



Regulatory & Government Affairs
21 West Ave.
Spencerport, NY 14559
www.Frontier.com

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th St. S. W.
Washington, D.C. 20554

January 26, 2015

RE: Frontier Communications Broadband Pilot Final Report

Dear Ms. Dortch:

Pursuant to the Commission's December 19, 2012 Order in WC Docket 11-42, Lifeline and Link Up Reform and Modernization, Frontier Communications Corporation (Frontier) submits the final report on its Broadband Pilot program.

Frontier was chosen as one of the participants in the Broadband Pilot program in the above-named Order. Our program commenced on May 1, 2013 and completed on October 31, 2014. All required reports have been filed with the Universal Service Administrative Corp. (USAC). The following report summarizes the findings and conclusions of our participation in the Broadband Pilot.

Please contact me at 585-777-6719 or christine.burke@ftr.com with any further questions.

Sincerely,

A handwritten signature in black ink that reads "Christine Burke".

Christine Burke
National Manager, Funding Programs

CC: Kimberly Scardino (via e:mail)

Frontier Communication Corporation
Broadband Pilot Final Report
WC Docket No. 11-42
January 26, 2014

Frontier Communications Corporation (Frontier), in partnership with Connect Ohio (a subsidiary of Connected Nation) and Future Generations, participated in the Broadband Pilot project launched in accordance with the above referenced docket.

Frontier's pilot utilized a test group and control group and consisted of 4 different offers:

- 1 - \$20 monthly recurring discount with no digital literacy course
- 2 - \$30 monthly recurring discount and waiver of \$34.99 non-recurring charge with completion of a digital literacy course
- 3 - \$20 monthly recurring discount and a free desktop computer with completion of a digital literacy course
- 4 - \$20 monthly recurring discount with completion of a digital literacy course

The project area encompassed the entire Ohio service territory of Frontier North, Inc. and the area surrounding Parkersburg, West Virginia. The project area was split into two portions; one the test area and the other the control area. Customers in the test area were offered the first three offers and customers in the control area were offered either option one or four. The solicitation period began May 1, 2013 and ended October 31, 2013. Subscribers would receive their discounts for a maximum of one year. At the end of the solicitation period 119 customers had signed up for the broadband pilot. Of these, 93 were from the test market and 26 from the control market.

The two groups of customers and four broadband offers allowed us to test the effect of different incentives on both the purchase of broadband services and participation in a digital literacy course. Frontier partnered with Connect Ohio (for OH customers) and Future Generations (for WV customers) to offer a free digital literacy course. These partner organizations also allowed us a discount venue to purchase the computers for the free computer offer.

The customers in the control group were only offered a \$20 monthly recurring discount whether they participated in a digital literacy course or not. Since there was no additional incentive to take the digital literacy course, none of those customers chose the offer with the digital literacy course completion requirement. They all chose to simply take the broadband with a \$20 monthly discount.

Customers in the test group also did not choose the offer that required a digital literacy course with only a \$20 monthly discount. Of the 93 customers in the test market, 58 chose to take the digital literacy course, but only with an extra incentive of the higher discount or the free computer.

The final number of customers choosing each plan is as follows:

- Offer 1 – test group 35 + control group 26 = total 61
- Offer 2 – test group 42
- Offer 3 – test group 16
- Offer 4 – none

Not all customers completed the entire one year trial period. The average length of subscription during the trial period was 11 months. Most customers that discontinued the trial disconnected service entirely. Of those that completed the trial 78 continued broadband service at least three months beyond the trial period.

The average household size of participants in this trial is 1.88 people with 59 households being single households. The average age of the subscriber was 49 years old with an age range from 18 to 93 years old.

Feedback from our outbound telemarketing group shows that the largest impediment to the sale of this product trial was the age of the potential subscriber. A large portion of the potentially lifeline eligible customer base is elderly and many did not see the benefit in having access to broadband even at a discount.

In summary, the trial showed that access to a free digital literacy program did not increase subscribership, but discounts or a free computer did serve as an incentive to participation. Out of those that had a choice between incentives, most chose the option with the highest monthly discount and non-recurring charge waiver. The free computer was the option chosen the least out of the three incentives. Therefore, it can be assumed that access to equipment is not the major impediment to broadband subscription in low income customers. Rather, the cost of subscription is the main driver. A discounted offering does stimulate broadband subscription as 65% of the pilot customers did retain a broadband product after the trial period ended.