

## **APPENDIX A**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

	)	
	)	
In the Matter of the Joint Application of	)	
Verizon Communications Inc. and	)	DOCKET NO. UT-090842
Frontier Communications Corporation	)	
For An Order Declining to Assert Jurisdiction	)	
Over, or, in the Alternative,	)	SETTLEMENT AGREEMENT
Approving the Indirect Transfer of	)	
Control of Verizon Northwest Inc.	)	
	)	

1 This Agreement (“Agreement”) is entered into between Verizon Communications Inc. (“Verizon”), Frontier Communications Corporation (“Frontier”), and the Staff of the Washington Utilities and Transportation Commission (“Staff”) (collectively “Parties” or individually a “Party”).

**A. Background**

2 On May 29, 2009, the Applicants filed a Joint Application for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc. (“Application”). The Applicants submitted testimony on July 6, 2009 and November 19, 2009, and the Staff submitted testimony on November 3, 2009. In its testimony, Staff raised a number of issues in connection with the proposed transaction. The Parties subsequently engaged in settlement discussions, and now enter voluntarily into this Agreement to resolve all issues among them in the proceeding and to expedite the orderly disposition of this proceeding.

**B. Nature of Agreement**

3 This Agreement is a "Multiparty Settlement" within the meaning of WAC 480-07-730(3), and the Parties agree that the Agreement is in the public interest and should be accepted in resolution of all issues in this docket. The Parties understand that this Agreement is subject to Commission approval and that any parties opposed to the Commission's adoption of this proposed settlement retain certain rights under WAC 480-07-740(2)(c).

**C. Positions Are Not Conceded**

4 In reaching this Agreement, no Party necessarily accedes to any particular argument made by any other Party.

**D. Agreement Subject to Commission Approval.**

5 The Parties understand and agree that this Agreement in no manner binds the Commission in ruling on the pending proceeding until such a time as the Commission approves the Agreement. The Agreement is expressly subject to Commission approval except for Sections I and J below.

**E. Agreed Conditions on Approval of the Transaction**

6 The conditions agreed upon by the Parties are set forth in Attachment 1 to this Agreement. All conditions in Attachment 1 apply for three years following closing of the proposed transaction unless otherwise specifically noted in the condition in Attachment 1.

**F. Effective Date**

7           The effective date of the Agreement is the date the Agreement is approved, without change, by Commission order. Notwithstanding the effective date of the Agreement as a whole, Sections I and J below, which require the Parties to support the Agreement before the Commission and govern publicity regarding the Agreement, are effective on the execution date of the Agreement. The execution date of the Agreement is the date of the latest signature.

8           If the Commission rejects the Agreement, the Agreement fails to take effect, and the parties respectfully request that the Commission will instead enter an order on all contested issues. In the event the Commission accepts the Agreement upon conditions not proposed herein, the procedures set forth in Section K below shall apply.

**G. Filing of the Agreement**

9           The Parties agree to use the following procedures to seek Commission approval of the Agreement. Staff will file this Agreement with the Commission on behalf of the Parties and the Parties will simultaneously file written testimony in support of the Agreement. The transmittal letter will recommend that the Commission accept the settlement as the complete and final resolution of all issues in the case.

**H. Agreement Approval Procedures**

10          The Parties understand the Commission has discretion, consistent with applicable law, to determine the appropriate procedures for determining whether it will approve this Agreement.

Pursuant to WAC 480-07-740(1), the Parties urge the Commission to approve the settlement no later than March 8, 2010.

**I. Support of the Agreement**

11

All Parties agree to use their best efforts to support the Agreement as a settlement of all contested issues in the pending proceeding. At a minimum, the Parties will provide supporting witnesses to sponsor the Agreement at a Commission hearing and recommend that the Commission issue an order adopting this Agreement as the resolution of this proceeding and to provide such other evidence or briefing that the Commission may require pursuant to WAC 480-07-740(2). No Party to this Agreement or their agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's prompt consideration of this Agreement or support any other party's opposition to this Agreement.

**J. Publicity**

All Parties agree: (1) to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Agreement is subject to Commission approval and that the Commission Staff's recommendation to approve the settlement is not binding on the Commission itself.

**K. Procedure if the Commission Provides Less Than Full Approval**

12 In the event the Commission rejects or alters this Agreement, the Parties propose that the Commission decide all contested issues as explained in Sections F and G and issue a decision no later than March 8, 2010. In the event the Commission accepts the Agreement upon conditions not proposed herein, each Party reserves its right, upon written notice to the Commission and the parties within five (5) business days of the Commission's Order, to state its rejection of the conditions and withdrawal from the Agreement.

**L. The Agreement as Precedent**

13 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty and delay. Nothing in this Agreement (or any testimony, presentation or briefing supporting the Agreement) shall be asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this proceeding. The limitations in this paragraph shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement in full.

14 Because this Agreement represents a compromise position of the Parties, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding. This paragraph does not apply to non-privileged, publicly available documents.

**M. Entire Agreement**

15           The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.

**N.    Integrated Agreement**

16           The Parties recommend that the Commission approve this Agreement with no material changes. The Parties have agreed to this Agreement as an integrated document.

//

//

//

//

//

//

//


//

// O. Manner of Execution

17 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

DATED this 11th day of December 2009

ROB MCKENNA  
Attorney General

  
\_\_\_\_\_  
Jonathan Thompson  
Assistant Attorney General  
Counsel for WUTC Staff

12-17-09

VERIZON COMMUNICATIONS INC.

\_\_\_\_\_  
Gregory M. Romano  
Attorney for Verizon

FRONTIER COMMUNICATIONS CORPORATION

\_\_\_\_\_  
Ken Mason  
Vice President Government and Regulatory Affairs



// O. Manner of Execution

17 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

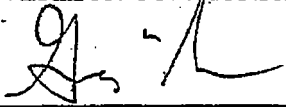
DATED this 11th day of December 2009

ROB MCKENNA  
Attorney General

---

Jonathan Thompson  
Assistant Attorney General  
Counsel for WUTC Staff

VERIZON COMMUNICATIONS INC.

 12-17-09  
\_\_\_\_\_  
Gregory M. Romano  
Attorney for Verizon

FRONTIER COMMUNICATIONS CORPORATION

---

Ken Mason  
Vice President Government and Regulatory Affairs

// O. Manner of Execution

17 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

DATED this 11th day of December 2009

ROB MCKENNA  
Attorney General

---

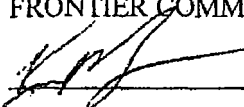
Jonathan Thompson  
Assistant Attorney General  
Counsel for WUTC Staff

VERIZON COMMUNICATIONS INC.

---

Gregory M. Romano  
Attorney for Verizon

FRONTIER COMMUNICATIONS CORPORATION



---

Ken Mason  
Vice President Government and Regulatory Affairs

## ATTACHMENT 1

### **Financial Conditions**

1. For a period of five years from the date of close or until Frontier Communications Corporation (“Frontier” or “Applicant”) debt is raised to investment grade by Standard and Poor’s, Moody’s or Fitch, whichever is earlier, Verizon Northwest, Inc., (“Verizon NW” or “Applicant”), which will be renamed Frontier Northwest, Inc. after the closing of the proposed transaction (hereinafter “Frontier NW”), must submit a quarterly report to the Commission listing the balance of the intercompany receivables and payables showing the beginning balance, the change for the quarter and the ending balance of those accounts. Frontier NW must also include in this quarterly report the dividend amount Frontier NW declares to be issued to Frontier, the parent. This report must also show the dividend payment by quarter Frontier, the parent, declares to be paid to its shareholders (in total and per share).
2. Frontier NW must petition under RCW 80.36.135 for an alternative form of regulation within five years after the transaction closes. The filing should contain a pro forma results of operations, cost of capital and a plan for an alternative form of regulation. The results of operations should utilize this Commission’s format using a historical test period with restating and pro forma adjustments to the test period. Restating adjustments should remove non-recurring transactions recorded in the test period and pro forma adjustments should be made using the “known and measurable” standard. For this filing, the Frontier NW cost of capital shall be based upon “investment grade” debt and equity. Verizon NW currently enjoys an investment grade debt rating by the various agencies and Washington customers should not be required to bear higher capital costs due to Frontier’s lower ratings in this filing.
3. Frontier NW must report to the Commission synergy savings resulting from the proposed transaction for each six-month period as well as year-to-date. The synergy savings report must include the accounts the synergies were recorded in for both Frontier and Frontier NW. The first report shall be filed six months after closing of the transaction and should identify the method Frontier and Frontier NW used to calculate the synergies. Any subsequent methodology change of the synergy calculation will be identified and reported by the company explaining the change and its affect on the previous calculations. This report will be completed every 6 months for the earlier of four years or until all the synergies from this transaction have been realized and shall also contain the following information:
  - a. Costs and projected savings of each respective activity on a Frontier total company basis;
  - b. Consolidation and organizational changes to network operations and staffing levels in Washington operations;
  - c. Impacts on Washington operations and customers.

