

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. 25: Re: Testimony of William H. Weinman in Support of the Settlement Agreement.

Please identify the specific data request responses and/or other materials provide by the Joint Applicants that show that necessary “forecasts” and “important decisions” have been made, as discussed by Mr. Weinman on pages 15 and 16 of his Direct Testimony, Exhibit No. ____ (WHW-1T). Specifically, please identify where the Joint Applicants have shown and/or provided:

- a. Which Frontier affiliates will likely engage in affiliated interest transactions.
- b. Frontier’s financial model showing that “it will be able to fulfill its broadband build-out commitments servicing its current debt load as well as the additional debt assumed the finance the transaction.”
- c. Five-year capital budget showing its projected capital additions.
- d. Analysis of cash-flows (including interest coverage) for Frontier NW before and after the merger.

RESPONSE:

- a. Frontier has indicated that it is not able to identify the affiliates that will be doing business with the Frontier NW, the Washington operating company. However, Staff realizes that Frontier provides both wholesale and retail services in large markets, e.g., Rochester, New York. The fact that the Company has experience in wholesale and retail markets has reduced Staff’s concern that the affiliates are not identified. Once the transaction has closed, Frontier will be filing with the Commission affiliated interest agreements that will be reviewed by Staff and approved by the Commission.
- b. The settlement agreement places \$40 million in escrow to meet DSL broadband build out commitments. This commitment has been made by the Company without expanding the debt issuance of the transaction.
- c. The five year budget data at the operating company level has not been made by Frontier (UTC Data Request No. 7) but the settlement agreement ensures the DSL broadband build out will be accomplished by year end 2014.
- d. No operating company level forecast has been made (response to Public Counsel Data Request No. 98).