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## Experts, Consumer Advocate and Telecom Companies File Testimony Opposing Proposed Verizon/Frontier Deal

**On Monday, Nov. 16** the proposed deal between Verizon and Frontier ran into major opposition in West Virginia.

The West Virginia Public Service Commission's (PSC) staff, PSC's Consumer Advocate division, the Communications Workers of America and several other state telecommunications companies all submitted testimony opposing the proposed deal. The testimonies highlighted the broad scope and variety of organizations that know this deal is bad for West Virginia.

### PSC CAD

The PSC's Consumer Advocate Division (CAD) Director Byron Harris submitted testimony urging rejection of the proposed Verizon/Frontier deal.

The CAD felt Frontier had made many "unrealistically optimistic financial projections" in support of the proposed transaction. Harris compared it to Frontier buying a used car from Verizon without knowing what's under the hood. Saying that Frontier has essentially agreed to purchase a used car without "first having the car examined by a mechanic."

Harris cited five major risk factors that the deal posed. He pointed to Frontier's lack of in-depth analysis of Verizon's operations and Frontier's use of over optimistic financial figures to rationalize the benefits of the deal. According to Harris, Frontier hasn't determined how it will handle the additional call center volumes that will occur as a result of the deal.

He worried that Verizon hasn't made any plans for how it will service West Virginia customers who are currently served out of its central offices in Maryland. Last but not least, he feared Verizon-WV customers could face increased rates and/or early

**"** The proposed transaction poses too many risks for retail telephone customers in West Virginia from both a financial and an operational standpoint. **"**

— CAD Director Byron Harris

termination fees as a result of having their current package or bundle service transferred to Frontier.

After an exhaustive review of all the risks of the deal the CAD testimony concluded "the proposed transaction is not in the public interest and should be rejected."

### PSC Staff

The PSC's staff of expert analysts also submitted testimony that drew conclusions similar to the CAD's. The staff turned a critical eye at the fact Frontier refuses to make any commitments to West Virginia customers or Verizon employees. The PSC staff cited many vague pronouncements and boastful assertions, but could find no concrete plans.

The staff rejected Frontier's recent claims of offering broadband access to more of its customers than Verizon. It pointed out that the percentage of broadband subscribers for Frontier-WV and Verizon-WV for whom broadband is actually available is virtually identical.

The PSC staff went on to "recommend that the proposed transaction be denied by the Commission," but added that if the deal is approved over all the objections that Verizon be required to invest \$300 million in West Virginia as part of the transaction.

“ Even if the transaction does not go awry, it will adversely affect consumers because Frontier’s financial constraints will prevent it from investing in the WV telecommunications infrastructure. ”

— Susan Baldwin, on behalf of CWA

## CWA

Susan Baldwin, who served as Director of Telecommunications for the Massachusetts Department of Public Utilities, submitted testimony on behalf of CWA. Baldwin saw the deal as a lose-lose proposition for West Virginia. She knows if the deal goes awry the state and consumers will have to clean up the mess. But even if somehow the deal manages to go smoothly, it could adversely affect consumers because Frontier’s debt ridden finances will prevent it from making much needed improvements to the state’s telecommunications infrastructure. Baldwin strongly urged rejection of the proposed deal.

The testimony of Randy Barber, who specializes in economic analyses of companies and industries, indicated the deal would negatively impact the state and put West Virginia’s communication industry at unnecessary risk.

## WV Telecom Companies

Not surprisingly the other telecommunications companies in West Virginia recognized the inherent dangers the deal posed to the state’s communications networks. Ntelos, Fibernet and Comcast all expressed either their opposition or deep reservations toward the proposed deal.

David Armentrout, CEO of FiberNet, felt Frontier lacked both the experience and resources to take on Verizon’s obligations in West Virginia. Comcast’s economic analyst Michael Pelcovits had serious misgivings about Frontier’s vague plans for integrating Verizon’s systems and felt the deal posed far

too many risks for consumers and the entire state. Comcast testimony pointed to the awful effect the deal could have on competitive phone service and prices in West Virginia. Comcast recognized what many have been saying, if the deal is approved the citizens of West Virginia would pay more for far fewer service options.

Many of these telecommunication companies have working relationships and contracts with Verizon. Therefore these companies depend on the state having a well maintained, modern, network which they fear Frontier won’t be able to provide.

## Conclusion

These testimonies offer even more proof of the risks West Virginians face on a multitude of fronts due to the proposed deal. It’s not often when businesses, unions, and consumer advocates join together on an issue but when you’ve got a deal this bad no one can afford to stay silent.

“We’re very glad that the state’s PSC staff and Consumer Advocate Division truly stood up for West Virginia’s consumers,” said Elaine Harris, CWA International Representative. “The facts show this deal puts West Virginia consumers at risk just to benefit Wall Street. I’m glad that so many different organizations filing testimony could agree that this is a bad deal and we need to put West Virginians first, not corporate greed.”

November 16 was the deadline for filing testimony. The PSC will begin holding its formal hearings on the deal beginning January 12.

“ Frontier lacks the requisite resources, experience, and incentive to comply with wholesale obligations it will take on... in West Virginia. ”

— David Armentrout, Fibernet CEO