4. Frontier and Frontier NW may not seek to recover from Washington ratepayers any separation, branding and transition costs. These costs will be borne by the Frontier stockholders. The types of costs in this category include but are not limited to, transaction costs (accounting, banker, legal advisor, investment banker, and other fees), severance costs, new employees employment costs, and the costs of developing and establishing the brand name. Frontier and Frontier NW will record these costs in separate subaccounts on the parent and the operating company's accounting records.
5. Frontier may not encumber the assets of Frontier NW.
6. Within 30 days after the close of the transaction, Frontier NW must notify Commission Staff of the Frontier post-transaction consolidated Net Debt/EBITDA and the price per share used to determine transaction shares and the calculation of the share price.
7. Frontier NW must report on an annual basis a summary of annual transactions of the calendar year between Frontier and its affiliates, on the one hand, and Verizon Communications, Inc. and its affiliates, on the other, that are related to transition services or other services provided by Verizon to Frontier associated with the transaction (including operations support system maintenance, etc.) in a format consistent with Exhibit 3.c of the Affiliated Interest and Subsidiary Transactions Report for Verizon Northwest Inc. (Washington) and Its Subsidiary Verizon West Coast under WAC 480-120-395. This reporting requirement will list the Verizon entity, services provided and the cost for each service. Frontier NW will report these costs for five (5) years following close of the transaction.
8. For all affiliated interest transaction filings under WAC 480-120-375, Frontier NW must:
  - a. Certify in the cover letter for the filing that the transaction complies with C.F.R. 41 § 32.27 ("Transactions with affiliates");
  - b. Determine that the cost of the transaction is reasonable and consistent with the public interest and upon request of the Commission Staff, Frontier NW will provide cost support documentation prior to the effective date.
9. The Applicants must immediately notify the Commission of any material change to the transaction terms and conditions from those set forth in their application that: (1) occurs while a commission order approving the transaction is pending, or (2) occurs before the transaction is closed but after the commission issues its order approving the transaction. The Applicants must also submit a supplemental application for an amended Commission order in this docket if the substantive transaction conditions and terms affecting Commission regulated services in Washington change as set forth in this condition.
10. Frontier NW must maintain its books to ensure it will continue to report Washington operations to the Commission consistent with the Washington specific data that is currently being reported by Verizon NW.

11. Frontier NW must hold retail and wholesale customers harmless for increases in overall management costs that result from the transaction.
12. No later than one year from the close of the transaction and until it applies for and has received an alternative form of regulation, Frontier NW must provide to the Commission reports containing the following:
  - a. A multi-year strategic plan that identifies the expected remaining life of all host and remote central office switches currently deployed in Frontier NW franchise areas in Washington and a proposed replacement plan for the switches, if any, so that Frontier NW will be able to meet the then current service standards under Washington statutes and rules. This plan should also contain information regarding Frontier NW's intent to deploy new technology (soft switch, voice over internet protocol, etc.).
  - b. An annual report detailing Washington capital expenditures concerning planned actions under subsection (a) above, including a comparison of the amount of planned Washington expenditures as a percentage of total system expenditures, and a comparison of the amount of capital expenditures per Washington access lines with the amount of capital expenditure per Frontier NW system-wide access lines.

#### **DSL/Broadband Deployment**

13. Frontier NW must expend approximately \$40 million on broadband deployment (FiOS or FTTH is not defined as a broadband deployment for the purposes of this expenditure amount) in the Frontier NW territories in Washington by December 2014; provided, however, that Frontier NW must meet the broadband deployment commitments in paragraph 15 below without regard to the amount actually expended. Within 30 days of closing, Frontier NW must deposit in a bank account, escrow account or other account as approved by the Commission \$40 million to fulfill the broadband commitment identified in paragraphs 13 through 18 (hereinafter "Account").

This Account must remain in place, retaining all deposited funds and interest thereon, until Frontier NW has met and completed, to the satisfaction of the Commission in its sole and reasonable discretion, the broadband commitment described herein.

Frontier NW may petition the Commission quarterly for reimbursement of expenditures incurred for broadband projects that have been completed and placed into service. To the extent that Frontier NW files the appropriate data confirming the broadband deployment expenditures with its petition for reimbursement, the Commission will use its best efforts to approve the release of funds from the Account to Frontier NW within thirty (30) days from the date of the filing seeking reimbursement. All administrative costs associated with the Account must be borne by Frontier NW. In the event that an institution acceptable to the Commission cannot be found to hold the Account, the parties must use their best efforts to find an acceptable alternative method of setting aside funds that will be an equivalent financial incentive to Frontier NW to meet this condition. Frontier commits that provisions of this paragraph will not diminish any inside or outside plant maintenance or investment expenditures in the Washington operations.

14. If Frontier NW determines that it is technically infeasible to fulfill one or more of the

broadband deployment objectives identified in paragraphs 15 through 18, Frontier NW must immediately (within 30 days of determining the technical infeasibility) submit to the Commission a detailed report identifying the technical or operation impediments and limitations that prevent fulfillment of the condition and propose an alternative broadband deployment plan that provides at least a similar level of public benefit. The Commission may accept the alternative plan or it may order a different broadband deployment plan to provide a similar level of public benefit as an alternative to satisfy this condition.

15. Frontier NW must deploy broadband service in not less than 95% (97 of the 102) of the Frontier NW Washington wire centers within two years of closing of the proposed transaction. In aggregate, Frontier NW must make available broadband services, such that by December 31, 2014, approximately 89% of the households within the current Verizon NW service area in Washington will be able to access Frontier NW broadband services. Specific requirements for currently un-served wire centers, under-served wire centers and all other wire centers are specified as follows:

	Un-Served Wire Centers (0% Availability)	Under-Served Wire Centers (0-50% Availability)	All Other Wire Centers (>50% Availability)	Total
Number of Wire Centers	REDACTED	REDACTED	REDACTED	REDACTED
Starting Point (Dec 2008 Data)	REDACTED	REDACTED	REDACTED	REDACTED
End of 2011	50% (each wire center)	50% (each wire center)	Flexible	80%
End of 2013	75% (aggregate)	85% (each wire center)	90% (aggregate)	85%
End of 2014	85% (aggregate)	85% (aggregate)	90% (aggregate)	89% (aggregate)

16. Frontier NW must make available retail broadband Internet access service with a download speed of 1.5 Mbps or higher and an uploading speed of 381 kbps or higher to 75% of the households in its service area by the end of 2011. The company must make available retail broadband Internet service with a downloading speed of 3 Mbps to 80% of households in its service area by the end of 2014.

17. Frontier NW must submit an initial plan for broadband deployment within 90 days of the transaction closing date. Frontier NW will consult with Commission Staff regarding the geographic scope of the broadband deployment (including the specific wire centers that will be included) and the timelines for its implementation. Frontier will use reasonable efforts to ensure that no wire center in the "> 50% availability" category remains substantially below the 90% aggregate broadband availability goal for that category of wire centers by the end of 2014. Frontier NW must file an annual progress report on broadband deployment with the Commission no later than May 1 of each succeeding year following the close of the merger until all goals specified in the approval order are achieved. The annual report must contain information on a wire center basis as of December 31 of the previous year including:

- the total number of retail residential and business subscriber lines served by the company;
- the total number of retail residential and business subscriber lines served by the company;
- the number of broadband-capable subscriber lines by technology (DSL, FTTP and others);
- the number of broadband subscribers by technology, including both subscribers of stand-alone broadband services and subscribers of bundles that contain broadband services, and
- total expenditures associated with new broadband deployment in the previous calendar year by technology.

18. Frontier NW must make a stand-alone DSL offering available to consumers and continue to offer stand-alone DSL services at the current Verizon NW rates, terms and conditions for 12 months after the closing of the transaction.

**Retail Service Quality:**

19. Frontier NW must augment Verizon NW's Service Performance Guarantee (SPG) program that is currently being offered in its tariff to:

- a. increase the missed commitment credit for residential customers from \$25 to \$35, and verbally notify customers of this credit offering at the time of the customer's order;
- b. offer the customer alternative services for failure to deliver basic service on time; and
- c. offer a flat-rate credit of \$5 for out-of-service conditions greater than two days.

Frontier must report monthly, with its service quality report, the customer credits associated with the SPG.

Frontier NW may petition the Commission for the elimination of these conditions after 24 months.

