

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

FRONTIER
COMMUNICATIONS NORTHWEST
INC.

Respondent.

Docket No. UT-121925

COMPANY RESPONSE

Frontier Communications Northwest Inc. ("Frontier") provides the following answer ("Answer") to the Commission's Complaint ("Complaint") in the above-referenced docket.

ANSWER

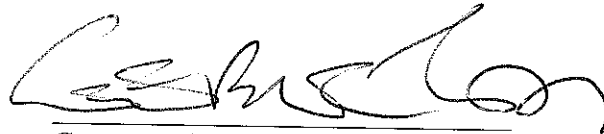
1. Staff of the Washington Utilities and Transportation Commission ("Staff") issued Frontier a data request pertaining to Non-Sufficient Fund (NSF) charges on September 6, 2012. The data request required the company submit all records regarding NSF charges from July 1, 2010 through June 30, 2012 for its Washington customers. Staff granted Frontier an extension to the September 20, 2012 deadline. The company responded to Staff's data request on October 4, 2012. Frontier responded to subsequent follow-up data requests sent on October 18, 26 and November 9 as well as requests for clarifying information on December 19 and 21, 2012. On August 19, 2013 the Commission issued a Penalty Assessment of \$41,400 for violations of RCW 80.36.130(1), for charging 414 customers an improper NSF fee.
2. Frontier must respond to the Penalty Assessment by September 3, 2013 with one of three responses:
 - a. Payment of penalty
 - b. Request for a hearing
 - c. Application for mitigation

- i. [Frontier may] ask for a hearing for a decision by an administrative law judge based on the information presented above.
 - ii. [Frontier may] waive a hearing and ask for an administrative decision on the information [the company] present[s] directly above.
3. Frontier responds that it asks for mitigation and waives a hearing and asks for an administrative decision on the information presented in this Answer.
4. Frontier acknowledges that from July 1, 2010 through June 30, 2012, some customers were unintentionally charged incorrect NSF fees. Frontier issued a bill credit for the initial commission-referred complaint in June 2012 but no subsequent internal investigation took place because this particular complaint was the first of its nature and there were no indications of an ongoing problem. Once the Commission issued its data request of September 6, 2012 an internal investigation turned up data showing 1,030 customers were charged incorrect NSF fees. Customers that could be located were credited back the difference between the tariffed NSF charge of \$15 and the incorrect charges (a vast majority of the incorrect charges were \$20) in November 2012 – other customers who had disconnected from Frontier services were sent refunds in December 2012.
5. All of the incorrect NSF charges took place before a major operations support system conversion, which Frontier completed in March 2012. Since that time, NSF charges have been correctly and systematically applied. The previous system required manual application of the charge based on systems and processes in-place when Frontier acquired this property. Frontier's system now used in Washington has greater controls, is largely automated, and results in greater NSF charge billing accuracy.
6. Frontier has expended considerable resources to convert its acquired operations to its operations support system – one that has enhanced Frontier's ability to respond to customer, regulatory agency and taxing authority changes in a more timely and accurate manner. Frontier highly values accurate billing. Frontier's investment in the system conversion completed in March 2012 reflects a commitment to employing enhanced controls to assure accurate billing. Frontier respectfully asks the Commission to mitigate the \$41,400 fine due to the fact that the company took immediate action upon further investigation beginning in September 2012, issued bill credits of \$6,750 in November 2012, fully cooperated with Staff's investigation and comprehensively

answered all data requests and clarification questions, and no further incorrect NSF charges have taken place since the March 2012 date that system conversion was finalized. The company believes the Assessment is excessive given the fact that the incorrect charges ranged between \$5 and \$10, yet yielded a \$100 fine per violation. Frontier asks the Commission to exercise the discretion allowed in RCW 81.04.405 to mitigate the recommended penalty based on the factors recited herein.

DATED this 27th of August, 2013.

Frontier Communications Northwest Inc.

A handwritten signature in black ink, appearing to read "George Thomson", written over a horizontal line.

George Baker Thomson, Jr.
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