhibit A of the Joint Petition and can be found at:  
<https://www.sec.gov/Archives/edgar/data/732712/000119312524213664/d828371dex21.htm>.

<sup>7</sup> Pre- and post-Transaction organizational charts are attached hereto as Attachment A.

technological development, and economic expansion without presenting any competitive concerns. They contend that the Transaction is in the best interest in terms of operations and economics and that customers will have continued access to Frontier's operational, technical, and managerial capabilities, and that Frontier will have a stronger financial posture and further benefit from access to the operational, technical, and managerial capabilities of Verizon.

According to the Joint Petition, the Transaction will permit Frontier to continue its fiber expansion strategy. The Petitioners state that Frontier's Building Gigabit America fiber expansion strategy has required significant amounts of capital investment, creating significant indebtedness for Frontier, among other things, which combined have caused Frontier to face significant challenges in making other necessary investments in its network. Thus, according to the Petitioners, the Transaction is the best opportunity for Frontier's customers and stakeholders to allow Frontier to continue its fiber deployment strategy and result in better service options.

Specifically, the Joint Petition acknowledges concerns with service quality across Frontier's service territory, including the need to improve service quality in 24 of Frontier's wire centers, which the Commission identified in its 2020 approval of Frontier's proposed restructuring pursuant to its Chapter 11 bankruptcy filing.<sup>8</sup> The Joint Petition states that "Verizon will ensure that Frontier's network is healthy and will deploy the resources necessary to ensure that Frontier

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<sup>8</sup> See Case 20-C-0267, In the Matter of Frontier Communications Corporation and subsidiaries, et al., Order Approving Joint Petition with Conditions (issued October 16, 2020).

customers who are served by that network receive quality service.”<sup>9</sup>

The Joint Petition also lists various tools and policies employed by Verizon that may be leveraged to improve the overall safety and reliability of Frontier’s network, such as tools that allow for real-time network and equipment troubleshooting, Wi-Fi strength, and allow customers to use their smartphone to help diagnose and solve issues instead of requiring a truck roll at a later time. Additionally, following the Transaction, the Petitioners state they will conduct an in-depth audit of Frontier’s fiber and copper networks to determine which of Verizon’s tools and policies will be implemented to align the Frontier networks with Verizon’s standards, which will benefit customers in the Frontier territories.

The Petitioners submit that, following the Transaction, Verizon will also be able to provide service offerings and bundled packages that are more customizable than what Frontier is currently able to provide to its customers, including a low-income broadband plan known as Verizon Forward. Petitioners state that Verizon Forward provides affordable and reliable broadband for economically disadvantaged consumers and will commit to offer Verizon Forward to customers across the Frontier service areas. Verizon’s current offerings to qualifying consumers include Fios 300 Megabits per second (Mbps) for \$20 per month for eligible residential customers and 5G Home/LTE Home for \$20 per month for Verizon Forward customers who combine in-home wireless internet service with postpaid mobile unlimited plan that includes 5G Ultra Wideband. In addition, Petitioners contend that customers will be able to choose different services that may better fit their needs than

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<sup>9</sup> Joint Petition, p. 16.

what Frontier currently offers, including bundling their service with Verizon cellular services and new content service choices.

According to the Joint Petition, the Transaction will not adversely impact Verizon's and Frontier's plans for the National Telecommunications and Information Administration's Broadband Equity, Access, and Deployment (BEAD) Program. They state that Verizon will honor all commitments for broadband deployments and grant funding, such as the Federal Communications Commission's (FCC) Rural Digital Opportunity Fund (RDOF) and the BEAD Program, previously made by Frontier.

The Petitioners further assert that the Transaction will not result in any competitive harm because both Frontier's and Verizon's ILEC service territories are almost entirely complementary with minimal overlap in coverage. Because Frontier and Verizon do not materially compete for customers, the Joint Petition posits that there will be no reduction in competing providers for both entities and the Transaction will instead enhance competition by increasing the amount of overall service options available.

Finally, the Joint Petition submits that, although Frontier Citizens and Frontier New York operate certificated video service in 16 municipalities through franchise agreements approved by the Commission, PSL §222 approval is not required. This is so, according to the Petitioners, because both companies have fewer than a combined 50 subscribers and have filed requisite certificates with the Commission attesting to their status as an exempt small company under PSL §213(2), therefore, making each company exempt from the requirements of PSL §222.<sup>10</sup>

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<sup>10</sup> See Matter 09-01904, In the Matter of Cable Company Filings of Annual Financial Reports and Customer Service Reports.

Nevertheless, on January 21, 2025, Verizon filed a letter stating that prior to the closing of the Transaction, Frontier Parent shall use reasonable best efforts to terminate all of its franchise agreements in New York. Consistent with the Agreement, Verizon states it expects that the franchise agreements will be terminated by Frontier Parent prior to the closing of the Transaction.

In addition, on January 10, 2025, Frontier notified Department of Public Service (Department) staff of its intent to abandon its cable franchises in each of the 16 municipalities these companies serve.<sup>11</sup> Moreover, on November 6, 2025, Frontier Parent provided an update verifying that Frontier has no remaining cable television customers in New York.<sup>12</sup>

On December 2, 2025, the Director of the Office of Telecommunications issued a letter in Matter 25-00009 acknowledging the termination and abandonment of the cable franchises in each of the 16 municipalities. The Commission likewise considers these 16 Certificates of Confirmation and franchise agreements terminated. Therefore, to the extent Frontier or Verizon decide to exercise a future cable television franchise in any of these municipalities, they must once again apply for and receive a Certificate of Confirmation from the Commission, pursuant to PSL §221, for any franchise agreement entered into with such municipality.

Amended Supplement to the Joint Petition

On November 24, 2025, the Petitioners filed the Amended Supplement to the Joint Petition describing additional

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<sup>11</sup> See letter to Director provided under cover letter dated November 12, 2025, Matter 25-00009, In the Matter of Cable Certificates of Confirmation Granted by the Commission Regarding a Potential Exit from the Cable Marketplace.

<sup>12</sup> Id.

public interest benefits they will commit to if the Transaction is ultimately approved. Among other things, the Petitioners will commit to investing at least \$40 million to deploy Fiber-to-the-Premises (FTTP) network capable of delivering high-speed broadband to unserved or underserved addresses and at least \$90 million to deploy FTTP network to overbuild addresses located in the ILEC service territories of both Frontier and Verizon, where they have no FTTP facilities currently deployed and no BEAD or other State or federal subsidy funding for FTTP technology has been awarded. In addition, the Petitioners will commit to investing \$20 million in New York to support initiatives aimed at bridging the digital divide.

With respect to workforce, the Petitioners will commit to hiring at least 20 bargaining unit employees in the Frontier New York ILEC territories and refrain from involuntarily laying off any Frontier employee in New York who is in a customer-facing, service quality, or network reliability role.

Regarding broadband affordability, irrespective of the Affordable Broadband Act (ABA),<sup>13</sup> the Petitioners will commit to continue offering Verizon Forward, for at least five years following the closing of the Transaction and expend no less than \$300,000 annually on Verizon Forward consumer awareness efforts.

With respect to service quality and network reliability, the Petitioners will implement the requirements

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<sup>13</sup> General Business Law §399-zzzzz.

resulting from the Frontier operations audit in Case 24-C-0537,<sup>14</sup> initiate a plant maintenance program, and ensure adequate battery back-up within all the Verizon and Frontier central offices.

The Petitioners will also spend at least \$150 million of Verizon's dedicated \$5 billion Small Business Accelerator Program in New York, invest \$250,000 in grants to small businesses in New York through Verizon's Small Business Digital Ready program, invest \$750,000 in funding to community organizations that support small businesses, add two new community partners, invest \$1 million in Verizon's Technician Training Program at Pace University, and invest \$1.5 million in its community disaster resiliency partnership with the United Way.

The Petitioners further recognize that they will be bound by, must obey, and will continue to implement federal and New York State non-discrimination laws, cooperate with any New York agency investigating any allegations of discrimination, and report to the Commission with regard to discrimination complaints.

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<sup>14</sup> As set forth on page 8 in the Commission's Order Initiating a Focused Operations Audit, issued on November 20, 2024, in Case 24-C-0537, In the Matter of a Focused Operations Audit of Frontier Communications Parent, Inc. (Frontier Audit), the Commission stated that "... it appears that Frontier and its New York affiliates, particularly, Frontier Telephone of Rochester, Frontier Communications of Ausable Valley, Frontier Communications of Seneca-Gorham, Frontier Communications of New York, and Citizens Telecommunications Company of New York, have experienced ongoing and in some cases severe service quality and network reliability issues, including escalating customer trouble report rates, increasing complaint rates, lengthy repair durations, and localized network reliability problems."

Finally, the Petitioners will commit to a series of financial obligations and protections in New York to mitigate any potential harm to ratepayers.