20. For three years following the close of the transaction, if Frontier NW fails to meet any of the retail service quality metrics (a) through (f) set forth below, it must provide each of its customers a bill credit. The amount of the bill credit must be the same for each customer and the sum of all credits provided must be equal to the dollar amounts provided below in connection with each metric. Credit amounts may be accumulated over the course of a year for inclusion in an annual bill credit. The annual credit must be reflected on the earliest possible bill following the year in which Frontier NW failed to meet the standard.

- a. The out-of-service interval (as described in WAC 480-120-440) must average no more than 24.0 hours. The customer credit due for each month in which the company fails to meet the standard is \$100,000 divided by 12.
- b. The other service interruption interval (as described in WAC 480-120-440) must average no more than 36.0 hours. The customer credit due for each month in which the company fails to meet the standard is \$100,000 divided by 12.
- c. Trouble reports (as defined by WAC 480-120-021) per 100 access lines must not exceed the standard in WAC 480-120-438. The customer credit due for each month, and each central office, in which the company fails to meet the standard is \$100,000 divided by 12, divided by the total number of Frontier NW central offices in the state of Washington.
- d. Out-of-service trouble reports per 100 access lines (as defined for ARMIS report 43-05) must not exceed 15.0 per year for Frontier NW's Washington operations. The customer credit due for each year in which the company fails to meet the standard is \$100,000.
- e. Answer time performance for the company's repair center must meet the standard in WAC 480-120-133. The customer credit due for each month in which the company fails to meet the standard is \$100,000 divided by 12.
- f. Answer time performance for the company's business office must meet the standard in WAC 480-120-133. The customer credit due for each month in which the company fails to meet the standard is \$100,000 divided by 12.

In addition to the monthly standards and credits described above, Frontier NW must provide additional credits if it repeatedly fails to meet the above standards as measured on an annual basis. Specifically, if Frontier NW fails to meet a standard, as measured on an annual basis for two out of the three years, it must provide a credit of \$100,000 in addition to the credits required for failure to meet the standard on a monthly basis. If Frontier NW fails to meet a standard as measured on an annual basis for all three of the years, it must provide an additional credit of \$200,000. For purposes of determining whether Frontier NW has met a specific standard on an annual basis, Frontier NW's performance under the standards in (a), (b), (d), (e) and (f) will be measured on an annual average basis for the entire Frontier NW Washington service territory at the end of each year of the program. For purposes of the trouble report standard in (c) above, Frontier NW must have an annual average of 4.0 or less trouble reports per 100 access lines in 90% of its central offices in Washington.



21. Frontier NW must provide an annual report card of the above benchmarks to customers and the Commission. Frontier NW may not seek to recover customer payout credits identified in paragraph 19 and 20 in future rate cases. In addition, for any annual metrics that are missed by Frontier NW, Frontier NW will provide to the Commission a plan that addresses the steps to be taken by Frontier NW to address the missed metric.

22. Frontier NW agrees that the imputation associated with the spin-off of Verizon's yellow page business in Docket UT-061777 should also be imputed to Frontier NW.

### **Retail Services Rates**

23. Frontier NW must cap the rates for Retail Flat and Measured Rate Residential Services (1FR and 1MR) at current levels for a minimum three (3) years, after the close of the transaction. Frontier NW may petition the Commission to seek recovery from the impact of exogenous events that materially impact the operations of the Verizon NW transferred exchanges, including but not limited to, orders of the Federal Communications Commission ("FCC") and this Commission (such as a generic intrastate access proceedings).

24. Frontier NW must continue to provide the so called "grandfathered" services that some existing Verizon NW customers were transitioned into when Verizon NW discontinued these services for new customers, for a minimum of six (6) months after completion of the transaction or until the company obtains Commission approval of similar services in the tariff, whichever occurs later.

25. Frontier NW must offer customers of Verizon intrastate long distance services and packages the option to change long distance carriers without incurring a Primary Interexchange Carrier ("PIC") charge for a minimum period of ninety (90) days after the completion of the transaction; and

26. Frontier NW must continue to offer and provide bundled services as offered by Verizon NW today for a minimum of twelve (12) months following the close of the transaction.

### **Operations Support Systems**

27. Verizon must replicate the existing Verizon operations support systems, both retail and wholesale, and use these replicated systems for a minimum period of sixty days before the close date of this transaction.

- a. Prior to going into production mode on the replicated systems, Verizon must share with Commission Staff: (i) the "Program Test Strategy" Plan to be used to review the replicated systems and (ii) results of pre-production functionality tests on the customer-affecting systems that serve retail telecommunications customers showing that any severity level 1 failures (defined as full service denials) have been resolved, along with validation by a third party reviewer that the results are accurate.

- b. The third party reviewer of Washington results will be selected through the following process: (i) Verizon will provide Staff with a list of qualified firms independent from Verizon identifying any that may have been selected in other states; (ii) within five (5) business days of receiving the list, Staff will provide Verizon with a list of any of the listed firms that it reasonably believes to be acceptable and will attempt in good faith to coordinate its selection with other states that require a third party reviewer; and (iii) Verizon will select one of the firms identified by Staff (or in the event no such firms remain, Verizon will provide a new list to Staff and repeat the process in (i)-(ii)).

28. Frontier may not proceed with closing of the proposed transaction unless and until it has validated that the operational support systems (“OSS”) are fully functioning and operational. Verizon must complete system testing and issue a report to the Commission validating that the OSS are operational in accordance with the terms of the merger agreement at least five days prior to close. Verizon must provide sixty days of retail service quality reports to Commission Staff at least five days prior to close on the following metrics:

- (i) Installation Commitments - Percent of Commitments Met;
- (ii) Network Trouble – Troubles per 100 Access Lines;
- (iii) Repair - Percent of Out-of-Service Trouble Cleared in 48 Hours; and
- (iv) Billing Error Complaints.

The reports must show that by the end of the production mode, there has been no material (i.e., of substantial import) degradation from benchmark quality of service data from 12 months prior to production mode on the replicated systems (using standard reporting procedures, including taking into account exogenous factors, such as weather or other natural disasters). Frontier will consider this data in the review that it performs to validate and confirm that the replicated systems are fully operational prior to closing.

29. If, within three years after the closing of the proposed transaction, Frontier NW plans to transition from any of the Verizon support systems to Frontier’s legacy systems, or to any new systems, Frontier NW will prepare and submit a detailed operations support system integration plan to the Commission Staff. Frontier NW’s integration plan will describe the operations support system to be replaced, the surviving operations support system, and why the change is being made. The operations support system integration plan will describe Frontier’s previous experience with integrating the operations support systems in other jurisdictions, specifying any problems that occurred in that integration process and what has been done to avert those problems in Washington. Frontier NW’s operations support system integration plan will also identify planned contingency actions in the event of Frontier encountering a difficulty, as part of the system integration process. The integration plan submitted by Frontier NW will be prepared by information technology professionals with detailed experience and knowledge regarding the systems integration process and requirements. Frontier NW will also commit to provide this operations support system integration plan to the Staff no less than 180 days prior to implementing the system transition.

30. At least 180 days before transition of any replicated operations support systems that support wholesale services to any other wholesale operations support systems, Frontier NW will file its proposed transition plan with the Commission and seek input from CLECs on any changes in functionality or e-bonding.

31. Frontier NW must maintain functionality performance and e-bonding at a level that is at least equal to what Verizon NW has been providing pre-transaction.

### WTAP

32. Frontier NW must provide a one-time \$75 credit to any WTAP-qualified customer that fails to receive the appropriate discount, credit, or waiver of the deposit, within the first bill cycle after application, provided that the application is received 10 calendar days prior to the end of the bill cycle for an existing customer. This credit program shall remain in place for three years following the transaction.

33. Frontier NW shall report to the Commission the following information, every month:

- a. Number of WTAP customers who applied for service within the month
- b. Date of each application
- c. Date DSHS was contacted and confirmed or denied WTAP eligibility
- d. Date of the customer's billing cycle (if the applicant is an existing customer)
- e. Date WTAP credits were applied to the customer's account
- f. Number of \$75 WTAP credits applied to the customer's accounts
- g. Number of customers denied WTAP credits and the reasons for denial

34. Frontier NW shall provide clear scripts to its customer service and sales representatives so that each WTAP customer is aware of the restrictions of bundled service on WTAP credits. Further, this information should be clearly noted on its Web page and other marketing material.

35. Frontier NW must include in its verification process, during DSHS business hours, having customer service representatives place a three-way call to DSHS with the customer on the line to verify eligibility. If the DSHS WTAP call center is not open at the time of the application, Frontier NW will verify the customer's eligibility during the next available DSHS business hours.

