

## **FRONTIER'S VERIZON DEAL: A THREAT TO JOBS?**

A pending deal by Frontier Communications to purchase Verizon's rural landline system could pose a risk to jobs and customer service at Frontier properties in California.

IBEW Local 1245 union stewards employed by Frontier met at Weakley Hall on Sept. 26 to examine the sale and its possible consequences. Other companies that have purchased Verizon assets have not fared well, according to Local 1245 Senior Business Rep. Ray Thomas, who led the meeting.

"Verizon sold its assets in Hawaii about three years ago to the Carlyle Group," said Thomas. "But Carlyle had overextended itself. They ended up with service problems and they went into a lot of debt."

The company filed for bankruptcy in December 2008.

Similarly, Fairpoint Communications has found itself on the brink of bankruptcy after purchasing the northern New England portion of Verizon's landlines in March 2008—due in part to problems with customer service.

"They've been fined nearly a million dollars for poor service and they're under investigation by the state utility commission in New Hampshire," Thomas noted.

### **Financial Burden**

IBEW Local 1245 members are understandably concerned about Frontier's ability to take on Verizon rural assets in California and 13 other states. At present it is unknown what interest rate Frontier will be paying on the \$3.3 billion that it will owe Verizon at the close of the deal, which means there is currently no way to accurately measure the financial burden the deal will impose on Frontier.

The union is also concerned about Frontier claims that "synergy" monies from the sale will produce \$500 million in savings. Synergy is a term companies often use to describe the savings that come from consolidating services and personnel—sometimes through office closures and layoffs.

"If that \$500 million comes in the form of consolidation, some of the work that is performed in California could be moved to other states," said Thomas. "If it comes in the form of manpower reduction, it's going to impact customer service."



**Local 1245 stewards at Frontier met at Weakley Hall on Sept. 26 to examine the potential impact of the proposed sale of Verizon assets to Frontier. From left: Don Carman, Denise Sanders, Business Rep. Sheila Lawton, Spike Gies, Eric Tanaka, Todd Baywell, Assistant Business Manager Dennis Seyfer, and Senior Business Representative Ray Thomas.**



**Spike Gies, Frontier Sales and Service Tech**

Cutting employees who perform maintenance isn't really a form of savings, said Spike Gies, a Local 1245 member and Frontier Sales and Service Tech in Colusa, "because they're the ones who keep everything working."

"If you don't maintain the plant and keep it in top condition so that you can provide all your services and keep your good customers coming back all the time, service is going to be degraded and here we go—we're going to lose customers," Gies said.

Local 1245 represents about 160 employees at Frontier in California, including a retail office and a cutwriters group in Elk Grove. Maintenance splicers, transmission techs, clerks, and sales and service techs work out of Frontier's other California locations: Alturas, Colusa, Susanville, Chester, Palo Cedro, Ferndale and Rio Vista.