NOTICE FOR COMMENTS

In conformance with the State Administrative Procedure Act (SAPA) §202(1), a Notice of the Joint Petition was published in the State Register on January 15, 2025 [SAPA No. 24-C-0618SP1]. The period for submitting comments in response to the SAPA Notice expired on March 17, 2025. Two public comments were received from the Communications Workers of America (CWA), the labor union representing both Verizon's and the Frontier's Operating Companies' collective bargaining units. CWA filed its comments on March 17 and November 12, 2025, respectively, and ultimately supports the Commission's conditional approval of the Transaction.

Following the filing of the Amended Supplement to the Joint Petition, a Notice Soliciting Comments was issued by the Secretary to the Commission on November 21, 2025, seeking comments on the Transaction in light of the public benefit commitments described by the Petitioners therein. The period for submitting comments in response to the Secretary's Notice expired on December 5, 2025. One comment in support of the Transaction was received from the New York State Telecommunications Association, Inc., whose membership comprises more than forty telecommunications carriers – including the State's largest providers and numerous small, rural incumbent local exchange carriers.

LEGAL AUTHORITY

Under PSL §§99 and 100, the Commission must find that such transactions are in the public interest in order to grant

its approval. PSL §99(2) requires the consent of the Commission for any proposed transfer of a telephone corporation's "works or system." As the Commission has noted, "[a]lthough PSL §99(2) does not specify a standard of review, all such utility transfers have been interpreted as requiring an affirmative public interest determination by the Commission."<sup>15</sup>

PSL §§100(1) and (3) require the Commission's consent for the acquisition of the stock of a telephone corporation. Unlike §99(2), however, these provisions expressly bar the Commission from giving its consent unless the applicant has shown, in the first instance, that the acquisition is in the public interest.

According to PSL §§99 and 100, an application is deemed approved within 90 days unless the Commission or its designee notifies a petitioner in writing that the public interest requires the Commission's review and its written order. The Petitioners were notified by letter dated November 5, 2024, that the public interest required a more detailed review of the Joint Petition and that the Commission would review and issue a written order in this proceeding.<sup>16</sup>

#### DISCUSSION

To approve a proposed merger or acquisition of a telephone company under PSL §§99 and 100, the Commission must determine that such transaction is in the public interest. The public interest standard will be determined in a manner designed

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<sup>15</sup> See, e.g., Case 05-C-0237, Joint Petition of Verizon Communications Inc., et al., Order Asserting Jurisdiction and Approving Merger Subject to Conditions (issued November 22, 2005), n.46.

<sup>16</sup> Case 24-C-0618, Joint Petition of Verizon Communications Inc., et al., Letter from Debbie LaBelle, Director, Office of Telecommunication (dated November 5, 2024).

to benefit and protect ratepayers without unduly restricting the flow of capital. That, in turn, will also translate into maintaining a minimum level of credit quality, or reasonable financial strength, to ensure that customers are protected.<sup>17</sup>

In this case, the Commission finds that the Transaction presents potential risks and detriments, as described below. However, provided the Petitioners unconditionally accept all the conditions discussed in this Order, including the commitments to expand fiber-based high-speed broadband services to unserved, underserved, or overbuild addresses, fund digital inclusion and small business initiatives, protect against discrimination, and enhance service quality and network reliability, the Commission expects the Transaction to produce an incremental net benefit to New York customers, while mitigating those identified risks and detriments associated with the Transaction.

#### Potential Harms and Market Power

The Petitioners state that the Transaction is in the public interest because it will facilitate infrastructure investment and encourage technological and economic expansion without presenting any competitive concerns. Moreover, according to the Petitioners, the Transaction will be generally transparent to customers and will not result in a reduction of service quality. The Petitioners assert that they will continue to provide such services at the same rates and on the same terms and conditions as are currently in effect.

Notwithstanding the foregoing, however, as the Commission has previously stated in other cases of this type, while there is no inherent reason why an acquisition or transfer

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<sup>17</sup> See, e.g., Case 14-C-0308, Joint Petition of Brick Skirt Holdings, et al., Order Approving Transfer of Control with Conditions (issued December 12, 2014).

should result in harm, the potentially weak business risk profiles of the Frontier Parent and Frontier New York ILECs, combined with potential efficiency gains sought through the Transaction cannot be ignored.<sup>18</sup>

1. Financial Integrity

As part of its analysis, the Commission reviewed the financial statements of the Frontier New York ILECs, Frontier Parent, and Verizon, as well as the merger-related analyses issued by Moody's Investor Service (Moody's) and Standard and Poor's (S&P). This review provided the foundation for assessing the financial integrity of the entities involved in the Transaction.

Assessment of the Frontier New York ILECs' Financial Position

Five of the seven Frontier New York ILECs maintain positive equity balances, while two, Frontier Telephone of Rochester and Frontier Sylvan Lake, currently have negative equity positions due to persistent accumulated negative retained earnings. All seven Frontier New York ILECs face high business risk driven by operating losses and continued access-line erosion, as well as a lack of credit ratings. If rated independently by a credit rating agency, the Commission is advised that they would likely be assigned a non-investment-grade rating due to their weak business risk profile, limited revenue base, exposure to competition, and ongoing access line losses.

In light of these circumstances, the Commission finds that steps must be taken to ensure the financial integrity of

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<sup>18</sup> See, e.g., Case 15-M-0388, Joint Petition of Charter Communications, et al., Order Granting Joint Petition Subject to Conditions (issued January 8, 2016) (Charter Approval Order), and Case 15-M-0647, Joint Petition of Altice N.V., et al., Order Granting Joint Petition Subject to Conditions (issued June 15, 2016).

the Frontier New York ILECs, particularly the two ILECs with negative equity balances. Accordingly, the Commission will, as described below, impose a minimum common equity ratio for the Frontier New York ILECs.

Assessment of Frontier Parent's Financial Position

Frontier Parent is the entity whose financial condition presents the most direct potential financial risk to the Frontier New York ILECs. Under the proposed post-Transaction's organizational structure, Frontier Parent will ultimately control the Frontier Operating Companies. Its financial condition, therefore, has meaningful implications for the long-term financial health of the Frontier New York ILECs.

Frontier Parent currently does not maintain an active issuer credit rating with any major rating agency. S&P previously maintained a "B-" issuer rating on Frontier Parent as of May 2021, which was subsequently withdrawn. Moody's likewise lists Frontier Parent as "WR" (i.e., rating withdrawn) following a period in which its corporate-family rating had fallen into the "Caa" range prior to withdrawal. Based on Frontier Parent's current financial profile, the Commission is advised that if it were rated today, the rating agencies would likely assign it a speculative-grade (non-investment-grade) issuer rating.

Frontier Parent's current capital structure is materially weaker than the 40 percent common equity ratio the Commission typically requires for parent-level entities as part

of other recent telephone company merger cases.<sup>19</sup> The Commission's analysis indicates that bringing Frontier Parent's consolidated equity ratio to such a level within the next several years would require extraordinary recapitalization – such as reducing Frontier Parent's consolidated debt by roughly 60 percent, or increasing its equity capital through retained earnings or external equity infusion by approximately 40 percent, or some combination thereof.

Because meeting a minimum common equity ratio requirement at the parent level would effectively require a massive recapitalization of Frontier Parent, such a condition would not be proportionate to the financial risks presented to the Frontier New York ILECs. Accordingly, the Commission will impose a financial covenant-based condition, rather than a parent-level equity requirement, as the appropriate mechanism to protect the New York Frontier ILECs, as discussed in the risk mitigation section below.

#### Assessment of Verizon's Financial Position

Verizon has stronger financial metrics relative to Frontier Parent and maintains investment-grade credit ratings of "BBB+" from S&P and "Baal" from Moody's. Each of the major credit rating agencies indicate that Verizon's credit metrics are expected to remain consistent with its current ratings following the closing of the Transaction.

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<sup>19</sup> See, e.g., Case 22-M-0223, Joint Petition of Empire Telephone Corp. et al., Order Granting Joint Petition Subject to Conditions (issued November 18, 2022); Case 23-C-0734, Joint Petition of Consolidated Communications Holdings, Inc., et al., Order Granting Joint Petition Subject to Conditions (issued September 19, 2024); and Case 24-C-0368, Joint Petition of Windstream Holdings II, LLC, et al., Order Granting Joint Petition Subject to Conditions (issued May 16, 2025).

Accordingly, based on the Commission's analysis and the information presented in the record, the Commission finds that Verizon does not present financial risk to the Frontier New York ILECs and that the imposition of a financial condition on Verizon is neither necessary nor warranted.

