

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION STAFF
RESPONSES TO DATA REQUEST

DATE PREPARED: January 7, 2010
DOCKET: UT-090842
REQUESTER: Public Counsel

WITNESS: William H. Weinman
RESPONDER: William H. Weinman
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REQUEST NO. 9: With reference to the \$40 million broadband commitment, which is discussed on page 8 of Mr. Weinman's Testimony in Support of Settlement Agreement, Exhibit No. ___ (WHW-6T).

Please explain whether this commitment requires any expenditure of Frontier monies, as opposed to monies that Frontier obtains through federal Broadband Stimulus funding grants that Frontier may receive.

RESPONSE:

Staff did not seek additional conditions for broadband deployment in the event that Frontier receives federal stimulus money (though it seems unlikely to happen given the expected application dates and Verizon's unwillingness to seek the funds on behalf of Verizon NW or any other local operating company). The objective of the condition is not to force Frontier to spend money approximating some estimate of synergy savings, for example, as in the CenturyTel/Embarq merger. The objective is to assure expansion of broadband in Washington at the percentages indicated in the settlement. This will have benefits for the overall condition of the network and for the retention of wireline customers. If the Company should obtain Federal stimulus money to assist it in this objective, so much the better. The reason the Company is required to deposit the \$40 million in escrow is to provide an incentive to make the necessary investments (so that the money does not remain in escrow indefinitely but is instead invested in plant). If it costs Frontier more than \$40 million to achieve the percentages in the settlement, Frontier will still have to make those expenditures. If it costs less, then the remainder of the funds may be released.