

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSE TO DATA REQUEST

DATE PREPARED: November 12, 2009

DOCKET: UT-090842

REQUESTER: Verizon/Frontier

WITNESS: William H. Weinman

RESPONDER: William H. Weinman

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REQUEST NO. 9: Is it Mr. Weinman's position that Frontier will not be able to build-out broadband DSL service to smaller communities in addition to completing Verizon's build-out of FiOS. Please explain the bases for Mr. Weinman's position and provide all documents he considered in forming his position.

RESPONSE: Mr. Weinman's position is that Frontier has a number of capital expenditure commitments. These commitments, such as FiOS, will compete with DSL broadband build out to other Washington customers. Company representatives have stated they will keep the broadband commitments Verizon has made to deliver FiOS to the various cities that have given Verizon franchise agreements. On page 17 of Mr. McCarthy's testimony he states "Washington customers will benefit from greater investment in broadband and its availability over time." Staff does not question the companies' stated commitment to deploy broadband DSL service. The problem is when will this occur? The company has not performed any operations audits of Verizon's Washington assets. The company has not identified specific objectives for a completion date or a percentage of DSL availability by wire center in Washington. With defined dividend payout goals, commitments to deploy FiOS, needs to upgrade information technology systems, etc., there are competing needs for capital that will cause pressure on the company. For the next two years, the issuance of equity by Frontier cannot occur because of the Reverse Morris Trust provisions. These are example of things that cause lesser priority capital expenditures to be delayed into the future.