

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

*In the Matter of the Joint Application of Verizon Communications Inc. and Frontier
Communications Corporation For An Order Declining to Assert Jurisdiction Over, or, in the
Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc.*

Docket No. UT-090842

**PUBLIC COUNSEL'S SUPPLEMENTAL RESPONSE TO JOINT APPLICANTS
DATA REQUEST NO. 78**

Request No: 78
Directed to: Public Counsel
Date received: November 4, 2009
Prepared by: Sarah Shifley
Date prepared: November 12, 2009

Joint Applicants Data Request No. 78

On page 24 of Mr. Hill's testimony, he states that "Verizon's recent deterioration of various service quality indicators in this jurisdiction... would tend to confirm Frontier's concern that Verizon has under-invested in its Spinco telecom assets." Please identify all bases for Mr. Hill's belief that Frontier is "concern[ed]" that Verizon has under-invested in its Spinco telecom assets. Please identify any bases for Mr. Hill's belief that Verizon has under-invested in its Spinco telecom assets and provide all documents supporting Mr. Hill's belief.

RESPONSE:

It is Public Counsel's understanding that sufficient bases for Mr. Hill's statement are provided in his testimony and/or accompanying exhibits, or may be found in materials provided by the Joint Applicants through discovery in this docket. To the extent that an additional response to this data request is appropriate and/or available, Public Counsel will provide such as soon as possible per its response to Joint Applicants Data Request No. 54.

SUPPLEMENTAL RESPONSE (11/24/09):

Prepared by: Stephen G. Hill

Frontier makes very clear to the investment community in its S-4 that it believes Verizon has “significantly” under-invested in its telecom assets, which states on p. 34:

**[Public Counsel’s Supplemental Response to Joint Applicants Data Request No. 78
(Continued)]**

“Verizon’s historical capital expenditures in connection with the Spinco business have been significantly lower than Frontier’s level of capital expenditures. Replacing or upgrading the combined company’s infrastructure will require significant capital expenditures, including any expected or unexpected expenditures necessary to make replacements or upgrades to the existing infrastructure of the Spinco business. If this capital is not available when needed, the combined company’s business will be adversely affected.”