

**EXHIBIT LIST****DOCKET TITLE: Verizon/Frontier Transfer****DOCKET NUMBER: UT-090842****DATE: December 15 - 18, 2009**

<b>PARTY: JOINT APPLICANTS</b>				
<b>WITNESS: VERIZON: TIMOTHY McCALLION</b>				
<b>TM-1T</b>	<b>McCallion</b>			<b>Prefiled Direct Testimony of Timothy McCallion (23 pp.) (7/6/09)</b>
<b>TM-2HCT</b>	<b>McCallion</b>			<b>Prefiled Highly-Confidential Testimony of Timothy McCallion (41 pp.) (11/19/09)(Errata 11/30/09)</b>
<b>CROSS-EXAMINATION EXHIBITS:</b>				
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 35 (Attachments – 1 VZ35a Attach 1 VZ Project North Board Presentation 051109 HIGHLY CONFIDENTIAL (pp. 3-15); VZ35a Attach2 Barclays and JP Morgan VZ BoD Presentation 051109 HIGHLY CONFIDENTIAL (pp.16-32); VZ35a Attach3 VZ Project North – J Killian Board Preso – Dated May 7 2009 HIGHLY CONFIDENTIAL (pp. 33-38); Set1 FRO35 Attach 1 HIGHLY CONFIDENTIAL Apr 16 BoD (pp. 39-85); PC Set 1 FR035 Attach2 HIGHLY CONFIDENTIAL May 1 BoD (pp. 86-121); PC Set1 FRO35 Attach3 HIGHLY CONFIDENTIAL May 12 BoD (pp. 122-159)</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 48 (Confidential)</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 107</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 128</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 187</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 188</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 216</b>

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	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 261 (Highly Confidential)</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 394</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 395</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 398</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 400</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 403</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 404</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 406</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to PC Data Request No. 408</b>
	<b>Public Counsel</b>			<b>Joint Applicants' Response to UTC Staff Data Request No. 13 (Confidential)</b>
	<b>Public Counsel</b>			<b>Verizon Hart-Scott-Rodino Filing, Attachment 4(c) 41 (Highly Confidential), received in Joint Applicants' Response to UTC Staff Data Request No. 11</b>
	<b>Public Counsel</b>			<b>Verizon Hart-Scott-Rodino Filing, Attachment 4(c) 42 (Highly Confidential), received in Joint Applicants' Response to UTC Staff Data Request No. 11</b>
	<b>Public Counsel</b>			<b>Verizon Hart-Scott-Rodino Filing, Attachment 4(c) 45 (Highly Confidential), received in Joint Applicants' Response to UTC Staff Data Request No. 11</b>
	<b>Public Counsel</b>			<b>Verizon Hart-Scott-Rodino Filing, Attachment 4(c) 52 (Highly Confidential), received in Joint Applicants' Response to UTC Staff Data Request No. 11</b>

**PUBLIC COUNSEL DATA REQUEST NO. 35:**

Please provide all analyses and projections performed by or provided to Verizon management, Frontier management, or by their investment advisors in connection to the proposed transaction. In addition, please provide:

- a) All presentations to Verizon's or Frontier's Boards of Directors with respect to this proposed transaction;
- b) All analyses and projections provided to Verizon's or Frontier's management by their respective advisors;
- c) All analyses and projections provided to their advisors by Verizon's or Frontier's management; and
- d) All analyses detailing potential "synergies" performed by Verizon's or Frontier's management as well as by their advisors.

**Response:**

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

For Verizon:

- a) See attached files:
  - WA PC Set 1 VZ35a Attach1 VZ Project North Board Presentation 051109 HIGHLY CONFIDENTIAL
  - WA PC Set 1 VZ35a Attach2 Barclays and JP Morgan VZ BoD Presentation 051109 HIGHLY CONFIDENTIAL
  - WA PC Set 1 VZ35a Attach3 VZ Project North - J Killian Board Preso - Dated May 7 2009 HIGHLY CONFIDENTIAL
- b) See "a". Except as described in "a" above, Verizon's advisors did not provide Verizon with any projections with respect to Frontier.
- c) Verizon did not provide any projections with respect to the Spenco business to Verizon's advisors.
- d) Other than as described in "a" above, Verizon has no such analyses.