2. Goodwill/Acquisition Premium

There is potential that the Transaction could result in goodwill (i.e., an intangible asset that arises as a result of the purchase, should the purchase price exceed the net book value). Therefore, consistent with long-standing practice, the Commission will impose a goodwill condition that prohibits recording any goodwill arising from the Transaction on the ILECs' books as discussed in the risk mitigation section below.<sup>20</sup>

3. Impact on Competition

The Petitioners state that the Transaction is not expected to diminish competition or eliminate any telecommunication service provider in their respective service territories. The Petitioners also posit that Frontier will face vigorous competition in the markets it serves, and the Transaction will give it the near-term financial and operational flexibility needed to execute its fiber transformation while navigating competitive pressures. The Petitioners note that since Frontier does not offer wireless services, Frontier does not compete with Verizon and/or its affiliates for non-wired services in New York.<sup>21</sup>

The Petitioners also state that "Frontier's lack of

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<sup>20</sup> See, e.g., Case 16-C-0696, Joint Petition of Margaretville Telephone Co., et al., Order Authorizing Transfer of Control and Associated Financing Transactions with Certain Conditions (issued September 14, 2017).

<sup>21</sup> Joint Petition, pp. 12 and 24; Petitioners Response to Department staff Interrogatory Request (IR) DPS-1(21-a) and DPS-1(21-c) (filed February 4, 2025).

bundling mobile wireless service places it at a competitive disadvantage. The ability to offer Frontier service in combination with Verizon mobile wireless post-[T]ransaction will benefit Frontier's existing customers and enhance the competitiveness of the Frontier operations".<sup>22</sup> In response to Department staff's interrogatories, the Petitioners explain that Frontier's fiber to the premise offerings will not constitute a bottleneck facility and will instead be leveraged to its competitive advantage.<sup>23</sup>

Moreover, the Petitioners indicate that Frontier's and Verizon's ILECs' service territories have minimal overlap, and the companies do not materially compete for mass market wireline customers.<sup>24</sup> Finally, the Petitioners submit that overlaps of fiber facilities for non-mass-market customers are limited, and that Frontier does not heavily focus on what Verizon considers to be enterprise customers. Any enterprise locations that Verizon serves in Frontier service areas are related to national and international enterprise customers who have locations in many areas and are not served by a competitive targeting of Verizon.<sup>25</sup>

Based on the foregoing, the Commission agrees that the Transaction is not expected to negatively impact competition in New York.

#### 4. Service Quality

The Commission has previously stated in other cases of

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<sup>22</sup> Id., pp. 12-13.

<sup>23</sup> Petitioners Response to Department staff IR DPS-1(25) (filed February 4, 2025).

<sup>24</sup> Petitioners Response to Department staff IR DPS-1(22) (filed February 4, 2025).

<sup>25</sup> Petitioners Response to Department staff IR DPS-1(21-b) (filed February 4, 2025).

this type, that while there is no inherent reason why a merger or acquisition should result in a deterioration of the customer service experience and competitive pressures should play a role in maintaining adequate service quality, the risks associated with the debt and potential efficiency gains sought through the Transaction could lead to derogation of service quality.<sup>26</sup>

Moreover, in this case, service quality for the Frontier New York ILECs has historically been poor. Frontier has been the subject of several major service quality and network reliability improvement proceedings, with the most recent proceeding initiated by the Commission in 2024 to conduct a focused management and operations audit of Frontier after the Company failed to meet the Commission's thresholds for adequate service quality.<sup>27</sup> This proceeding is ongoing.

Therefore, to improve and ensure adequate customer service for the Frontier New York ILECs, the Petitioners will be subject to the service quality and network reliability conditions as outlined below.

#### Risk Mitigation Conditions

Based on the foregoing, it appears that the Transaction could result in potential harm. The Commission believes that any potential harm can be mitigated by the commitments made by the Petitioners, and by imposing specific

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<sup>26</sup> See, e.g., Case 22-C-0342, Joint Petition of Atlas Connectivity, et al., Order Granting Joint Petition Subject to Conditions (issued May 19, 2023); Case 22-M-0698, Joint Petition of Archtop Fiber LLC,, et al., Order Granting Joint Petition Subject to Conditions (issued July 21, 2023); and Case 23-M-0042, Joint Petition of Archtop Fiber LLC, et al., Order Granting Joint Petition Subject to Conditions (issued September 15, 2023).

<sup>27</sup> See, n. 14, supra.

enforceable conditions as part of its approval of the Transaction as follows.

1. Minimum Common Equity Ratio - Frontier New York ILECs

The Petitioners shall ensure that the Frontier New York ILECs maintain a minimum common equity ratio (book value of common equity/book value of common equity plus debt) of 50 percent. However, for the first 12 months after the closing of the Transaction, it shall be sufficient for Frontier Telephone of Rochester and Frontier Sylvan Lake to maintain a positive equity ratio. Thereafter, Frontier Telephone of Rochester and Frontier Sylvan Lake shall maintain a minimum common equity ratio of 50 percent as well. If any of the Frontier New York ILECs' common equity ratios fall below 50 percent, calculated on a 12-month rolling-average basis, the Petitioners shall file these results with the Secretary of the Commission within 30 days with supporting documentation for each line item, in Microsoft Excel spreadsheet format with all formulae intact. Within 10 business days of providing that notification, the Petitioners shall meet with the Department staff to discuss their Capital Structure Plan. In addition, the Petitioners shall file a mutually agreed upon Capital Structure Plan with the Commission within 30 calendar days after meeting with Department staff.

The Petitioners shall abide by these capital structure conditions, through the later of two years following the closing date of the Transaction or until the completion of the Petitioners' New York broadband-deployment commitments discussed below, whichever period is longer.

This capital structure condition does not bind the Commission to any specific regulatory capital structure for the Frontier New York ILECs, and the precise regulatory capital

structure of the Frontier New York ILECs may be considered by the Commission here or in any future cases.

2. Frontier Parent Financial Covenant Ratio

If Frontier Parent's Financial Covenant Leverage Ratio reaches or exceeds 4.75x at any time during the two years following the issuance of this Order, or until the completion of the Petitioners' New York broadband deployment commitments, whichever period is longer, the Petitioners shall notify the Secretary to the Commission and file a Debt Covenant Mitigation Plan.<sup>28</sup> Specifically, if Frontier Parent's Financial Covenant Leverage Ratio reaches or exceeds 4.75x, the Petitioners shall file these metrics with the Secretary of the Commission within 10 business days of making such determination with supporting documentation for each line item, in Microsoft Excel spreadsheet format with all formulae intact. Within 10 business days of providing that notification, the Petitioners shall meet with Department staff to discuss their Debt Covenant Mitigation Plan. In addition, the Petitioners shall file a mutually agreed upon Debt Covenant Mitigation Plan with the Commission within 30 calendar days after the meeting with Department staff.

Regardless of whether the reporting threshold above is met, Frontier Parent, as long as it is a party to any credit agreement that includes covenant ratios, shall also submit, no

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<sup>28</sup> The Commission has imposed similar financial covenant-based conditions in other cases. See, e.g., Case 20-C-0009, Joint Petition of Germantown Telephone Company, Inc., et al., Order Authorizing Issuance of Debt and Use of Ratepayer Revenues Subject to Conditions (issued July 16, 2020); Case 23-C-0734, Joint Petition of Consolidated Communications Holdings, Inc., et al., Order Granting Joint Petition Subject to Conditions (issued September 24, 2024); and Case 24-C-0368, Joint Petition of Windstream Holdings II, LLC, et al., Order Granting Joint Petition Subject to Conditions (issued May 16, 2025).

later than 60 days following the end of each calendar year, its annual financial statements along with a written analysis showing its actual financial covenant leverage ratio for the year, including all supporting documentation used in the calculation.

3. Costs of the Transaction

Costs of the Transaction shall be excluded from the rate base, expenses, and capitalization in the determination of rates and earned returns of all Frontier New York ILECs for intrastate regulatory accounting and reporting purposes. No costs related to the Transaction shall be recovered from the ratepayers of the Frontier New York ILECs.

4. Access to Book and Records

Department staff shall have unrestricted access to all financial books and records of Frontier Parent and Verizon upon request. The Petitioners shall continue to maintain separate books and records for each of the Frontier New York ILECs. The books and records of Frontier shall not be removed from New York State without prior Commission approval.

5. Goodwill/Acquisition Premium

Any goodwill/acquisition premium resulting from the Transaction shall not be charged to the Frontier New York ILEC ratepayers or included on their books and records.

6. Pledge of Assets

The Transaction shall not be secured by the Frontier New York ILECs' assets. Moreover, the Frontier New York ILECs shall not provide any financial guarantees or use its assets to facilitate this Transaction or any other future transactions involving the Petitioners and its affiliates without prior Commission approval.

7. Service Quality and Maintaining Jobs

As described above, there is a clear need for overall

improvement in the service quality of the Frontier New York ILECs. To that end, as a condition of the Commission's approval, the Petitioners shall be required to implement all recommendations resulting from the Frontier Audit. Because the Frontier Audit is ongoing, the Commission will address the implementation of any recommendations within the context of that proceeding.

