

Docket No. UT-090842

Verizon and Frontier Responses to Public Counsel Data Request Nos. 504-514

January 13, 2010

PUBLIC COUNSEL DATA REQUEST NO. 507:

Re: Financial conditions

Please explain in detail how each of the financial requirements in the Proposed Settlement Agreement would protect ratepayers in the event of a bankruptcy of Frontier.

Response:

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

As a general matter, no creditor can make a direct claim against the network assets of a telephone operating company. That concept is solidified in the settlement. Condition #5 precludes Frontier from pledging the assets of the ILEC in order to secure debt financing at the parent level as well as debt financing at the subsidiary level. Thus, in the event of bankruptcy, no claims can be made against the critical operating assets of the ILEC.

Prepared By: Cassandra Guinness

Date: January 13, 2010

Witness: To be determined