## **APPENDIX B**

### SETTLEMENT AGREEMENT

This Settlement Agreement is made as of the 7<sup>th</sup> day of December 2009 ("Effective Date") by and among Comcast Phone, LLC, on behalf of its subsidiaries which are identified on Schedule A ("Comcast"), Frontier Communications Corporation and the operating incumbent local exchange companies that will become Frontier subsidiaries after the closing of the Proposed Transaction and which are identified on Schedule B ("Frontier"), and the Verizon operating incumbent local exchange companies which are identified on Schedule C ("Verizon") (individually a "Party" and collectively, "the Parties");

WHEREAS, Verizon has agreed to a transaction in which control of certain of its operating affiliates in various states will be transferred to Frontier (the "Proposed Transaction"); and

WHEREAS, the Proposed Transaction will require, among other things, the approval of various state regulatory commissions ("State Commissions") before it can be consummated; and

WHEREAS Comcast has intervened and participated as a party in proceedings before State Commissions in Illinois, Ohio, Oregon and Washington related to Verizon's and Frontier's joint application for approval of the Proposed Transaction wherein Comcast has expressed certain concerns with the Proposed Transaction (the "State Proceedings"); and

WHEREAS, the Parties hereto have reached a mutually agreeable settlement of Comcast's concerns.

In consideration of the mutual representations and covenants contained herein, the Parties hereby agree as follows:

## TERMS

### I. OSS Testing

#### I. Functional Testing of Replicated Systems

The Proposed Transaction contemplates that Verizon will replicate the operations support systems ("OSS") used for provisioning retail and wholesale services in the systems serving certain states in which assets are being transferred to Frontier. These systems will be installed in the Fort Wayne, Indiana data center and will be operated post-closing by Frontier on a going-forward basis ("Replicated Systems"), subject to the provisions of Section I.2 (below). This section governs Comcast's order testing of the Replicated Systems after Verizon has done its own initial testing. Comcast will have the opportunity to utilize the following procedures:

- a. Comcast may use the CLEC Testing Environment ("CTE") (defined in I.1.b, below) on the Replicated Systems to test certain wholesale orders from February 15, 2010 to March 12, 2010, which shall occur before the associated replicated systems are placed into full production mode (or another equivalent period before production mode).
- b. Comcast will submit test orders for Local Service Request ("LSR") orders for directory listings ("DL") and local number portability ("LNP"), collectively "Comcast Orders".<sup>1</sup> Verizon will work with Comcast to identify specific test scenarios for the Comcast Orders. The CTE will contain the data associated with a wide range of accounts within Comcast Orders, and Verizon will consult with Comcast prior to the date specified in subsection (c) below to identify the accounts that will be included in the test environment. Specific accounts of Comcast Orders will be generated for Comcast, along with a group of retail accounts generated by Verizon. Addresses and telephone numbers from representative NPAs for each of the states covered by this Agreement (Illinois, Ohio, Washington, and Oregon) will be selected by Verizon (with input from Comcast) and loaded into the CTE, and these can be used for pre-ordering and ordering activity (not all addresses and telephone numbers from production will be loaded into the CTE). Comcast will test, at a minimum, LSR (LNP and DL) orders up to and including the service order processor, with full cycle scenarios covering pre-order, order submission, reject, jeopardy notices, order flow through and order completion notices (billing

---

<sup>1</sup> Comcast also submits Access Service Request ("ASR") orders for interconnection trunking facilities, and the CTE does not support those types of orders. Verizon will work to develop a plan to allow Comcast, or its third party vendor, to submit test ASR orders in a pre-production environment; subject to the provisions of I.1.e and I.1.f.

completion and provisioning completion). For billing, files will be validated jointly by the Parties for format, content and completeness with the replicated data.<sup>2</sup>

c. Verizon will notify Comcast of the specific regular business hours of availability for such functional testing, which shall generally be based on standard business hours. The CTE will allow Comcast to test application-to-application interfaces for pre-ordering and ordering activity for the Comcast Orders. Specifically, the CTE will contain the appropriate applications for the Comcast Orders. Comcast will be responsible for establishing and maintaining connectivity into the CTE, but Verizon will work with Comcast to coordinate and facilitate those connections. Such connections will consist of the same connectivity options that Comcast will use post-close with Frontier. Testing will include the e-bonded interfaces.<sup>3</sup> Production data may be sanitized for testing to protect customer and account identities.

d. Comcast must provide a set of accounts to Verizon by February 1, 2010, to allow the standard two weeks for account "set up" in the CTE, and Verizon and Comcast will work cooperatively prior to February 1, 2010 to ensure test environment readiness.

e. Based on the test orders described above, Verizon shall issue a report documenting the replicated systems' functionality during this test period, based on Verizon's typical measurement of successful order processing. Verizon will not put the relevant replicated systems into full production mode until it is able to report (either as a result of initial tests or subsequent tests) that the Replicated Systems' performance is at least equal to the average performance of the current systems. Comcast shall provide Verizon with its test results as soon as practicable after they receive the results. Verizon must receive all test results no later than 5 PM Eastern Time on March 5, 2010, and receive test results for time periods after that by March 12, 2010. Verizon shall issue its report (or, if necessary, notice of additional testing) by March 15, 2010.

f. Prior to testing, the Parties will establish a cooperative process through which Comcast may escalate concerns arising from the identification of system errors resulting from the replication, or other test failures to Verizon/Frontier. The Parties will work on a business-to-business basis to facilitate timely resolution of any such errors prior to the Replicated Systems being put into production.

g. Neither Party waives any right it may have independent of this Agreement to seek resolution of any disputes relating to the replication with a State Commission.

---

<sup>2</sup> The CTE does not support billing validation, but Verizon will work with Comcast to ensure that billing issued on the replicated systems is consistent with billing on existing systems.

<sup>3</sup> Comcast also uses GUI interfaces on a limited basis. The CTE does not support such GUI interfaces, but Verizon will work with Comcast to test, during the test period set forth in L.1.a, to ensure that orders flow through those interfaces before putting the relevant replicated systems into full production mode.

h. After the existing Verizon operations support systems are replicated and put into production, those Replicated Systems will be used by Verizon to support the wholesale service it provides to Comcast for at least 60 days prior to the closing. During this period, Verizon will receive Comcast orders and provide services in the normal course of business. Frontier will validate the performance of the Replicated Systems to ensure the systems are fully operational. In the event that issues or problems arise as a result of the replication that affect Comcast, including problems identified by Comcast and communicated to Verizon or Frontier, Verizon and Frontier will investigate and identify the source of the issues or problems, and Verizon/Frontier will work on a business-to-business basis with Comcast to facilitate timely resolution and Verizon/Frontier will make the necessary system modifications, if any, to remedy those service issues to ensure that those systems are fully operational.

i. Prior to closing, Verizon and Frontier will notify Comcast in writing that the "replication" of the OSS has been successfully completed. Within five (5) business days of receiving such notice, Comcast may notify Verizon and Frontier of any concerns it may have regarding the success of the replication, and Verizon/Frontier will investigate, and Verizon/Frontier will work with Comcast on a business-to-business basis to address any issues resulting from the replication that affect Comcast and will make the necessary system modifications, if any, to remedy those service issues to ensure that those systems are fully operational prior to closing.

## 2. Replacement of Replicated Systems

a. Frontier will utilize the Replicated Systems after the transaction closes for a minimum of one year, whereafter it may replace the Verizon Replicated Systems with different OSS ("Replacement Systems").

b. At least 180 days before any transition from the Replicated Systems to a Replacement System, Frontier will prepare and provide to Comcast a proposed transition plan. Before implementation of the transition or cutover, Frontier will work with Comcast to develop and implement a test plan to allow Comcast to complete coordinated testing on test/non-live orders before the transition/cutover occurs.

c. For Comcast Orders, the Replacement Systems will maintain functionality that is comparable to the current systems – e.g., e-bonding, order flow through, etc.

3. 911. The Parties will work cooperatively in accordance with standard industry practices to coordinate any transition of E-911 functionality or databases systems.