Additionally, following closing of the Transaction, the Petitioners shall hire at least 20 bargaining unit employees in the Frontier New York ILEC territories. Petitioners shall file a status report with the Secretary to the Commission detailing the hire date of these 20 additional employees, the Frontier New York ILEC each employee is assigned to, the geographic territory each employee is assigned to, the title of each position, including whether the position is full-time or part-time, and file updates on a quarterly basis on the employment status of these 20 additional employees.

Further, the Petitioners shall be precluded from laying off, involuntarily reducing, or taking any action that is intended to reduce customer-facing jobs or positions in service quality and network reliability for the Frontier New York ILECs, for a period of three years following the closing of the Transaction, or until completion of the broadband deployment commitments, whichever is longer, with the exception of early retirement incentives and attrition.

The Petitioners shall be required to report to the Commission on the number of employees of the Frontier New York ILECs in customer-facing, service quality, and network reliability roles in their respective service territories within 21 days of the issuance of this Order, and to provide quarterly updates for three years following the closing of the

Transaction, or until completion of the broadband deployment commitments, whichever is longer.

Additionally, within one year following the closing of the Transaction and continuing for a period of at least four years following the closing of the Transaction, the Petitioners shall adopt a plant maintenance program for the Frontier New York ILECs' regulated voice network through which technicians can submit plant conditions needing additional maintenance to Petitioners through a system comparable to Verizon's National Operations Quality Inspection system that records and documents the conditions. Petitioners shall regularly review the submissions to the system. Valid submissions shall include those that are limited to the performance of maintenance activity on the Frontier New York ILECs' solely owned property, plant or equipment; are not duplicative; do not trigger requirements for overtime, additional staffing, or new or specialized equipment or tools; would result in restoration of property, plant or equipment to sound working order; and are within the scope, training, and job descriptions of the Frontier ILECs' employee workforce. The Petitioners shall resolve at least 75% of valid submissions within 90 days. Final resolution may consist of repair, replacement, or a reasonable conclusion that no further action is appropriate as Petitioners determine. When no further action is the final resolution, the Petitioners shall retain a record of the reasonable conclusion that led to that result.<sup>29</sup>

To ensure compliance, the Petitioners shall file a report with the Commission twelve months from the closing of the

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<sup>29</sup> This commitment in no way precludes or prevents any Commission action with regard to the Frontier New York ILECs' service quality and network reliability and is additive to any other Commission action deemed necessary.

Transaction and continuing every twelve months for at least four additional years, that includes the list of reports submitted under the program that details at a minimum, date of report, date of review, disposition, and resolution of the reports for the reporting cycle.

Moreover, within six months of the closing of the Transaction, the Petitioners shall have in place a system to maintain battery backup power at all Verizon and Frontier central offices for at least four hours in the event of a power failure and backup generators that can operate for at least 24 hours without refueling. Consistent with State and/or federal requirements, Petitioners shall: (i) maintain enough, reliable backup power in any central office that directly serves a Public Safety Answering Point, or PSAP, to maintain full-service functionality, including network monitoring capabilities, for at least 24 hours at full office load and (ii) equip especially critical central offices that host selective routers with at least 72 hours of backup power at full office load.

To ensure compliance, the Petitioners shall file a report with the Commission, six months from the closing of the Transaction, that details the steps taken to comply with the battery backup requirements herein broken down by each central office location.

Finally, the Commission notes that the Frontier New York ILECs are subject to other ongoing and open proceedings involving service quality, network reliability and other types

of reviews.<sup>30</sup> As a condition of the Commission's approval herein, immediately following the closing of the Transaction, Verizon shall also be subject to all such requirements, obligations, and conditions pertaining to Frontier and the Frontier New York ILEC territories.

Public Benefit Conditions

As discussed in previous mergers and acquisitions, the Commission recognizes that monetized benefits, sometimes described as positive benefit adjustments, or PBAs, are at best "an exercise of informed judgment because there is no mathematical formula on which to base such a decision."<sup>31</sup> Nevertheless, to assure that the Transaction meets the positive benefit adjustment test and is in the public interest here, the Commission will require enforceable public benefit conditions for its approval.

Accordingly, the Commission will require the following investments and commitments to ensure that a reasonable portion of the synergy savings expected to be achieved from the Transaction inure to the benefit of New York customers.

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<sup>30</sup> See, e.g., Case 08-C-1140, In the Matter of Frontier Telephone of Rochester, Inc.'s Petition Seeking Termination of Remaining Open Market Plan Provisions, Order Adopting Joint Stipulation and Agreement (issued October 17, 2008); Case 20-C-0267, In the Matter of Frontier Communications Corporation Notice of Filing of Chapter 11 for Financial Restructuring, Order Approving Joint Petition with Conditions, (issued October 16, 2020); and Case 21-M-0042, In the Matter of an Investigation into the Utilities' Preparation for and Response to August 2020 Tropical Storm Isaias and Resulting Telephone and Cable TV Service Outages, Order Adopting Terms of Settlement (issued July 15, 2021).

<sup>31</sup> Charter Approval Order, p. 20, quoting Case 07-M-0906, Iberdrola, S.A., et al., Order Authorizing Acquisition Subject to Conditions (issued January 6, 2009).

1. Broadband Deployment Commitments

The Commission has a significant concern that there are areas of the State where consumers have no access to high-speed broadband services. Moreover, expanding the reach of networks capable of offering high-speed broadband to unserved or underserved areas of the State is an important public interest. Further, extending fiber networks to locations that are already served by other broadband providers (i.e., overbuilding) afford benefits to consumers that are typical in competitive markets - enhanced consumer choice, innovation of new products/services, improved operations by providers, and competitive rates.

Therefore, as a condition of the Commission's approval, the Petitioners shall be required to invest, within five years of the closing of the Transaction: (i) at least \$40 million to extend their FTTP high-speed broadband network (defined for purposes of this commitment as an internet access service with minimum speeds of 100 Mbps download and 20 Mbps upload) to unserved or underserved addresses,<sup>32</sup> and (ii) at least \$90 million to deploy their FTTP network to overbuild addresses within the ILECs service territories of both Verizon and Frontier to which they have no FTTP facilities deployed and the address has not been awarded BEAD or other State or federal subsidy funding. An address is considered passed if the network facilities can provide high-speed broadband: (a) located in or on the public right-of-way (i.e., road) that the address abuts,

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<sup>32</sup> In terms of broadband service, according to the New York State Broadband Map (<https://mapmybroadband.dps.ny.gov>), "Unserved" generally means there is no internet access at a location, or speeds are below 25 Mbps download and 3 Mbps upload. "Underserved" means there is some internet service at a location, but it is below 100 Mbps download and 10 Mbps upload. "Served" means the location has access to broadband service with speeds at or exceeding 100 Mbps download and 10 Mbps upload.

or (b) located in or on a public right-of-way into which the private right-of-way that the address abuts, terminates, or intersects; provided that with respect to an address described in (b) above, if such address is within 150 feet from the network facilities of Frontier, Verizon, or any of their affiliates in the public right-of-way, Frontier, Verizon, or any of their affiliates shall not impose a special construction charge for such construction and shall complete such construction and provide service within seven business days of a request for service at such address after securing any necessary private easements or rights.

For unserved/underserved addresses, the Petitioners shall complete at least: 25% of the build-out by the end of year 2, 50% of the build-out by the end of year 3, 75% of the build-out by the end of year 4, and 100% of the build-out by the end of year 5.

For overbuild addresses, the Petitioners shall complete at least: 20% of the build-out by the end of year 1, 40% of the build-out by the end of year 2, 60% of the build-out by the end of year 3, 80% of the build-out by the end of year 4, and 100% of the build-out by the end of year 5.

Further, for purposes of determining whether good cause exists for an extension of the above timeframes, the Commission shall consider: (a) force majeure events, including but not limited to severe weather events, labor shortages, and delays caused by third parties, including pole or conduit owners or their contractors, and (b) any other factor relevant to such request.

The Petitioners shall consult with Department staff throughout the 75-day period after issuance of this Order to discuss and consider the Petitioners' proposed list of unserved, underserved, or overbuild addresses. Following this

consultation and within 75 days of the issuance of this Order, the Petitioners shall file with the Secretary to the Commission a list of at least 2,000 unserved/underserved addresses and at least 60,000 overbuild addresses they plan to pass.<sup>33</sup> All addresses will be subject to Department staff's subsequent review and acceptance. If an unserved/underserved address identified by the Petitioners and accepted by Department staff is subsequently served by another provider of high-speed broadband before the Petitioners build their network to pass that address, the address will no longer be considered unserved/underserved, and the Petitioners shall supplement their list of unserved/underserved addresses for Department staff's review and acceptance as soon as practicable. If Verizon proposes to change any of the addresses during the five-year build-out period, it shall submit the new addresses for Department staff's review and acceptance.