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Verizon Responses to Public Counsel Data Requests Nos. 1-89

August 5, 2009

For Frontier:

a-c. Frontier will produce three Highly Confidential presentations dated April 16, 2009, May 1, 2009 and May 12, 2009, provided to and considered by the Frontier Board of Directors in approving the proposed transaction. These presentations incorporate and reflect the summarization of the analyses prepared by and considered by the Frontier Board of Directors.

- WA PC Set1 FRO35 Attach1 HIGHLY CONFIDENTIAL Apr 16 BoD
- WA PC Set1 FRO35 Attach2 HIGHLY CONFIDENTIAL May 1 BoD
- WA PC Set1 FRO35 Attach3 HIGHLY CONFIDENTIAL May 12 BoD

d. Please see response to Public Counsel Data Request No. 36.

Prepared By: James Miggans and Cassandra Guinness

Date: August 5, 2009

Witness: To be determined

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Exhibit No.

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HIGHLY CONFIDENTIAL

Docket No. UT-090842  
Verizon Responses to Public Counsel Data Requests Nos. 90 – 128  
August 5, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 107:**

Please provide complete copies of any bond rating agency reports for Frontier and Verizon by Standard & Poor's, Moody's or Fitch that discuss the pending acquisition. Please also provide, in as much detail as provided to the rating agencies, electronic and hard-copy versions of the post-acquisition financial projections presented by Frontier to the bond rating agencies for their evaluation of the transaction.

**Response:**

Applicants assert Objection Nos. 1, 2, 3, 12. Subject to and without waiver of their objections, Verizon and Frontier respond as follows:

Verizon Response: Verizon Northwest debt ratings as of May 31, 2009 were:

	<u>Moody's</u>	<u>S&amp;P</u>	<u>Fitch</u>
Northwest	*A3	A	A

May 2009 - Moody's placed the ratings of Verizon Northwest on review for possible downgrade. Fitch placed Verizon Northwest on watch negative.

Frontier Response: Please see exhibits to WA UT-090842 Motion to Supplement Testimony & Supplemental Testimony of Daniel McCarthy 080309, DM-5.pdf and DM-6.pdf.

Prepared By: James Miggans and Cassandra Guinness  
Date: August 5, 2009  
Witness: To be determined

Docket No. UT-090842  
Verizon Responses to Public Counsel Data Requests Nos. 90 – 128  
August 5, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 128:**

Please provide Verizon's most recent five-year capital budget for Verizon Northwest. Also please provide Verizon Northwest's most recent five-year financial projections

**Response:**

Applicants assert Objection Nos. 3, 6, 7, 8. Subject to and without waiver of its objections, Verizon responds as follows:

Verizon does not develop an annual construction budget on a state-specific basis. Funds tend to be program driven and not state specific. Funding is "fluid" and for 2009 as in prior years is subject to change throughout the course of the year to meet the needs of the business. Similarly, Verizon does not have official state specific financial projections.

While capital construction budgets are not available, Verizon's capital expenditures in WA for the years ended 2006, 2007, 2008 and quarter-ended March 2009 are provided in response to Public Counsel Data Request No. 48.

Prepared By: James Miggans  
Date: August 5, 2009  
Witness: To be determined

**PUBLIC COUNSEL DATA REQUEST NO. 187:**

Has Verizon included in the acquisition agreement with Frontier an exemption from any regulatory "claw back" agreement? That is, if regulators condition the acquisition on a lower sale price or the addition of equity capital, is Verizon protected from those charges in the acquisition agreement? If so, please indicate where in the acquisition agreement that condition is set out; if not, please so state.

**Response:**

Applicants assert Objection Nos. 3, 7, 9 and 11. Subject to and without waiver of its objections, Verizon responds as follows:

Verizon shareholders would be protected by an increase in the equity issued if the regulatory process results in incremental costs/charges to Verizon. See sections 1.167 and 1.144 of the Merger Agreement.

Prepared By: James Miggans  
Date: August 21, 2009  
Witness: To be determined



Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Requests Nos. 178 - 216

August 21, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 188:**

Please provide a narrative description of a "Reverse Morris Trust" and why that particular financial arrangement is appropriate for this transaction.

**Response:**

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

A Reverse Morris Trust qualifies the transaction as a non-taxable event for federal and state income tax purposes. A spin-off of a subsidiary – here, the holding company of Verizon's local telephone operations in Washington and other states – is followed immediately by a merger of the spun-off entity with a third party, in this case Frontier. The divesting company's (Verizon's) shareholders must have a greater than 50% ownership of the combined company (or surviving entity) after the merger.

