

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF  
RESPONSES TO DATA REQUEST

DATE PREPARED: January 11, 2010

DOCKET: UT-090842

REQUESTER: Public Counsel

WITNESS: William H. Weinman

RESPONDER: William H. Weinman

TELEPHONE: (360) 664-1109

**REQUEST NO. 16: Re: Proposed Settlement Condition No. 2 and Testimony of William H. Weinman in Support of the Settlement Agreement, p. 6, lines 7-10.**

Please provide the specific public interest benefits that will result from Frontier NW petitioning for an AFOR.

**RESPONSE:**

Staff believes that all of the larger telecommunications companies in Washington should move toward an AFOR for policy reasons having to do with competition and the declining relevance of the regulatory model that was developed for a significantly less competitive market than exists today. The flexibility provided by the AFOR is in the public interest because it allows Frontier NW to attract or retain customers, which will continue cash flow contributions that might otherwise be lost to a competitor.

The point of requiring an AFOR *with a full earnings review* by a date certain is to set an appropriate form of regulation for the Company (that will likely include a rate cap) based on a full audit of the Company's earnings once the dust has settled on this transaction and the overall Company synergies are realized.