## II. Other Frontier Obligations Post-Closing

Frontier will comply with the following after the Proposed Transaction is consummated:



- a. Frontier will not discontinue the Verizon wholesale service offered to competitive carriers at the time of closing for one year after closing of the transaction except as approved by the Commission.
- b. Frontier will not seek to recover through wholesale service rates one-time transfer, branding or transaction costs.
- c. Frontier will hold wholesale customers harmless for increases in overall management costs incurred by Frontier that result from the transaction.
- d. Frontier shall continue to provide the monthly reports of wholesale performance metrics that Verizon currently provides. Frontier will comply with the FCC Order 09-41 that implements a porting interval for simple wireline-to-wireline and intermodal port requests within one business day applicable to carriers with more than 2 percent of the nation's lines installed in aggregate nationwide.
- e. Frontier will honor, assume or take assignment, in whole or in part, of all obligations under Verizon's current interconnection agreements, interstate special access tariffs and intrastate tariffs, commercial agreements, line sharing agreements, and other existing arrangements with wholesale customers ("Assumed Agreements"). Frontier shall not terminate or change the rates, terms or conditions of any effective Assumed Agreements during the unexpired term of any Assumed Agreement or for a period of twenty-four months from the Closing Date, whichever occurs later unless requested by the interconnecting party, or required by a change of law.
- f. Frontier will allow requesting carriers to extend existing interconnection agreements, whether or not the initial or current term has expired, until at least 30 months from the Closing Date, or the date of expiration, whichever is later.
- g. Frontier shall allow a requesting competitive carrier to use its pre-existing interconnection agreement, including agreements entered into with Verizon, as the basis for negotiating a new replacement interconnection agreement.
- h. Rates for tandem transit service, any interstate special access tariffed offerings or any intrastate wholesale tariffed offering, reciprocal compensation and TELRIC 252(c)(2), and (d), rates for 251(c) facilities or arrangements shall not be increased by Frontier for at least twenty-four months from the Closing Date; nor will Frontier create any new rate elements or charges for distinct facilities or functionalities that are currently already provided under existing rates or at no charge. Frontier shall continue to offer any currently offered Term and Volume Discount plans until at least twenty-four months from the Closing Date. Frontier will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term. Frontier will reduce pro rata the volume commitments provided for in agreements to be assigned to or entered into by Frontier or tariffs to be concurred in and then adopted by Frontier,

without any change in rates and charges or other terms and conditions, so that such volume pricing terms will in effect exclude volume requirements from states outside of the affected states.

- i. Frontier will not seek to avoid any of its obligations under the Assumed Agreements on the grounds that Frontier is not an incumbent local exchange carrier ("ILEC") under the Federal Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*, (the "Communications Act"), nor on the grounds that it is exempt from any of the obligations hereunder pursuant to Section 251(f)(1)-(2) of the Communications Act.
- j. For one year following the Closing Date, Frontier will not seek to reclassify as "non-impaired" any wire centers in Oregon, Washington, Illinois and Ohio for purposes of Section 251 of the Communications Act, nor will Frontier file any new petition under Section 10 of the Communications Act seeking forbearance from any Section 251 or dominant carrier regulation in any wire center in the identified states.
- k. Frontier shall provide and maintain on a going-forward basis updated escalation procedures, contact lists and account manager information that is in place at least 30 days prior to the transaction close date. The updated contact list shall identify and assign a single point of contact for Comcast with the authority to address ordering, provisioning, billing and OSS systems maintenance issues of Comcast. Frontier will work with Comcast to identify the appropriate point of contact to address technical and network escalation issues.
- l. Frontier will continue to make available to each wholesale carrier the types of information that Verizon currently makes available concerning wholesale operations support systems and wholesale business practices via the CLEC Manual, industry letters, and the change management process. In addition, Frontier will continue the CLEC User Forum process, in a substantially similar manner, following the transition or cutover date. Frontier will provide the wholesale carriers training and education on any wholesale operations support systems implemented by Frontier after closing without charge to the wholesale carrier.
- m. Frontier will maintain a Change Management Process ("CMP") similar to Verizon's current process, including CMP meetings, the frequency of which for the first twelve months from Closing Date shall be monthly, and thereafter, as agreed upon by the Parties and a commitment to at least two OSS releases per year. Pending CLEC Change Requests will be completed in a commercially reasonable time frame.
- n. Frontier shall ensure that the legacy Verizon Wholesale and CLEC support centers are sufficiently staffed by adequately trained personnel dedicated exclusively to wholesale operations so as to provide a level of service that is comparable to that which was provided by Verizon prior to the transaction and to

ensure the protection of CLEC information from being used for Frontier's retail operations.

- o. In the event a dispute arises between Frontier and Comcast with respect to any of the post-closing conditions herein, either party may seek resolution of the dispute by filing a petition with the applicable state Commission pursuant to the procedures for enforcement of interconnection agreements set forth in the applicable state Commission's rules. If a State Commission has no such procedures, then either party may use the State Commission's general dispute resolution or complaint procedures.
- p. Except as otherwise expressly stated herein, the provisions of this Agreement only apply to Illinois, Ohio, Washington and Oregon. The Parties agree to work cooperatively to try to resolve their outstanding issues with respect to West Virginia.
- q. Because the Parties were unable to finalize this Settlement Agreement prior to the commencement of the Oregon proceedings, the Parties will each submit their pre-filed testimony into the record in the Oregon proceeding but will waive any cross examination of each others witnesses. Upon execution of the Settlement Agreement, Comcast will not move its testimony into evidence in the Oregon proceeding, will petition to withdraw or not move its testimony into evidence in the other State Proceedings (as agreed to by the Parties based on state-specific procedures), and will not intervene or participate in any other regulatory or legislative proceedings involving the approval of the proposed transaction. However, the foregoing limitations shall not apply to Comcast's continuing intervention and participation in the West Virginia Public Service Commission proceeding docketed as Case No. 09-0871-T-PC, and nothing in this Agreement shall preclude Comcast from protecting its rights and pursuing its positions in that proceeding, or any other, in West Virginia. The signatories to this settlement will file a settlement agreement, stipulation, or other appropriate filing, with the Oregon, Washington and Ohio and Illinois Commissions (to the extent required), respectively, and jointly ask each Commission, to the extent required, to approve the settlement, stipulation, or other appropriate filing, and state that they are not opposed to the Commission approval of the transaction if conditioned as set forth herein. Comcast and its agents, employees and attorneys will not engage in any advocacy contrary to this agreement.

### III. Legal Terms

- 1. Nothing in this Agreement shall affect (a) any Party's obligation to respond truthfully as to its position of record on inquiries from governmental entities or judicial and administrative proceedings; (b) prohibit a Party from defending itself or

taking positions or advocating before any legislative or regulatory bodies on specific issues as long as such actions are not inconsistent with this Agreement; or (c) preclude a Party from membership in any associations that may take positions on specific issues so long as the Party does not use its membership as a device to avoid its obligations under this Agreement.

2. If the transaction is not approved by the FCC or otherwise does not close, the Parties shall not be bound by this Settlement Agreement.

3. Nothing in this Agreement shall preclude the application to Comcast of any state or FCC conditions (whether imposed, adopted, approved or voluntarily agreed to) as a result of the transaction when such conditions are to be made available to CLECs generally. Any such state conditions will be applicable only within that specific state. Any such FCC conditions will be applicable in all states, except as otherwise may be provided by the terms of the FCC's merger conditions.

4. The Parties shall prepare and execute such other documents as are reasonably necessary to effectuate the terms of this Settlement Agreement.

5. This Settlement Agreement is made without admission against or prejudice to any factual or legal positions that any of the Parties have asserted or may have asserted in the referenced proceedings absent this Settlement Agreement.

6. This Settlement Agreement is to be construed and enforced in accordance with the laws of the state of Delaware. The Parties may only disclose the contents of this Settlement Agreement as is necessary for enforcement of its terms or as otherwise may be required by the State Commissions.

7. This Settlement Agreement constitutes the entire and final agreement between the Parties in connection with the Applications and the other matters addressed in this Settlement Agreement and supersedes all prior written and oral agreements, representations and understandings, and may only be changed by an agreement made in writing and signed by all the Parties hereto.

8. This Settlement Agreement is binding upon and inures to the benefit of the Parties hereto and their heirs, successors and assigns.

9. The Parties agree that this Settlement Agreement may be signed in any number of separate counterparts and that, once signed by all Parties, all counterparts shall be considered as if contained in a single document.

10. If any term or other provisions of this Settlement Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect.

WHEREFORE, intending to be bound by the terms of this Settlement Agreement set forth herein, the Parties have set forth their signatures on the date indicated below,

Comcast Phone LLC on behalf  
of itself and the entities identified  
on Schedule A

By:

Name: Susan In Davis

Title: VP of Strategic Partnerships  
Communications and Data

Date:

12/7/09

Services  
Comcast

Verizon Communications Inc.  
on behalf of itself and the entities  
identified on Schedule C

By:


Name: Gregory M. Romano

Title: General Counsel - NW Region

Date:

12-7-09

Frontier Communications Corporation  
and the post-closing Frontier ILECs identified in  
Schedule B

By: 

Name: Daniel M Bentley

Title: SUP & COO

Date: 12/2/09.