Throughout the course of the foregoing consultation and the Petitioners' build-out commitments, the Petitioners shall confer with Department staff and utilize available resources to identify opportunities to extend high-speed fiber facilities to communities in need and endeavor to maximize the benefit of the build-out for all New York customers. To this end, the Petitioners should endeavor to deploy FTTP to additional addresses beyond the build-out commitments described herein.

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<sup>33</sup> The number of addresses specified herein shall be increased to the extent necessary to assure that the Petitioners, or their affiliates, spend at least a total of \$130 million in incremental capital expenditures related to the broadband deployment commitments described herein within five years of the closing of the Transaction.

If the Petitioners receive any public funding (e.g., State, federal, County) for any addresses used to satisfy the broadband build-out requirements herein, the Petitioners shall invest an amount equal to the amount received by the Petitioners under such public funding, to extend high-speed broadband service to additional unserved, underserved, or overbuild addresses.

Every six months from the date of the issuance of this Order, the Petitioners shall file with the Commission a report containing the details of any publicly funded awards, including for example, the date and amount of the award, funding sources, addresses covered, and, if applicable, the amount and plan for additional capital investment in high-speed broadband expansion in accordance with the build-out conditions herein. The Petitioners shall complete any expansion of high-speed broadband service as soon as commercially reasonable but no later than 24 months after receipt of such public funding.

To ensure that the Petitioners are meeting their build-out obligations in a timely manner, the Petitioners shall be required to file with the Secretary to the Commission compliance reports every six months, beginning six months from the date of the issuance of the Order, indicating the number and location of the unserved/underserved or overbuild addresses passed and the amount and description of capital expenditures invested during the reporting cycle, along with supporting documentation.

Finally, as of the closing of the Transaction, Verizon, along with the relevant entities, shall adopt and must fulfill all commitments Frontier or its subsidiaries have made previously with regard to the Broadband Equity, Access, and Deployment program or any other federal or State broadband grant programs.

2. Digital Inclusion

Consistent with the goal of closing the digital divide in New York, the Commission shall require the Petitioners to, within six-months of the closing of the Transaction, contribute at least \$20 million through a legally compliant grant to the State that will be used to support programs and projects that help close New York's digital divide.

The focus will be on increasing capacity to improve digital literacy and digital job readiness skills, workforce development, facilitating access to affordable internet and devices, enhancing digital privacy and safety, and making government services more accessible through the internet. Investments in beneficiary entities and initiatives will be made by ConnectALL, a division of the New York State Urban Development Corporation d/b/a Empire State Development, in consultation with the Department.

The Petitioners shall file documentation with the Secretary to the Commission of the existence of the legally compliant grant and contributed funds within one month of establishing such fund. The Petitioners shall file with the Secretary to the Commission annual updates on distributions by January 31<sup>st</sup> of each year until such funds are extinguished.

3. Broadband Affordability

Access to the internet is essential to participate in a modern society. Yet, while one of the great benefits of the internet is to facilitate the acquisition and dissemination of information to all individuals, the physical ability to connect to the internet using either the current or modernized networks does not provide any benefit to customers who cannot afford it. Broadband networks are critical infrastructure, defining how communities access information, services, and economic opportunity. The reach and quality of these networks determine

whether people can fully participate in education, commerce, healthcare, and civic life. When access to the internet falls short, the possibilities available to the people who rely on it do so as well.

Accordingly, regardless of the status of the ABA, the Petitioners shall be required to, for a period of at least five years after the closing of the Transaction, provide the Verizon Forward offering to all customers in the Frontier and Verizon New York ILEC service territories that have access to either fiber internet or fixed wireless access without diminishment in eligibility criteria or amount of discount that Verizon offers in New York as of the closing of the Transaction.

Moreover, for a period of five years following the closing of the Transaction, the Petitioners shall spend a minimum of \$300,000 per year to make consumers aware of Verizon Forward in both the Verizon and Frontier New York ILEC service territories, and to provide a dedicated webpage to advertise Verizon Forward.

Additionally, the FCC's Affordable Connectivity Program (ACP) helped ensure that households were able to afford the broadband access they needed for work, school, healthcare and more. However, due to a lack of additional funding from Congress, the ACP ended, effective June 1, 2024. To the extent the ACP is refunded or a successor program is named, with respect to the territories of Verizon's and Frontier's New York ILECs, as a condition of the Commission's approval, the Petitioners shall be required to participate in the ACP or its successor program(s) so long as the ACP or its successor program(s) retain materially similar terms and conditions as the ACP had as of the date of this Order.

4. Small Business and Educational Investment

As part of their Amended Supplement to the Joint Petition, the Petitioners also commit to certain other small business and educational investments in New York and Nationwide to satisfy the Commission's public interest standard. The Commission shall, therefore, require these commitments as part of its conditional approval herein. They are as follows.

Over the next five years, the Petitioners shall make additional investments supporting its education program, Verizon Innovative Learning, in New York State. For all Verizon Innovative Learning programs, Verizon's nonprofit partners independently select and vet all schools that apply for the programs. Pending applications from eligible New York State K-12 schools and selection by its nonprofit partners, the Petitioners shall: (i) support three new Verizon Innovative Learning Schools in New York and (ii) fund data plans for existing Verizon Innovative Learning Schools through the end of their participation in the program.

Moreover, the Petitioners shall continue to support its Digital Wellness programming with Older Adults Technology Services (OATS) by AARP through a national commitment of \$1.5 million to OATS by AARP in 2026, which shall include: (i) Digital Wellness 5-week courses at OATS by AARP Senior Planet Centers, including their flagship in New York City and through licensing partners in additional markets in New York State and (ii) Digital Wellness workshops offered at Verizon retail stores including at least five workshops in New York City locations.

The Petitioners agree to develop, invest in, and expand Verizon's small business programs. In connection with Verizon's Small Business Accelerator Program, Verizon has committed to spending \$5 billion nationally with small business suppliers over the five-year period following the closing of the

Transaction. Over that same five-year period, the Petitioners shall be required to spend at least \$150 million of that dedicated \$5 billion in New York. The Petitioners will consult with the Department and the New York State Urban Development Corporation d/b/a Empire State Development to raise awareness of the Small Business Accelerator investment amongst diverse New York small businesses.

Additionally, over a two-year period after the closing of the Transaction, the Petitioners shall also invest \$250,000 in grants to small businesses in New York through Verizon's Small Business Digital Ready program, and an additional \$750,000 in funding to community organizations that support small businesses, including adding two new community partners through the program.

Further, over the two-year period after the closing of the Transaction, the Petitioners shall be required to invest \$1 million in Verizon's Technician Training Program at Pace University.

Finally, over the five-year period following the closing of the Transaction the Petitioners shall invest \$1.5 million in Verizon's community disaster resiliency partnership with the United Way.

All the programs listed in this section shall be subject to a reporting requirement, filed with the Secretary to the Commission, every six months after the closing of the Transaction. Such reports must at a minimum, document the amount of the investments, the timing of such, the recipients, and proof of receipts.

5. Non-Discrimination

Anti-discrimination laws provide essential safeguards to ensure that all individuals are treated fairly and without bias. The Petitioners commitment to comply with the following

State and federal non-discrimination laws is intended to strengthen public confidence in their operations and to hold them accountable for upholding the protections guaranteed by these laws. Petitioners shall be bound by, must obey, and will continue to implement the following federal and New York State non-discrimination laws:

- a. Title VII of the Civil Rights Act of 1964 as amended (42 United States Code §2000e, et seq.) including but not limited to 42 U.S.C. §2000e-2 (unlawful employment practices), 42 U.S.C. §2000e-3 (other unlawful employment practices), the Lilly Ledbetter Fair Pay Act of 2009 (Pub. L. 111-2);
- b. The Age Discrimination in Employment Act of 1967 (29 U.S.C. §626 et seq.);
- c. The Americans with Disabilities Act of 1990 (42 U.S.C. §12111 et seq.), the Rehabilitation Act of 1973 (29 U.S.C. §§791, 794);
- d. The Family and Medical Leave Act of 1993 (29 U.S.C. §2601 et seq.);
- e. The Pregnant Workers Fairness Act of 2022 (42 U.S.C. §§2000gg-2000gg-6), the Pregnancy Discrimination Act of 1978 (42 U.S.C. §2000e(k));
- f. The Fair Labor Standards Act of 1938 (29 U.S.C. §203), and the Equal Pay Act of 1963 (29 U.S.C. §206(d)), inclusive of amendments thereto, e.g., the Lilly Ledbetter Fair Pay Act of 2009 (Pub. L. 111-2);
- g. New York State Executive Law §296;
- h. New York State Labor Law §194; and
- i. any other federal and New York State non-discrimination laws.