Prepared By: James Miggans and Cassandra Guinness

Date: August 21, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Requests Nos. 178 - 216

August 21, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 216:**

Refer to Applicants' Response to PC-128.

- a. If Verizon does not develop construction budgets on a state-specific basis, how are they developed?
- b. Please provide Verizon's most recent five-year capital budget plan for the cost center that contains Verizon Northwest.
- c. If Verizon is unable to provide its capital expenditure expectations for Washington, please explain how the WUTC will be able to judge whether or not Frontier will be able to improve on Verizon's ability to add telephone infrastructure in Washington.

**Response:**

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

- a. Verizon's Telecom capital budget is developed each year based upon an iterative "bottom-up/top-down" process. In April of each year, the Capital Planning group provides a capital budget development timeline for the next year and provides general guidance on capital levels based upon business strategies and general economic conditions. Several organizations, including Engineering, Marketing, and Operations, prioritize their requirements with consideration of the capital guidance levels. Meetings are then held between those organizations, their finance teams and Capital Planning to validate the requirements, including any financial criteria used to support the requirements. All requirements are then consolidated and prioritized. Capital Planning then works with the organizations to develop a recommended total Telecom capital allocation by major program category, with mandatory expenditures being the highest priority, followed by those with the most attractive financial, operational or strategic merit. The recommended allocation is then reviewed by Telecom's CFO, the Telecom President and his Direct Reports, and finally by Corporate (at varying levels of detail). Corporate then provides Telecom a total capital target. Capital Planning then works with the organizations to refine the allocations, review the proposed allocations with the Telecom Leadership teams, and communicate the final allocations to the organizations.
- b. Responsive budget information is not readily available. However, Verizon provided actual historical data regarding Verizon's capital investment in Washington in response to Public Counsel's Data Request No. 128.
- c. Mr. McCarthy's testimony discusses at length Frontier's strategic focus and its plans for the Spinco assets.

Prepared By: James Miggans

Date: August 21, 2009

Witness: To be determined

Docket No. UT-090842  
Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452  
December 1, 2009

**RE: Rebuttal Testimony of Timothy McCallion**

**PUBLIC COUNSEL DATA REQUEST NO. 394**

Please refer to Exhibit No. \_\_ (TM-2HCT), p. 6, lines 10-12. Please list all of the “areas” in Washington “where Verizon has not targeted investment for broadband deployment.” Please provide supporting documentation as well as Frontier’s capital expenditure plans over the next five years for each area.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 7 and 8. Subject to and without waiver of the objections, Verizon responds as follows:

Verizon has not targeted investment in Washington for broadband deployment except where it has existing, unfulfilled obligation to deploy FiOS.

Prepared By: James Miggans  
Date: December 1, 2009  
Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 395**

Please refer to Exhibit No. \_\_ (TM-2HCT), p. 7, lines 7-12.

- a. During the 2006 to 2008 period, what percentage of Verizon's capital expenditures in Washington state was for maintenance of existing lines and what percentage was for construction of new facilities?
- b. If a Verizon customer had two lines in 2006 (one for dial-up internet access) and then dropped that line in 2008, please provide any available hard data that shows that maintenance expenses for that customer would be reduced by 50%.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 4, 7, 10, 11, 12. Applicants further object to subpart b on the grounds that it misstates Mr. McCallion's testimony. Subject to and without waiver of the objections, Verizon responds as follows:

- a. Please see response to #268 in PC Set 11 which includes the lowest level of detail available for Verizon's capital expenditures in Washington for 2008 and first quarter 2009.
- b. There is no reasonable dispute that access line growth and decline, as well as the absolute numbers of access lines, implicates aggregate levels of maintenance expense.

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 398**

Please refer to Exhibit No. \_\_ (TM-2HCT), p. 16, lines 1-10.

- a. Please provide an estimate of the total cost that will be incurred by Verizon to create replicated systems.
- b. Does Verizon have an obligation to its shareholders to minimize the cost it will incur to create replicated systems? If not, please explain why not; if so, please state why.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 6, 7, 8, 10, 11, and 12. Subject to and without waiver of the objections, Verizon responds as follows:

The systems replication is part of an entirely internal Verizon realignment for which Verizon will bear all costs. Verizon has a contractual obligation to transfer a set of replicated systems to Frontier that provide at least the same functionality as Verizon's existing systems provide.