**SCHEDULE A  
COMCAST ENTITIES**

Comcast Phone of Illinois, LLC d/b/a Comcast Digital Phone  
Comcast Phone of Ohio, LLC  
Comcast Phone of Oregon, LLC  
Comcast Phone of Washington, LLC

**SCHEDULE B**

Verizon Northwest Inc. to be renamed after closing Frontier Northwest Inc. (Oregon and Washington)

Verizon North Inc. to be renamed after closing Frontier North Inc. (Ohio and Illinois)



**SCHEDULE C**

Verizon Northwest Inc. (Oregon and Washington)

Verizon North Inc. (Ohio and Illinois)

## **APPENDIX C**

DATED: December 11, 2009

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application	)	Docket No. UT-090842
of Verizon Communications Inc. and	)	
Frontier Communications Corporation	)	
For An Order Declining to Assert	)	MULTIPARTY SETTLEMENT
Jurisdiction Over, or, in the Alternative,	)	
Approving the Indirect Transfer of	)	
Control of Verizon Northwest Inc.	)	

**PARTIES**

1. The parties to this Multiparty Settlement ("Settlement") are Frontier Communications Corporation ("Frontier"), Verizon Communications Inc. ("Verizon") (Frontier and Verizon, collectively, the "Applicants"), XO Communications Services, Inc., Integra Telecom of Washington, Inc. (on behalf of itself and its affiliates Eschelon Telecom of Washington, Inc., Electric Lightwave, LLC, Advanced TelCom, Inc. and UNICOM), tw telecom of washington llc, Covad Communications Company, and PAETEC Communications, Inc. (on behalf of its subsidiary McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services ("Joint CLECs") and 360networks (USA) inc. (together "the Parties" and individually "Party").

2. The Parties, by signing this Settlement with its attached conditions, acknowledge that the Applicants' application will satisfy the "in the public interest, no harm" standard (*see In the Matter of Verizon Communications, Inc. and MCI, Inc.*, Order No. 07, Docket No. UT-050814 (December 2005)), and that the Washington Utilities and Transportation Commission (the "Commission") should then issue an order approving the Settlement with the attached conditions and providing the approvals requested by the Applicants in their Application.

DATED: December 11, 2009

3. The Parties agree to support Commission approval of the Application and this Settlement. This Settlement will be offered into the record of this proceeding as evidence pursuant to WAC 480-07-730 and WAC 480-07-740. The Parties agree to support this Settlement throughout this proceeding and any appeal, provide witnesses to sponsor this Settlement at the hearing and recommend that the Commission issue an order adopting the conditions contained herein. If any other party to this proceeding challenges this Settlement, the Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include raising issues that are incorporated in the conditions embodied in this Settlement.

**BACKGROUND**

4. On May 29, 2009, the Applicants filed a Joint Application for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc. ("Application"). The Applicants submitted testimony on July 6, 2009, August 3, 2009 and November 19, 2009, and the other parties submitted testimony on November 3, 2009.

5. The Parties have reviewed the Application, the pre-filed testimony of the Parties, and the Applicants' responses to the extensive discovery requests submitted in this proceeding.

6. Since July 27, 2009, the Parties have engaged in settlement discussions on the issues in this proceeding.

//

//

//

//

DATED: December 11, 2009

### **AGREEMENT**

7. The Parties agree to the conditions set forth in Attachment 1 to this Agreement.

All conditions or requirements in Attachment 1 will remain in effect for three years unless otherwise expressly identified in a specific condition.

8. The Parties have negotiated this Settlement as an integrated document. If the Commission rejects all or any part of this Settlement or imposes additional conditions in approving the Application, any Party disadvantaged by such action may withdraw from this Settlement and pursue their rights under WAC 480-07-750 and/or seek reconsideration or appeal of the Commission's order. No Party withdrawing from this Settlement, shall be bound to any position, commitment, or condition of this Settlement.

9. The Parties waive cross examination of one another at any hearing held in this docket. The Parties agree to support approval of this Settlement throughout this proceeding.


10. This Settlement may be executed in counterparts and each signed counterpart shall constitute an original document.

### **RESERVATION OF RIGHTS**

11. The Parties agree that this Settlement represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Settlement shall not be admissible as evidence in this or any other proceeding. By entering into this Settlement, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Settlement, other than those specifically identified in the body of this Settlement. No Party shall be deemed to have agreed that any provision of this Settlement is appropriate for resolving issues in any other proceeding.

DATED: December 11, 2009

This Settlement is entered into by each Party as of the date entered below:

  
\_\_\_\_\_  
Frontier Communications Corporation

By: Dan McCarthy  
Executive Vice President and Chief Operating Officer

\_\_\_\_\_  
Verizon Communications, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_

XO Communications Services, Inc., Integra Telecom of Washington, Inc. (on behalf of  
itself and its affiliates Eschelon Telecom of Washington, Inc., Electric Lightwave, LLC,  
Advanced TelCom, Inc., Oregon Telecom, Inc., and UNICOM), tw telecom of  
washington llc, Covad Communications Company, and McLeodUSA  
Telecommunications Services, Inc. d/b/a PAETEC Business Services

\_\_\_\_\_  
By: Mark P. Trinchero  
Davis Wright Tremaine LLP  
Of Attorneys for the Joint CLECs

360networks (USA) inc.

\_\_\_\_\_  
By: Lisa F. Rackner  
McDowell & Rackner PC  
Of Attorneys for 360networks (USA) inc.

DATED: December 11, 2009

## **ATTACHMENT 1 SETTLEMENT CONDITIONS**

1. No Verizon Northwest wholesale service offered to competitive carriers at the time of closing will be discontinued for one year after closing of the transaction except as approved by the Commission.
2. Frontier and its Operating Companies will not seek to recover through wholesale service rates one-time transfer, branding or transaction costs.
3. Frontier will hold wholesale customers harmless for increases in overall management costs incurred by the Operating Companies that result from the transaction.
4. Following the Closing Date, Frontier shall continue to provide the monthly reports of wholesale performance metrics that Verizon Northwest currently provides and provide access to these metrics to Commission staff. The Commission shall immediately open a docket to monitor Frontier's wholesale service quality and establish wholesale service quality benchmarks. The CLEC signatories to this Settlement Agreement reserve the right to propose self-executing remedies in the wholesale service quality docket.
5. Frontier Northwest will assume or take assignment of all obligations under Verizon Northwest's current interconnection agreements, interstate special access tariffs and intrastate tariffs, commercial agreements, line sharing agreements, and other existing arrangements with wholesale customers ("Assumed Agreements"). Frontier Northwest shall not terminate or change the rates, terms or conditions of any effective Assumed Agreements during the unexpired term of any Assumed Agreement or for a period of twenty-four months from the Closing Date, whichever occurs later unless requested by the interconnecting party, or required by a change of law.
6. Frontier Northwest will allow requesting carriers to extend existing interconnection agreements, whether or not the initial or current term has expired, until at least 30 months from the Closing Date, or the date of expiration, whichever is later.
7. Frontier Northwest shall allow a requesting competitive carrier to use its pre-existing interconnection agreement, including agreements entered into with Verizon Northwest, as the basis for negotiating a new replacement interconnection agreement.
8. Rates for tandem transit service, any interstate special access tariffed offerings or any intrastate wholesale tariffed offering, reciprocal compensation and TELRIC 252(c)(2), and (d), rates for 251(c) facilities or arrangements shall not be increased by Frontier Northwest for at least twenty-four months from the Closing Date; nor will Frontier Northwest create any new rate elements or charges for distinct facilities or functionalities

DATED: December 11, 2009

that are currently already provided under existing rates. Frontier Northwest shall continue to offer any currently offered Term and Volume Discount plans until at least twenty-four months from the Closing Date. Frontier Northwest will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term. Frontier Northwest will reduce pro rata the volume commitments provided for in agreements to be assigned to or entered into by Frontier or tariffs to be concurred in and then adopted by Frontier Northwest, without any change in rates and charges or other terms and conditions, so that such volume pricing terms will in effect exclude volume: requirements from states outside of the affected states.

9. Frontier Northwest will not seek to avoid any of its obligations under the Assumed Agreements on the grounds that Frontier Northwest is not an incumbent local exchange carrier ("ILEC") under the Federal Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*, (the "Communications Act"), nor on the grounds that it is exempt from any of the obligations hereunder pursuant to Section 251(f)(1) of Section (f)(2) of the Communications Act.
10. For one year following the Closing Date, Frontier Northwest will not seek to reclassify as "non-impaired" any wire centers in Oregon for purposes of Section 251 of the Communications Act, nor will Frontier Northwest file any new petition under Section 10 of the Communications Act seeking forbearance from any Section 251 or dominant carrier regulation in any wire center in Oregon.
11. Frontier Northwest shall provide and maintain on a going-forward basis updated escalation procedures, contact lists and account manager information that is in place at least 30 days prior to the transaction close date. The updated contact list shall identify and assign a single point of contact for each CLEC with the authority to address ordering, provisioning, billing and OSS systems maintenance issues of that CLEC.
12. Frontier Northwest will continue to make available to each wholesale carrier the types of information that Verizon currently makes available concerning wholesale operations support systems and wholesale business practices via the CLEC Manual, industry letters, and the change management process. In addition, Frontier Northwest will continue the CLEC User Forum process following the transition or cutover date. Frontier Northwest will provide the wholesale carriers training and education on any wholesale operations support systems implemented by Frontier Northwest after closing without charge to the wholesale carrier.
13. Frontier Northwest will maintain a Change Management Process ("CMP") similar to Verizon's current process, including CMP meetings the frequency of which for the first twelve months from Closing Date shall be monthly, and thereafter, agreed upon by the parties and a commitment to at least two OSS releases per year.. Pending CLEC Change Requests will be completed in a commercially reasonable time frame.
14. Frontier Northwest shall ensure that the legacy Verizon Wholesale and CLEC support centers are sufficiently staffed by adequately trained personnel dedicated exclusively to



DATED: December 11, 2009

wholesale operations so as to provide a level of service that is comparable to that which was provided by Verizon prior to the transaction and to ensure the protection of CLEC information from being used for Frontier's retail operations.

