

EXHIBIT LIST

DOCKET TITLE: Verizon/Frontier Transfer

DOCKET NUMBER: UT-090842

DATE: December 15 - 18, 2009

WITNESS: FRONTIER: DAVID R. WHITEHOUSE				
DW-1T	Whitehouse			Prefiled Rebuttal Testimony of David R. Whitehouse (62 pp.) (11/19/09)(Revised 11/25/09)
DW-2	Whitehouse			Moody's Rating Action (3 pp.) (11/19/09)
DW-3	Whitehouse			Fitch Ratings (1 p.) (11/19/09)
DW-4	Whitehouse			Frontier Press Release (3 pp.) (11/19/09)
DW-5	Whitehouse			Frontier Communications – Welcome to the New Frontier dated 5/13/09 (27 pp.) (11/19/09)
DW-6	Whitehouse			Merger of CenturyTel/Embarq (13 pp.) (11/19/09)
DW-7	Whitehouse			Frontier-Verizon Spinco Financing (6 pp.) (11/19/09)
DW-8	Whitehouse			Morgan Stanley Article on Frontier (9 pp.) (11/19/09)
DW-9	Whitehouse			Frontier Press Release (2 pp.) (11/19/09)
DW-10	Whitehouse			Frontier Press Release (2 pp.) 911/19/09)
DW-11	Whitehouse			Frontier Press Release (1 p.) (11/19/09)
DW-12	Whitehouse			Proxy Prospectus (344 pp.) (11/19/09)
CROSS-EXAMINATION EXHIBITS				
	Public Counsel			Joint Applicants' Response to PC Data Request No. 390
	Public Counsel			Joint Applicants' Response to PC Data Request No. 454
	Public Counsel			Joint Applicants' Response to PC Data Request No. 455
	Public Counsel			Joint Applicants' Response to PC Data Request No. 461
	Public Counsel			Joint Applicants' Response to PC Data Request No. 462 (Confidential)
	Public Counsel			Joint Applicants' Response to PC Data Request No. 465 (Attachment WA PC set28 FRO465 state service.doc)
	Public Counsel			Joint Applicants' Response to PC Data Request No. 469
	Public Counsel			Joint Applicants' Response to PC Data Request No. 473

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	Public Counsel			Joint Applicants' Response to PC Data Request No. 475
	Public Counsel			Joint Applicants' Response to PC Data Request No. 476
	Public Counsel			Joint Applicants' Response to PC Data Request No. 477

PUBLIC COUNSEL DATA REQUEST NO. 390:

Please explain in detail Frontier's policy with regard to employee furloughs, and in so doing, please answer the following questions.

- a. When was the policy implemented?
- b. What employees does it impact (*e.g.*, line workers, IT, management, all)?
- c. How many and what percentage of Frontier's employees have taken furloughs?
- d. How many person-days have been avoided by the furlough policy?
- e. Provide a quantification of the dollar savings, by quarter, attributable to the furlough policy.

Response:

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 7, and 9. Subject to and without waiver of the objections, Frontier responds as follows:

- a. April 1, 2009
- b. All non-union employees, union employees upon completion of negotiation with union
- c. Approximately 3,184 or 58% of the workforce has taken furlough days.
- d. Approximately 28K person days
- e. Q2 = \$2.161M; Q3 = \$2.908M; Oct = \$922K

Prepared By: Cassandra Guinness

Date: December 1, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 453-503

December 1, 2009

PUBLIC COUNSEL DATA REQUEST NO. 454

Please refer to Exhibit No. ___ (DRW-15T), p. 6, lines 7-14. Is Mr. Whitehouse of the opinion that Frontier has less, the same, or more financial risk than Verizon? Please provide support for your response.

Response:

Applicants assert Objection Nos. 3, 7, 8 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

As it relates to the financial position of the assets in the State of Washington, Frontier's ownership of those assets reduces the financial risk in the long run. Frontier has a solid credit rating today, and its financial metrics pro forma for the transaction has caused the major rating agencies to comment favorably on the ratings outlook for debt. Because Frontier has a sound financial position and has expressed intent to continue investing in the wireline business, the company will be able to provide the necessary investment to maintain the assets over the long term.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 453-503

December 1, 2009

PUBLIC COUNSEL DATA REQUEST NO. 455

Please refer to Exhibit No. ___ (DRW-15T), p. 10, lines 11-13.

Please identify, with as much detail as possible, all of the information Frontier had access to with regard to the physical condition of Verizon's utility plant?

Response:

Applicants assert Objection Nos. 2, 3, 7, 8, 9 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

With reference to Public Counsel Data Request No. 62, Frontier is acquiring operating business units in 14 states and is specifically acquiring all of Verizon Northwest's operations in Washington, Oregon and Idaho as part of the proposed transaction. Verizon provided an overview on the condition of OSP plant in Washington State as part of the review of the transaction as well as service quality results, including trouble reports per 100 access lines.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined

Docket No. UT-090842
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December 1, 2009

PUBLIC COUNSEL DATA REQUEST NO. 461

Please refer to Exhibit No. ____ (DRW-15T), p. 15, lines 1-4.