Moreover, the Petitioners shall not discriminate in violation of any federal or New York State non-discrimination laws against any prospective or existing employees or any

prospective or existing customers with respect to any wireline communications service it offers in New York. They shall further cooperate with any New York agency investigating any allegations of discrimination.

On or before January 31 of each year beginning in 2027 and for a period of five years following the closing of the Transaction unless extended by the Commission, the Petitioners shall submit a report to the Commission describing voluntary self-identification data regarding race/ethnicity, sexual orientation, gender identity, military status, sex, and disability status of employees at all levels of employment within the combined company, in New York, and describe the policies or activities that ensure equal opportunity and non-discrimination in recruitment and hiring during the preceding calendar year.<sup>34</sup>

6. Other Commitments

In the Joint Petition, the Petitioners make several statements relating to the Frontier New York ILECs. For example, they commit to conducting an in-depth audit of Frontier's fiber and copper networks, following closing of the Transaction, to determine which of Verizon's tools and policies should be implemented in those networks, in order to align those networks with Verizon's standards. Although not a requirement herein, it is anticipated that the Petitioners will carry out these initiatives as part of their internal review process of the combined company post-Transaction.

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<sup>34</sup> The Petitioners also attached to their Amended Supplement to the Joint Petition wholly unredacted copies of their responses to Department staff IRs DPS-4(20) and (21), originally provided under request for confidentiality on June 19, 2025, and DPS-6(8), (9), (10), (11), (12), (13), (14), and (15), originally provided under request for confidentiality on July 29, 2025.

7. Most Favored State Clause

For the reasons stated herein, it is the Commission's judgment that the conditions established are necessary to satisfy the public interest. At the same time, however, the Commission is aware that the Petitioners have pursued approval in other state and federal jurisdictions, and that these jurisdictions may require commitments that would also be beneficial to New York. To ensure that New York gains the benefits of these commitments, the Commission shall require the Petitioners to agree to a most favored state clause. If, in obtaining approval of the Transaction in other jurisdictions, the Petitioners commit to additional benefits, they shall within 30 days following such commitments, notify the Commission of its intent to provide those same commitments in New York. Notwithstanding the foregoing, the conditions here shall be provided in addition to any benefit that results from any other state or federal action regarding the Transaction.

Acceptance of Conditions and Enforcement

The Petitioners and their successors in interest shall unconditionally accept and agree to comply with the conditions and commitments set forth in the body of this Order. If the Petitioners do not unconditionally accept such, within seven business days of the issuance of this Order, this Order shall constitute a denial of the Joint Petition and the Amended Supplement to the Joint Petition.

The conditions and commitments adopted in this Order shall be binding and enforceable by the Commission upon the Petitioners. Section 25 of the PSL requires that the Petitioners "comply with ... every order or regulation ... adopted"<sup>35</sup> pursuant to the PSL, and that any failure to comply with this

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<sup>35</sup> PSL §25(1).

Order may result in Petitioners to "forfeit to the people of the state of New York a sum not exceeding one hundred thousand dollars constituting a civil penalty for each and every offense and, in the case of a continuing violation, each day shall be deemed a separate and distinct offense."<sup>36</sup>

In the event that the Petitioners fail to comply with the conditions contained herein, pursuant to PSL §26, "the [C]ommission may direct counsel to the [C]ommission to commence an action or special proceeding in the supreme court in the name of the [C]ommission for the purpose of having such violations or threatened violations stopped and prevented."<sup>37</sup>

#### CONCLUSION

Based upon the foregoing, the Commission finds that with the enforceable conditions and commitments adopted herein, approval of the Transaction is in the public interest pursuant to PSL §§99 and 100. The Commission notes, however, that its conditional approval is based upon the specific and unique set of facts presented in the instant case. The Commission will continue to evaluate all future mergers and acquisitions on a case-by-case basis.

#### The Commission orders:

1. The Joint Petition and the Amended Supplement to the Joint Petition of Verizon Communications Inc. (Verizon), Frontier Communications Parent, Inc. (Frontier Parent), Frontier Telephone of Rochester, Inc. (Frontier Telephone of Rochester), Frontier Communications of Seneca-Gorham, Inc. (Frontier Seneca-Gorham), Ogden Telephone Company d/b/a Frontier Ogden Telephone

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<sup>36</sup> PSL §25(2).

<sup>37</sup> PSL §26.

Company (Frontier Ogden), Frontier Communications of Sylvan Lake, Inc. (Frontier Sylvan Lake), Frontier Communications of New York, Inc. (Frontier New York), Citizens Telecommunications of New York, Inc. d/b/a Frontier Communications of New York (Frontier Citizens), Frontier Communications of Ausable Valley, Inc. (Frontier Ausable Valley) (together with Frontier Telephone of Rochester, Frontier Seneca-Gorham, Frontier Ogden, Frontier Sylvan Lake, Frontier New York, and Frontier Citizens, the Frontier New York incumbent local exchange carriers or ILECs), Frontier Communications of Rochester Inc. (Frontier Rochester), and Frontier Communications of America, Inc. (Frontier America) (together with the Frontier New York ILECs, the Frontier Operating Companies and collectively, with Frontier Parent, Frontier) (Frontier with Verizon, Petitioners) to transfer indirect ownership and control of the Frontier Operating Companies to Verizon (Transaction) is approved pursuant to Public Service Law (PSL) §§99 and 100, subject to the conditions discussed in the body of this Order, and upon receipt by the Commission of certification by the Petitioners that they, and their successors in interest, unequivocally accept and agree to comply with the conditions and commitments set forth in the body of this Order. Such certification shall be submitted within seven business days of the issuance of this Order. If the Petitioners do not unconditionally accept within seven business days of the issuance of this Order, this Order shall constitute a denial of the Joint Petition.

2. Within 60 days after the closing of the Transaction, the Petitioners shall notify the Secretary to the Commission in writing that the Transaction has been successfully executed. If the Transaction is not consummated within one year of the date of this Order, the Commission may rescind the approval granted herein.

3. The Petitioners shall ensure that the Frontier New York ILECs maintain a minimum common equity ratio (book value of common equity/book value of common equity plus debt) of 50 percent. However, for the first 12 months after the closing of the Transaction, it shall be sufficient for Frontier Telephone of Rochester and Frontier Sylvan Lake to maintain a positive equity ratio. Thereafter, Frontier Telephone of Rochester and Frontier Sylvan Lake shall maintain a minimum common equity ratio of 50 percent as well. If any of the Frontier New York ILECs' common equity ratios fall below 50 percent, calculated on a 12-month rolling-average basis, the Petitioners shall provide these results to the Secretary of the Commission within 30 days with supporting documentation for each line item, in Microsoft Excel spreadsheet format with all formulae intact. Within 10 business days of providing that notification, the Petitioners shall meet with Department of Public Service (Department) staff to discuss their Capital Structure Plan. The Petitioners shall file a mutually agreed upon Capital Structure Plan with the Commission within 30 calendar days after meeting with Department staff.

4. The Petitioners shall abide by these capital structure conditions, through the later of two years following the issuance of this Order or until the completion of the Petitioners' New York broadband deployment commitments, whichever period is longer.

5. If Frontier Parent's Financial Covenant Leverage Ratio reaches or exceeds 4.75x, the Petitioners shall provide notice of this metric to the Secretary of the Commission within 10 business days of making such determination with supporting documentation for each line item, in Microsoft Excel spreadsheet format with all formulae intact. Within 10 business days of providing that notification, the Petitioners shall meet with the

Department staff to discuss their Debt Covenant Mitigation Plan. The Petitioners shall file a mutually agreed upon Debt Covenant Mitigation Plan with the Commission within 30 calendar days after the meeting with Department staff.

6. Frontier Parent's financial leverage ratio condition shall remain in effect for two years following the issuance of this Order, or until the completion of the Petitioners' New York broadband deployment commitments, whichever period is longer.

7. Regardless of whether the reporting threshold in is met, Frontier Parent, as long as it is a party to any credit agreement that includes covenant ratios, shall submit, no later than 60 days following the end of each calendar year, its annual financial statements along with a written analysis showing its actual financial covenant leverage ratio for the year, including all supporting documentation used in the calculation.

8. Costs of the Transaction shall be excluded from the rate base, expenses, and capitalization in the determination of rates and earned returns of all Frontier New York ILECs for intrastate regulatory accounting and reporting purposes. No costs related to the Transaction shall be recovered from the ratepayers of the Frontier New York ILECs.

9. Department staff shall have unrestricted access to all financial books and records of Frontier Parent and Verizon upon request. The Petitioners shall continue to maintain separate books and records for each of the Frontier New York ILECs. The books and records of Frontier shall not be removed from New York State without prior Commission approval.

10. No amount of goodwill or acquisition premium paid above net book value incurred in the Transaction shall be recovered from ratepayers or included on the books and records of the Frontier New York ILECs.