- 15.a.** Verizon will take full responsibility for replicating its existing systems and transferring existing data to the replicated systems. Verizon will undertake testing of the systems during the replication process before the systems are put into production and utilized. That testing will consist of the processing and flow through of sample data and the verification of the results of that testing. Frontier will have the opportunity to provide feedback on the test plan, to review the results of Verizon's testing, and to request that other tests be run. Once the pre-production testing results confirm the replication has been successful, Verizon will complete the replication and physically separate the CLEC customer operations support systems to be transferred to Frontier. Verizon will put the CLEC systems into real time use to operate its Northwest region (including Oregon and Washington). The Verizon employees operating the replicated systems prior to the closing of the transaction will continue employment with Frontier after the transaction closes or other training will be provided to new employees. Those Verizon employees will already be trained on the replicated system before Verizon puts the CLEC systems into real time use to operate its North Central system.

After the existing Verizon CLEC operations support systems are replicated and physically separated, those replicated CLEC operational support systems will be used by Verizon to support the wholesale service it provides in the Oregon and Washington territories for at least 60 days prior to the closing. During this period, Verizon will receive CLEC orders, provision and bill for services in the normal course of its business. Frontier will validate the performance of the replicated systems to ensure the systems are fully operational. In the event that issues or problems arise, including problems identified by CLECs and communicated to Verizon and/or Frontier, Verizon and Frontier will investigate, and Verizon will make the necessary system modifications, if any, to remedy those service issues in accordance with the standards described above. The closing will not occur unless and until those systems are fully operational.

Frontier will continue to use the Verizon operational support systems and their interfaces after the closing of the proposed transaction, that will result in at least the same quality of services and support as those carriers receive from Verizon. Frontier will not replace those systems during the first three years after close of the transaction without providing 180 days notice to the Commission and the CLECs.

Frontier will use the replicated wholesale operational support systems for at least one year after closing. Frontier and Verizon will enter into a contractual agreement under which Frontier will receive Verizon maintenance and support for at least one year after closing and subject to the terms and conditions of the agreement, Verizon will be required to offer this support for a minimum of at least four years, if Frontier desires such support. This support will include new system releases, updates to source code, patches and bug fixes associated with the replicated systems conveyed to Frontier.

DATED: December 11, 2009

- 15.b. At least 180 days before transition of the replicated OSS system to any other wholesale operations support systems ("2<sup>nd</sup> Transition"), Frontier Northwest will file its proposed transition plan with the Commission and seek input from interested carriers. Before implementation of the 2<sup>nd</sup> Transition, Frontier will allow for coordinated testing with CLECs signatories to this Settlement Agreement on test/non-live orders.
16. In the event a dispute arises between the parties with respect to any of the pre-closing and post-closing conditions herein, either party may seek resolution of the dispute by filing a petition with the Commission pursuant to the procedures for enforcement of interconnection agreements set forth in the Commission's rules [OAR 860-16-0050/WAC 480-07-650].
17. Except as otherwise expressly stated herein, the provisions of this Agreement only apply to Washington and Oregon and only applicable to the CLEC signatories and their affiliates.
18. The CLEC signatories to this agreement will withdraw their testimony, comments and other pleadings in the Oregon and Washington transaction proceedings and will not intervene or participate in any other regulatory or legislative proceedings involving the approval of the proposed transaction in Oregon and Washington. The signatories to this settlement will file a settlement agreement with the Oregon and Washington Commissions, respectively, and jointly ask each Commission, to the extent required, to approve the settlement and state that they are not opposed to the Commission approval of the transaction if conditioned as set forth herein. The CLEC signatories and their agents, employees and attorneys will not engage in any advocacy contrary to this agreement.
19. Unless another time period is stated expressly, each provision of this agreement shall apply for a period of three years.

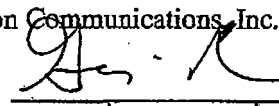
DATED: December 11, 2009

This Settlement is entered into by each Party as of the date entered below:

  
\_\_\_\_\_  
Frontier Communications Corporation

By: Dan McCarthy  
Executive Vice President and Chief Operating Officer

\_\_\_\_\_  
Verizon Communications, Inc.

By:   
General Counsel - NW Region

XO Communications Services, Inc., Integra Telecom of Washington, Inc. (on behalf of  
itself and its affiliates Eschelon Telecom of Washington, Inc., Electric Lightwave, LLC,  
Advanced TelCom, Inc., Oregon Telecom, Inc., and UNICOM), tw telecom of  
Washington LLC, Covad Communications Company, and McLeodUSA  
Telecommunications Services, Inc. d/b/a PAETEC Business Services

\_\_\_\_\_  
By: Mark P. Trinchero  
Davis Wright Tremaine LLP  
Of Attorneys for the Joint CLECs

360networks (USA) inc.

\_\_\_\_\_  
By: Lisa F. Rackner  
McDowell & Rackner PC  
Of Attorneys for 360networks (USA) inc.

DATED: December 11, 2009

This Settlement is entered into by each Party as of the date entered below:

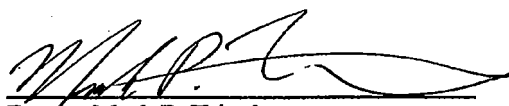
  
\_\_\_\_\_  
Frontier Communications Corporation

By: Dan McCarthy  
Executive Vice President and Chief Operating Officer

\_\_\_\_\_  
Verizon Communications, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_

XO Communications Services, Inc., Integra Telecom of Washington, Inc. (on behalf of  
itself and its affiliates Eschelon Telecom of Washington, Inc., Electric Lightwave, LLC,  
Advanced TelCom, Inc., Oregon Telecom, Inc., and UNICOM), tw telecom of  
washington llc, Covad Communications Company, and McLeodUSA  
Telecommunications Services, Inc. d/b/a PAETEC Business Services

  
\_\_\_\_\_  
By: Mark P. Trincherro  
Davis Wright Tremaine LLP  
Of Attorneys for the Joint CLECs

360networks (USA) inc.

\_\_\_\_\_  
By: Lisa F. Rackner  
McDowell & Rackner PC  
Of Attorneys for 360networks (USA) inc.

DATED: December 11, 2009

This Settlement is entered into by each Party as of the date entered below:

  
\_\_\_\_\_  
Frontier Communications Corporation

By: Dan McCarthy  
Executive Vice President and Chief Operating Officer


\_\_\_\_\_  
Verizon Communications, Inc.

By: \_\_\_\_\_  
\_\_\_\_\_

XO Communications Services, Inc., Integra Telecom of Washington, Inc. (on behalf of  
itself and its affiliates Eschelon Telecom of Washington, Inc., Electric Lightwave, LLC,  
Advanced TelCom, Inc., Oregon Telecom, Inc., and UNICOM), tw telecom of  
washington llc, Covad Communications Company, and McLeodUSA  
Telecommunications Services, Inc. d/b/a PAETEC Business Services

\_\_\_\_\_  
By: Mark P. Trinchero  
Davis Wright Tremaine LLP  
Of Attorneys for the Joint CLECs

360networks (USA) inc

  
\_\_\_\_\_  
By: Lisa F. Rackner  
McDowell & Rackner PC  
Of Attorneys for 360networks (USA) inc.