- a. Please explain in as much detail as possible what Mr. Whitehouse means in stating that Frontier and Verizon “agreed” that the leverage ratio “to be placed on the divested Verizon” would be 1.7 times EBITDA.
- b. Does that statement mean the amount of debt on VSTO’s balance sheet a negotiated amount? If not, please explain why not.
- c. Please explain why the companies agreed on the 1.7 times EBITDA figure?
- d. Would Mr. Whitehouse agree that the lower the debt-to-EBITDA ratio determined for VSTO, the lower the apparent financial risk of this transaction? If not, please explain why not.
- e. Please provide a list all of Verizon Communications debt at year-end 2008 (including intercompany debt and the debt allocated to VSTO). Please specifically indentify the debt issues allocated to VSTO.

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10, 11 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. Verizon and Frontier negotiated in the context of an arms length transaction how much debt would be allocated from Verizon to the divested Verizon assets. More debt allocated to those assets would have resulted in a higher leverage ratio, and less debt would have resulted in a lower leverage ratio. In any scenario, the EBITDA (operating cash flow) is unchanged.
- b. Yes.
- c. Both parties mutually agreed on this as a term of the transaction.
- d. Mr. Whitehouse does not agree. See response to DR 457. The level was determined based on what was decided to be the optimal pro-formia capital structure.
- e. Please refer to the S-4, which contains the requested information relating to VSTO.

Prepared By: Cassandra Guinness
Date: December 30, 2009
Witness: David Whitehouse

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PUBLIC COUNSEL DATA REQUEST NO. 465

Please refer to Exhibit No. ___ (DRW-15T), p. 21, lines 5-10.

- a. How long is Frontier committed to maintaining a “rate cap that mirrors Verizon’s current rates”? Please be specific.
- b. Is it Mr. Whitehouse’s testimony that each and every service offered by Verizon will be replicated by Frontier at the same price? If not, why not?
- c. Please provide objective evidence that Frontier plans to invest more in the “broader VSTO network than Verizon has in the recent past.” Please include the data and supporting documentation showing the dollar amount of Frontier’s capital investment plans as well as those of Verizon “in the recent past.”
- d. Please provide any available evidence to show that a “BB”-rated company can access debt capital at a rate equivalent to or lower than that available to an “A”-rated company.
- e. Please enumerate and quantify the service quality measures that Frontier intends to achieve as well as those expected by customers and by regulators.

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. Frontier has not agreed to maintain a “rate cap that mirrors Verizon’s current rates.”
- b. After the closing of the transaction, Frontier intends to offer the services offered by Verizon Northwest at the time of the close of the transaction, at the rates as of the transaction closing.
- c. The wireline business is Frontier’s core business segment whereas Verizon’s wireline business must compete with its wireless business segment for capital.
- d. Assuming they are within the same industry, it is fair to assume that “A” rated companies can issue debt at a lower cost than “BB” rated companies. However, debt is only one component of a company’s cost of capital. Thus, it is not appropriate to assume that a BB rated company is not financially sound.
- e. Please see attached document WA PC set28 FRO465 state service reporting.doc that describes the various service quality measurements reported on in the various states. Frontier will continue to report on and meet service quality objectives.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined

State	Metrics	Frequency
Illinois	Answer performance (Call Center, Operator, Directory Assistance) Installations Met Repair Met OOS Interval Troubles per 100 access lines % Repeat Troubles % Failed Installations	Quarterly
Alabama	Counts of Installations Mean Time to Repair Intervals Counts of Held Orders Troubles per 100 access lines	Monthly
California	Answer performance (Call Center, Operator, Directory Assistance) Held Orders Installations Met Troubles per 100 access lines	Quarterly
New York	Troubles per 100 access lines	Monthly
Pennsylvania	Installation Intervals Repair Met Troubles per 100 access lines	Annual
West Virginia	Operator answer performance Dial Tone Installations Met Installation Intervals Held Orders	Annual
Nebraska	Installations Met Repair Met Troubles per 100 access lines OOS Interval %Repeat Troubles Days Held	Monthly
Mississippi	Installation Interval Mean Time to Repair Held Orders	Monthly
Minnesota	Answer performance (Call Center) Installations Met OOS Interval Held Orders Troubles per 100 access lines % Repeat Troubles Repair Met	Annual

Wisconsin	Answer performance (Call Center) Installation Interval OOS Interval Troubles per 100 access lines % Repeat Troubles Repair Met	Annual
Tennessee	Answer performance (Operator and Directory Assistance) Dial Tone Installation Met Installation Intervals Troubles per 100 access lines Held Orders	Quarterly
Florida	Answer performance (Call Center) Held Orders Order Intervals OOS Intervals	Semi Annual

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PUBLIC COUNSEL DATA REQUEST NO. 469

Please refer to Exhibit No. ___(DRW-15T), p. 26, Table 2.