11. The Transaction shall not be secured by the Frontier New York ILECs' assets. Moreover, the Frontier New York ILECs shall not provide any financial guarantees or use its assets to facilitate the Transaction or any other future transactions involving the Petitioners and its affiliates without prior Commission approval.

12. The Petitioners shall be required to implement all recommendations resulting from the focused operational audit of Frontier Parent in Case 24-C-0537, In the Matter of a Focused Operations Audit of Frontier Communications Parent, Inc.

13. Following the closing of the Transaction, the Petitioners shall hire at least 20 bargaining unit employees in the Frontier New York ILEC territories. The Petitioners shall file a status report with the Secretary to the Commission detailing the hire date of the 20 additional employees, the Frontier ILEC each employee is assigned to, the geographic territory each employee is assigned to, the title of each position, including whether the position is full-time or part-time, and file updates on a quarterly basis on the employment status of these 20 additional employees.

14. The Petitioners shall be precluded from laying off, involuntarily reducing, or taking any action that is intended to reduce customer-facing jobs or positions in service quality or network reliability in New York for the Frontier New York ILECs, for a period of three years following the closing of the Transaction, or until completion of the broadband deployment commitments, whichever is longer, with the exception of early retirement incentives and attrition.

15. The Petitioners shall report to the Commission on the number of employees in customer-facing, service quality, and network reliability roles in their respective service territories within 21 days of the issuance of this Order, and to

provide quarterly updates for three years following the closing of the Transaction, or until completion of the broadband deployment commitments, whichever is longer.

16. Within one year following the closing of the Transaction and for a period of at least four years following the closing date of the Transaction, the Petitioners shall adopt a plant maintenance program for the Frontier New York ILECs' regulated voice networks consistent with the discussion in the body of this Order.

17. The Petitioners shall, beginning twelve months from the closing of the Transaction and continuing every twelve months for at least four additional years, file a report with the Secretary to the Commission that includes the list of reports submitted under the plant maintenance program that details at a minimum, the date of report, date of review, disposition, and resolution of the reports during the reporting cycle.

18. Within six months of the closing of the Transaction, the Petitioners shall (i) maintain battery backup power at all Verizon and Frontier central offices for at least four hours in the event of a power failure and backup generators that can operate for at least 24 hours without refueling, (ii) maintain enough, reliable backup power in any central office that directly serves a Public Safety Answering Point to maintain full-service functionality, including network monitoring capabilities, for at least 24 hours at full office load, and (iii) equip especially critical central offices that host selective routers with at least 72 hours of backup power at full office load.

19. The Petitioners shall file a compliance report with the Secretary to the Commission, six months from the closing of the Transaction, that details the steps taken to

comply with the battery backup requirements herein broken down by each central office location.

20. Immediately following the closing of the Transaction, Verizon shall be subject to all requirements, obligation, and conditions pertaining to Frontier and the Frontier New York ILEC service territories pursuant to any ongoing and open Commission proceeding consistent with the discussion in the body of this Order.

21. The Petitioners shall be required to make an incremental capital investment, within five years of the closing of the Transaction of: (i) at least \$40 million to extend Fiber-to-the-Premises (FTTP) high-speed broadband network (defined for purposes of this commitment as an internet access service with minimum speeds of 100 Megabits per second (Mbps) download and 20 Mbps upload) to unserved or underserved addresses, and (ii) at least \$90 million to deploy FTTP network to overbuild addresses within the Verizon and Frontier ILEC service territories to which they have no FTTP facilities deployed and the address has not been awarded Broadband Equity, Access, and Deployment Program or other State or federal subsidy funding consistent with the discussion in the body of this Order.

22. For unserved/underserved addresses, the Petitioners shall complete at least: 25% of the build-out by the end of year 2, 50% of the build-out by the end of year 3, 75% of the build-out by the end of year 4, and 100% of the build-out by the end of year 5 consistent with the discussion in the body of this Order.

23. For overbuild addresses, the Petitioners shall complete at least: 20% of the build-out by the end of year 1, 40% of the build-out by the end of year 2, 60% of the build-out by the end of year 3, 80% of the build-out by the end of year 4,

and 100% of the build-out by the end of year 5 consistent with the discussion in the body of this Order.

24. The Petitioners shall consult with Department staff throughout the 75-day period after issuance of this Order to discuss and consider Petitioners' proposed list of unserved, underserved, or overbuild addresses. Following this consultation and within 75 days of the issuance of this Order, the Petitioners shall file with the Secretary to the Commission a list of at least 2,000 unserved/underserved addresses and at least 60,000 overbuild addresses they plan to pass. All these addresses will be subject to Department staff's subsequent review and acceptance.

25. If an unserved/underserved address identified by the Petitioners and accepted by Department staff is subsequently served by another provider of high-speed broadband before the Petitioners build their network to pass that address, it will no longer be considered unserved or underserved. If the Petitioners propose to change any of the addresses during the five-year build-out period, it shall submit the new addresses for Department staff's review and acceptance.

26. To the extent the Petitioners receive any public funding (e.g., State, federal, County) for any addresses used to satisfy the broadband build-out requirements herein, the Petitioners shall invest an amount equal to the amount received by the Petitioners under such public funding, to extend high-speed broadband service to additional unserved, underserved, or overbuild addresses.

27. Every six months from the issuance of this Order, the Petitioners shall file with the Commission a report containing the details of any publicly funded awards consistent with the discussion in the body of this Order. The Petitioners shall complete any additional expansion of high-speed broadband

service as soon as commercially reasonable but no later than 24 months after receipt of such public funding.

28. The Petitioners shall file with the Secretary to the Commission compliance reports every six months, beginning six months from the date of the issuance of the Order, indicating the number and location of the unserved/underserved or overbuild addresses passed and investment made during the reporting cycle, including the amount of the expenditures, timing of such, and recipients, along with supporting documentation.

29. As of the closing of the Transaction, Verizon, along with the relevant entities, shall adopt and must fulfill all commitments Frontier or its subsidiaries have made previously with regard to the Broadband Equity, Access, and Deployment program or any other federal or State broadband grant programs.

30. Within six-months following the closing of the Transaction, the Petitioners shall contribute at least \$20 million through a legally compliant grant to New York State that will be used to support programs and projects that help close New York's digital divide. Investments in beneficiary entities and initiatives will be made by ConnectALL, a division of the New York State Urban Development Corporation d/b/a Empire State Development, in consultation with the Department, consistent with the discussion in the body of this Order.

31. The Petitioners shall file documentation with the Secretary to the Commission of the existence of the legally compliant grant and contributed funds within one month of establishing such fund. The Petitioners shall file with the Secretary to the Commission annual updates on distributions by January 31<sup>st</sup> of each year until such funds are extinguished.

32. Regardless of the status of the Affordable Broadband Act, the Petitioners shall, for a period of at least five years after the closing of the Transaction, provide the Verizon Forward offering to all customers in the Frontier and Verizon New York ILEC service territories consistent with the discussion in the body of this Order.

33. For a period of five years following the closing of the Transaction, the Petitioners shall spend a minimum of \$300,000 per year to make consumers aware of Verizon Forward in both the Verizon and Frontier New York ILEC territories, and to provide a dedicated webpage to advertise Verizon Forward.

34. To the extent the Affordable Connectivity Plan is refunded, or a successor program is named, with respect to the territories of Verizon's and Frontier's New York ILECs, the Petitioners shall participate in the ACP or its successor program(s) so long as the ACP or its successor program(s) retain materially similar terms and conditions as the ACP had as of the date of this Order.

35. The Petitioners shall over the next five years: (i) support three new Verizon Innovative Learning Schools in New York and (ii) fund data plans for existing Verizon Innovative Learning Schools through the end of their participation in the program.

36. The Petitioners shall invest in Verizon's Digital Wellness programming with Older Adults Technology Services (OATS) by AARP through a national commitment of \$1.5 million to OATS by AARP in 2026, which shall include: (i) Digital Wellness five-week courses at OATS by AARP Senior Planet Centers, including their flagship in New York City and through licensing partners in additional markets in New York State and (ii) Digital Wellness workshops offered at Verizon retail stores including at least five workshops in New York City locations.

37. Over the five-year period following the closing of the Transaction, in connection with Verizon's Small Business Accelerator Program, the Petitioners shall spend at least \$150 million of the dedicated \$5 billion in New York consistent with the discussion in the body of this Order. The Petitioners will consult with the Department and the New York State Urban Development Corporation d/b/a Empire State Development to raise awareness of the Small Business Accelerator investment amongst diverse New York small businesses.

38. The Petitioners shall invest \$250,000 in grants to small businesses in New York through Verizon's Small Business Digital Ready program over a two-year period following the closing of the Transaction.

39. The Petitioners shall invest \$750,000 in funding to community organizations that support small businesses over a two-year period following the closing of the Transaction, including adding two new community partners through the program.

