

UTC Information Request - Docket UT-180018

Supplemental Response to TCJA

Without waiving any of the objections raised in Frontier's initial response in this Docket, below are supplemental responses to questions 1 and 2 of the UTC's information request.

1. Accumulated Deferred Federal Income Tax (ADFIT) balance as of December 31, 2017, for Total Washington and Washington Intrastate.
 - a. Response: The total ADFIT for Frontier Communications Northwest Inc. total Washington operations is (\$39,325,601) as shown on page 6 of the company's 2017 UTC annual report. The intrastate balance would be (\$44,451,051), based on the frozen separations factor that existed at the time of the acquisition of this property from Verizon.

2. The amount of excess deferred income tax reserve as described in the Internal Revenue Code at 26 U.S.C. § 168(i)(9)(A)(ii) as of December 31, 2017, for Total Washington and Washington Intrastate, to comply with the TCJA.
 - a. Response: The accounting for the TCJA is complex for many companies including Frontier which is continuing to evaluate the full impact of the intricate changes in federal tax law under the Act. In fact, consistent with general guidance from the SEC in Staff Accounting Bulletin 118, regarding the measurement of the full impacts of the TCJA, companies are not required to report provisional amounts for any specific income tax effects of the Act for which a reasonable estimate cannot be determined and would continue ASC 740 based on the provisions of the tax laws that were in effect immediately prior to enactment of the 2017 Act. Companies would report the provisional amounts of the tax effects of the 2017 Act in the first reporting period in which a reasonable estimate can be determined, up to one year from the enactment date. While Frontier has not yet completed a full analysis of the excess deferred taxes a preliminary estimate may be developed by applying the 40% difference in the statutory rate reduction of 35% to 21% to the December 31, 2017 balances. This would equate to (\$15,730,240) for Total Washington operations and (\$17,780,420) for Washington Intrastate.