- a. Does Qwest have a financial subsidiary (Qwest Capital Funding)?
- b. Does Qwest's finance subsidiary have any impact on the consolidated bond rating of Qwest's corporate rating? Please provide complete copies of bond rating reports to support your response.
- c. Does Frontier now have a finance subsidiary?
- d. Does Frontier have any plans to create a finance subsidiary?

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. Yes.
- b. Qwest has a very large and complex capital structure, and I would not be able to comment on the rationale for their various subsidiary ratings. However, based on input that Frontier received directly from the Treasurer of Qwest, the understanding is that the most appropriate entity for comparative purposes with Frontier would be the Qwest Corporate Senior Rating, which is identical to the current rating of Frontier. Ba2, BB, BB by Moody's, S&P and Fitch respectively.
- c. No.
- d. No.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined

Docket No. UT-090842
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PUBLIC COUNSEL DATA REQUEST NO. 473

Please refer to Exhibit No. ___ (DRW-15T), p. 33, 34. If Frontier's 30-day average stock price prior to the merger were \$5.00,

- a. How many shares of stock would be issued in total? Please provide supporting calculations.
- b. If the amount of common equity to be issued is limited to 750 million shares, how does Frontier plan to raise the additional monies necessary to reach the \$5.247 billion required amount? Please provide any analysis of this issue undertaken by Frontier.
- c. Please explain why Frontier's financial model indicates that, with a \$5 share price the number of shares issued to Verizon's shareholders would be 1.049 million and dividend payout would exceed free cash flow in 2011 and 2012. If those results produced by Frontier's financial model are incorrect, please explain why and provide a complete copy of a financial model that works properly.

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. The transaction would close at the \$7.00 collar low end regardless of the \$5.00 price in the public markets. The number of share would be \$5.247 billion divided by \$7.00 which amounts to approximately 750 million shares.
- b. This question reflects a fundamental misunderstanding of the merger. No additional monies would be necessary and no shares would be sold to raise cash. Because there is a collar, the Verizon shareholders would only receive the 750 million shares.
- c. The model is correct and works properly. See answer above regarding the mechanics of a collar.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined

Docket No. UT-090842
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December 1, 2009

PUBLIC COUNSEL DATA REQUEST NO. 475

Please refer to Exhibit No. ___(DRW-15T), p. 41, lines 17, 18.

- a. Please explain how an increase in the number of shares outstanding is equivalent to an increase in liquidity for Frontier.
- b. What is the total amount of cash that will be realized by Frontier as a result of its issuing more than 700 million shares to Verizon stockholders if this transaction goes forward? If the response is other than "\$0" please explain why and provide supporting documentation.

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. Institutional investors often have limits on the percentage of total shares outstanding that they can hold of any single company. Thus, increasing the market capitalization of a company will allow institutions to hold larger positions. Frontier will increase its market capitalization by \$5.247 billion in this transaction. This will increase the number of potential investors correspondingly. Increasing the universe of potential institutional investors will also increase trading liquidity.
- b. \$0.00.

Prepared By: Cassandra Guinness
Date: December 30, 2009
Witness: David Whitehouse

Docket No. UT-090842
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PUBLIC COUNSEL DATA REQUEST NO. 476

Please refer to Exhibit No. ___ (DRW-15T), pp. 42, 43.

- a. Will Frontier be able to earn a return on the market value of its telephone plant or the book value of its telephone plant in Washington?
- b. Is it Mr. Whitehouse's testimony that a firm can pay dividends that are greater than earnings forever? If so, please explain how; if not, why not.

Response:

Applicants assert Objection Nos. 3, 7, 8, 9, 10 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

- a. For jurisdictionally intrastate, regulated services, Frontier will earn a return on the book value of its telephone plant.
- b. From an accounting perspective, yes, this is possible since dividends are paid from cash flow, not book net income. The contrary is true as well; there are companies that can show positive book net income but not generate enough cash flow to pay dividends.

Prepared By: Cassandra Guinness
Date: December 30, 2009
Witness: David Whitehouse

Docket No. UT-090842
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PUBLIC COUNSEL DATA REQUEST NO. 477

Please refer to Exhibit No. ____ (DRW-15T), p. 50, lines 10-12. Please provide complete copies of all reports, analyses, e-mails or correspondence which shows that Frontier management (or financial advisors) specifically reviewed Verizon's carve-out of VSTO operations and, more specifically, vetted the expense and capital allocations necessary to accomplish that carve-out.

Response:

Applicants assert Objection Nos. 2, 3, 7, 9 and 12. Subject to and without waiver of the objections, Applicants respond as follows:

Frontier was provided the audited financials of VSTO for the periods 2006 – 2008.

Prepared By: Cassandra Guinness

Date: December 30, 2009

Witness: To be determined