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 400**

Please refer to Exhibit No. \_\_\_ (TM-2HCT), p. 23, line 22 through p. 24, line 3. For every tariff currently offered by Verizon, please indicate: (1) if that tariff will be offered with the same conditions by Frontier; and, (2) if the rate associated with that tariff offered by Frontier will be higher or lower than that currently offered by Verizon. If Mr. McCallion is unable to answer this question, please provide the basis for his claim that Frontier's tariff offerings will be "substantially the same" as Verizon's.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 7, 11, and 12. Subject to and without waiver of the objections, Verizon responds as follows:

At closing, control of the operating company Verizon Northwest Inc. will transfer to Frontier. The transaction will not affect the operating company's tariffs or other regulatory obligations. Frontier also has a contractual obligation to honor Verizon Northwest's tariffs, and Frontier has indicated its intention to do so.

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 403**

Please refer to Exhibit No. \_\_ ( TM-2HCT), p. 34, lines 18-22.

- a. Why does the S.E.C. require the acquiring firm to disclose potential risks of the transaction to its shareholders?
- b. What would be the consequences of a failure by the acquiring company to disclose certain risks to its shareholders?
- c. Are the risks listed by Frontier in its S-4 inaccurate or flawed in some manner? Please explain why or why not.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 7, 10, and 11. Subject to and without waiver of the objections, Frontier responds as follows:

- a. Frontier cannot speak for the SEC but the SEC has said in an adopting release related to the disclosure of risks in plain English that “We believe that the disclosure of risk factors in plain English will help investors in assessing the risks that an issuer currently faces or may face in the future.”
- b. The question is speculative and the consequence is dependent upon the circumstances.
- c. No.

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. 390-452  
December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 404**

Please refer to Exhibit No. \_\_ (TM-2HCT), p. 37, lines 10-12. Is it Mr. McCallion's testimony/position that no customer of new Frontier will be charged "early termination" fees? If not, please explain why not.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 7, 10, and 11. Whether or not a customer is required to pay an early termination fee depends on legal and factual considerations, and the data request provides no context. Subject to and without waiver of the objections, Verizon responds as follows:

Verizon and/or Frontier will honor the terms of their contracts with customers. See the Applicants' response to WA PC Set 9, 248(c).

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined



Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 406**

Please refer to Exhibit No. \_\_ (TM-2HCT), page 36, lines 3-4. Mr. McCallion states that Verizon “does not intend to further expand its broadband deployment in the state.” Does this statement indicate that, if this transaction fails to close for any reason, Verizon will not expand its broadband deployment in Washington state?

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 9, 10, and 11. The referenced testimony speaks for itself. Verizon has no plans to expand broadband deployment in Washington state. See Verizon’s Response to Public Counsel Data Request No. 394.

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 390-452

December 1, 2009

**PUBLIC COUNSEL DATA REQUEST NO. 408**

Please refer to Exhibit No. \_\_\_ (TM-2HCT), page 6, lines 4-5. Mr. McCallion states “there has not been a deterioration in plant in non-FiOS areas.”

- a. Please provide the basis for Mr. McCallion’s statement, including all internally generated reports on the condition of Verizon’s outside plant.
- b. Does Verizon employ different standards for copper outside plant maintenance in areas where FiOS has been deployed, or in non-FiOS areas?
- c. Please explain how Verizon tests outside plant in Washington, including the types of tests that Verizon performs on a regular basis to determine whether sections of outside plant have faults that may result in trouble reports.
- d. Does Verizon employ any automatic or automated line testing to identify conditions in outside plant that may warrant further investigation? If yes, please describe the nature of the testing. If not, please explain why not.
- e. Please provide copies of all results of, or reports associated with, automatic or automated line testing of Verizon outside plant conditions in Washington for the years 2007, 2008, and 2009, year-to-date.
- f. Does Verizon employ any proactive analysis of any test results associated with outside plant conditions? If yes, please describe the proactive analysis tool.
- g. Please provide copies of all results of, or reports associated with, any proactive analysis of Verizon outside plant conditions in Washington for the years 2007, 2008, and 2009, year-to-date.

**Response:**

Without limitation of the other General Objections, Applicants assert Objection Nos. 3, 7, and 8. Subject to and without waiver of the objections, Verizon responds as follows:

The basis for the referenced statement is set forth in Mr. McCallion’s rebuttal testimony.

Prepared By: James Miggans

Date: December 1, 2009

Witness: To be determined