40. The Petitioners shall invest \$1 million in Verizon's Technician Training Program at Pace University over the two-year period following the closing of the Transaction.

41. Over the five-year period following the closing of the Transaction the Petitioners shall invest \$1.5 million in Verizon's community disaster resiliency partnership with the United Way.

42. The Petitioners shall every six months after the closing of the Transaction file a report with the Secretary to the Commission detailing, at a minimum, the amount of the investments, the timing of such, the recipients, and proof of receipts, for the requirements contained in Ordering Clauses 33, 35, 36, 37, 38, 39, 40, and 41. This reporting requirement shall cease once the Department has verified completion of all of the required investments.

43. The Petitioners shall be bound by, must obey, and will continue to implement all federal and New York State non-discrimination laws consistent with the discussion in the body of this Order.

44. The Petitioners shall not discriminate in violation of any federal or New York State non-discrimination laws against any prospective or existing employees or any prospective or existing customers with respect to any wireline communications service it offers in New York. They shall further cooperate with any New York agency investigating any allegations of discrimination.

45. On or before January 31<sup>st</sup> of each year beginning in 2027 and for a period of five years following the closing of the Transaction unless extended by the Commission, the Petitioners shall submit a report to the Commission describing voluntary self-identification data regarding race/ethnicity, sexual orientation, gender identity, military status, sex, and disability status of employees at all levels of employment within the combined company, in New York, and describe the policies or activities that ensure equal opportunity and non-discrimination in recruitment and hiring during the preceding calendar year.

46. The Petitioners shall be subject to a Most Favored State clause consistent with the discussion in the body of this Order. If, in obtaining approval of the Transaction in other state or federal jurisdictions, the Petitioners commit to additional benefits, they shall within 30 days following such commitments, notify the Commission of its intent to provide those commitments in New York. Notwithstanding the foregoing, the conditions here shall be provided in addition to any benefit that results from any other state or federal action regarding this Transaction.

47. In the Secretary's sole discretion, the deadlines set forth in this Order may be extended. Any request for an extension must be in writing, include a justification for the extension, and be filed at least three days prior to the affected deadline.

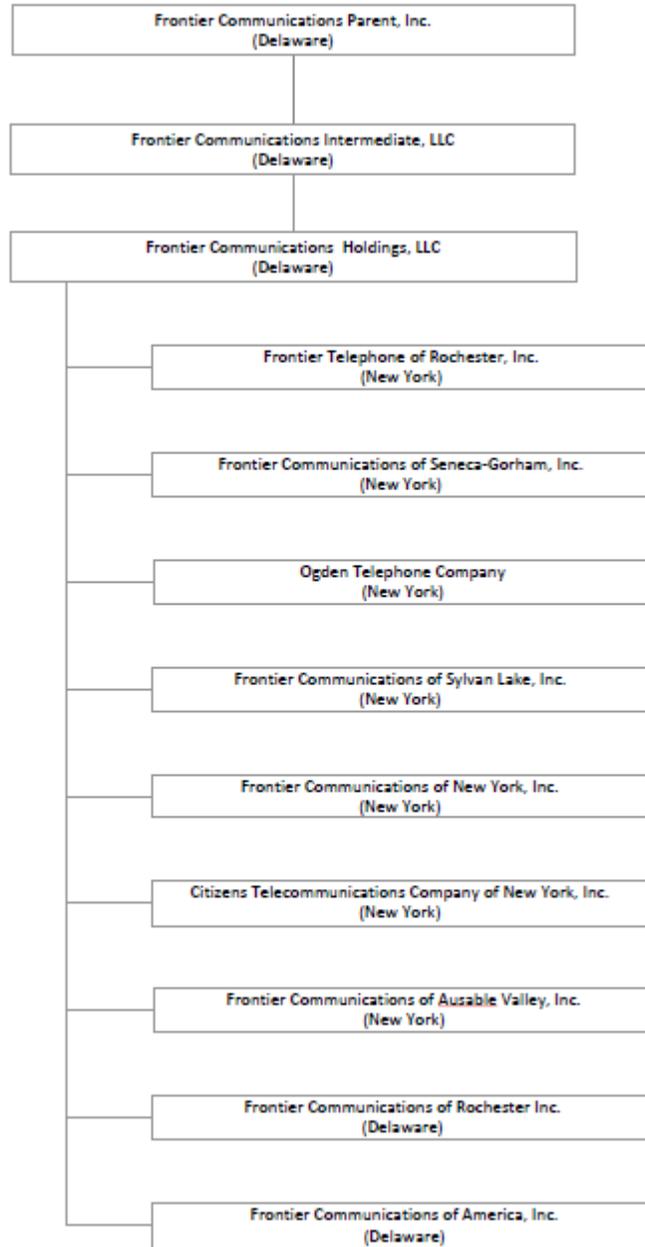
48. This proceeding is closed, after compliance with Ordering Clauses 1, 2, 3, 4, 5, 6, 7, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23, 24, 27, 28, 30, 31, 33, 35, 36, 37, 38, 39, 40, 41, 42, and 45.

By the Commission,

(SIGNED)

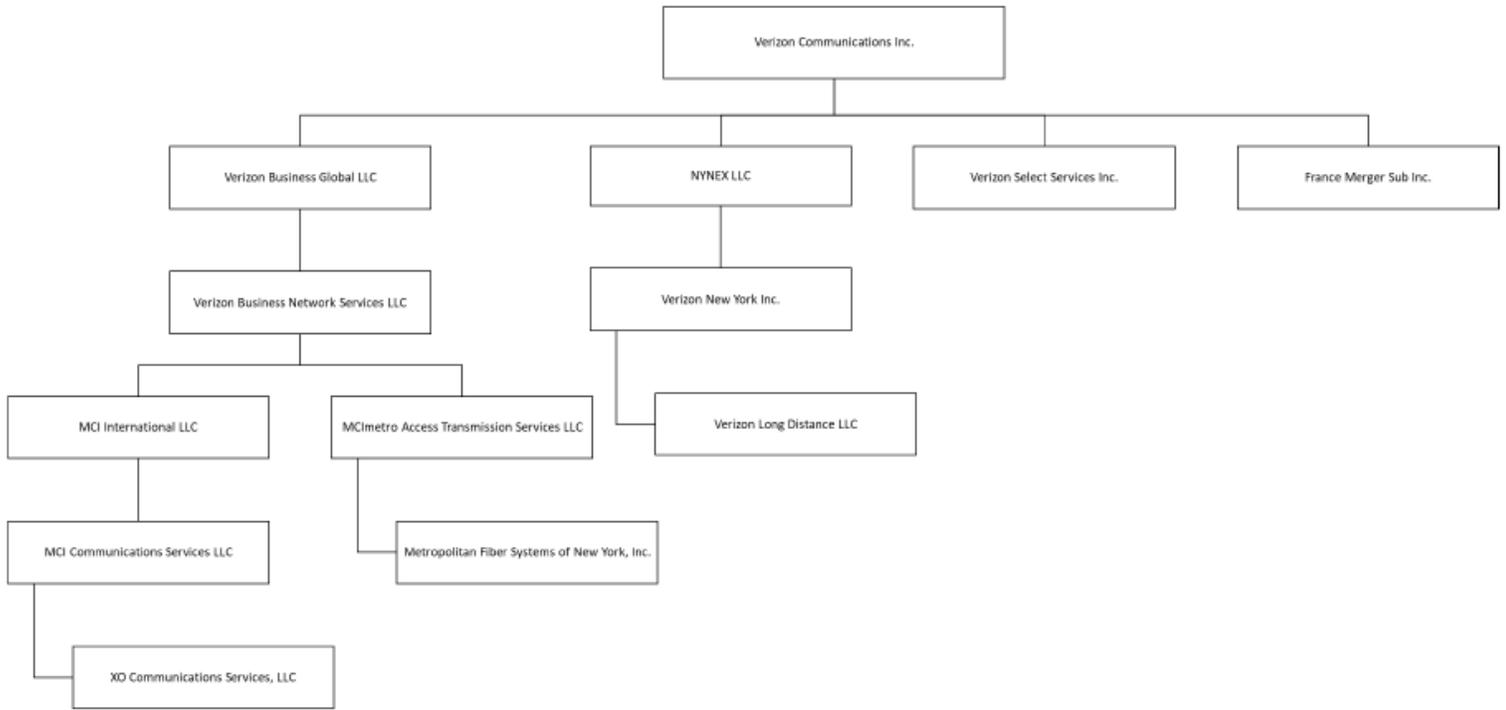
MICHELLE L. PHILLIPS  
Secretary

**Frontier Pre-Transaction Ownership Structure**



All ownership interests are 100% voting and equity.

**Verizon Pre-Transaction Ownership Structure**



**Post-Transaction Ownership Structure**