## **APPENDIX D**

## SETTLEMENT AGREEMENT

In connection with the transfer of certain local exchange operations of Verizon Communications Inc. (collectively "Verizon") in the states of Arizona, California Idaho, Illinois, Indiana, Michigan, North Carolina, Nevada, Ohio, Oregon, South Carolina, Washington, Wisconsin and West Virginia (the "Transaction States"), to an affiliate of Verizon directly or indirectly held by a Verizon ILEC affiliates (herein defined as Verizon Northwest, Inc. (Oregon, Washington and Idaho), Verizon West Coast Inc. (California), Verizon South, Inc. (Illinois, South Carolina and North Carolina), Verizon West Virginia, Inc. (West Virginia), Verizon North, Inc. (Illinois, Ohio, Indiana, Michigan and Wisconsin) and Contel of the South, Inc.(Indiana and Michigan)), the merger of New Communications Holdings Inc. with and into Frontier and related transactions (collectively the "Transaction") which are pending before the Federal Communications Commission and various state commissions in certain of the Transaction States (collectively the "Transaction Review Proceedings") and any necessary assignment, in whole or in part, by Verizon or a Verizon ILEC affiliate and the assumption by Frontier or a Frontier ILEC affiliate of the interconnection agreements between Verizon ILEC affiliates and Level 3 Communications, LLC or any of its affiliates ("Level 3"), Level 3 and Frontier want to resolve any issues regarding the subject interconnection agreements amicably and promptly. To that end, and in exchange for the consideration recited below, Level 3 and Frontier agree as follows:

1. Level 3 understands that Frontier only has the rights to assume certain classes of agreements of certain Verizon ILEC affiliates, and only to the extent such agreements are operative in the Transaction States. Therefore, the parties agree that such agreements (to the extent that they are operative in the Transaction States) will be governed by this settlement agreement. Level 3 hereby consents for the benefit of Frontier and Verizon to the assignment, in whole or in part, by Verizon and Verizon ILEC affiliates and assumption by Frontier and Frontier ILEC affiliates of such agreements, to the extent any such assignment may be required or necessary, and Level 3 hereby waives, to the extent required or necessary, any and all objections to the change of control of Verizon ILEC affiliates to Frontier or Frontier ILEC affiliates resulting from the consummation of the Transaction.
2. The interconnection agreements which are in place between the appropriate Verizon ILEC affiliates and Level 3 in the Transaction States and the network utilized by Level 3 and Verizon ILEC affiliates to exchange traffic pursuant to the interconnection agreements (to the extent the network arrangements are conveyed to Frontier as part of the Transaction) as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the

Transaction. The parties will execute an amendment to the interconnection agreements to effectuate this provision.

3. To the extent there are interconnection agreements which are in place between the appropriate Frontier ILEC affiliate and Level 3 in the Transaction States and the network utilized by Level 3 and Frontier ILEC affiliate to exchange traffic pursuant to the interconnection agreements as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the Transaction. The parties will execute an amendment to the interconnection agreements to effectuate this provision.
4. The parties agree that the agreements referenced in paragraph 3 shall be amended to include a provision substantially similar to that included in the most recent amendment to the Level 3/Citizens Telecommunications Company of West Virginia interconnection agreement in West Virginia addressing the exchange of indirect traffic between the parties. The preceding referenced agreements to which this provision shall apply shall be those in which network direct connection has been implemented as of the date of this Agreement, and the parties agree that the parties will work cooperatively to resolve any traffic threshold conditions for disconnection of existing trunks contained within said condition and if they can not reach a mutually satisfactory resolution within 10 days, the parties may initiate the Dispute Resolution procedures identified in the interconnection agreement. The substantive issue in any such Dispute Resolution Process shall be confined to the actual traffic volume and any technical barriers which may exist in respect to the disconnection of the trunks in question.
5. With respect to California, the Transaction includes ILEC operations and facilities in thirteen exchanges. Six exchanges (representing approximately 13,000 access lines) comprise the entire serving territory of Verizon West Coast, Inc. and will be transferred to Frontier as part of the Transaction. Another seven Verizon California, Inc. exchanges, serving approximately 11,000 access lines, are being transferred to Frontier as part of the Transaction. The seven Verizon California exchanges to be transferred are: (1) Adjacent to Nevada: Alpine (Alpine Co.) and Coleville (Mono Co.); (2) Adjacent to Arizona: Earp Big River, Havasu Landing, and Parker Dam (San Bernardino Co.), Blythe (Riverside Co), and Palo Verde (Imperial Co.). With respect to California, the parties agree as follows:
  - a. The interconnection agreements which are in place between Verizon West Coast and Level 3 in California and the network utilized by Level 3 and Verizon West Coast to exchange traffic pursuant to the interconnection agreements (to the extent the network arrangements are conveyed to Frontier as part of the Transaction) as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the Transaction.



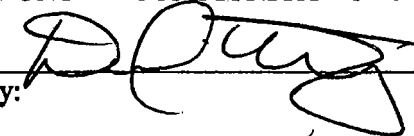


Telecommunications Act of 1996 or any other applicable law or regulation, either state or federal, except as expressly provided in this settlement agreement. In addition, without limiting the foregoing, nothing in this agreement constitutes an admission by Frontier that it or any of its affiliates is or will become a Bell Operating Company as a result of the Transaction, or will be subject to any obligations pursuant to Sections 271 through 278 of the Act.

11. The parties understand that Level 3 may be negotiating new or modified terms with Verizon covering areas beyond those being transferred to Frontier in the Transaction, and the parties agree that such negotiations will not be affected by this settlement agreement, nor shall this settlement agreement be affected by such negotiations.
12. This agreement shall be governed by New York law, without regard to that state's choice of law provisions. This agreement may be executed in counterparts. It shall be effective as of the date hereof.
13. It is the intent of Frontier and Level 3 to file this Settlement Agreement with the applicable state commissions conducting Transaction Review Proceedings in which Level 3 has intervened. As part of the submission of this Settlement Agreement, Level 3 will, if requested by Frontier or any Commission, file a statement in support of the Settlement Agreement and the approval of the Transaction by the relevant state and federal authorities. In connection with the preceding referenced filing, Level 3 shall not support or advocate any additional conditions on the Transaction by the relevant state and federal authorities unless solely in defense of the terms and conditions of this Settlement Agreement as applied to Level 3.

FRONTIER COMMUNICATIONS CORPORATION

By: \_\_\_\_\_



LEVEL 3 COMMUNICATIONS

By: \_\_\_\_\_

*Jamie Mayer*  
Jamie Mayer  
Senior Director

## **APPENDIX E**



DoD/FEA and Frontier subsequently engaged in settlement discussions to address DoD/FEA's remaining issues and now enter voluntarily into this Agreement to resolve all issues among the Parties in the proceeding and to expedite the orderly disposition of this proceeding.

**B. Nature of Agreement**

3 This Agreement is a "Multiparty Settlement" within the meaning of WAC 480-07-730(3), and the Parties agree that the Agreement is in the public interest and should be accepted in resolution of all issues in this docket. The Parties understand that this Agreement is subject to Commission approval and that any parties opposed to the Commission's adoption of this proposed settlement retain certain rights under WAC 480-07-740(2)(c). The Parties further understand that DoD/FEA has agreed to the terms of this Agreement based upon adding the two additional substantive provisions included in Attachment 1 to this Agreement to the Staff-Frontier-Verizon Agreement.

**C. Positions Are Not Conceded**

4 In reaching this Agreement, no Party accedes to any particular argument made by any other Party.

**D. Agreement Subject to Commission Approval.**

5 The Parties understand and agree that this Agreement in no manner binds the Commission in ruling on the pending proceeding until such a time as the Commission

approves the Agreement. The Agreement is expressly subject to Commission approval except for Sections I and J below.

**E. Agreed Conditions on Approval of the Transaction**

6 The conditions agreed upon by the Parties are set forth in Attachment 1 to this Agreement. All conditions in Attachment 1 apply for three years following closing of the transaction unless otherwise specifically noted in the condition in Attachment 1.

**F. Effective Date**

7 The effective date of the Agreement is the date the Agreement is approved, without change, by Commission order. Notwithstanding the effective date of the Agreement as a whole, Sections I and J below, which require the Parties to support the Agreement before the Commission and govern publicity regarding the Agreement, are effective on the execution date of the Agreement. The execution date of the Agreement is the date of the latest signature.

8 If the Commission rejects the Agreement, the Agreement shall terminate, and the parties respectfully request that the Commission will instead enter an order on all contested issues. In the event the Commission accepts the Agreement upon conditions not proposed herein, the procedures set forth in Section K below shall apply.

**G. Filing of the Agreement**

9 The Parties agree to use the following procedures to seek Commission approval of the Agreement. Frontier will file this Agreement with the Commission on behalf of the Parties and

the Parties will simultaneously file written testimony in support of the Agreement. The transmittal letter will recommend that the Commission accept the Agreement with the Staff-Frontier-Verizon Agreement as the complete and final resolution of all issues raised by DoD/FEA in this proceeding.

#### **H. Agreement Approval Procedures**

10 The Parties understand the Commission has discretion, consistent with applicable law, to determine the appropriate procedures for determining whether it will approve this Agreement. Pursuant to WAC 480-07-740(1), the Parties urge the Commission to approve the settlement no later than March 8, 2010.

#### **I. Support of the Agreement**

11 All Parties agree to use their best efforts to support the Agreement as a settlement of all contested issues in the pending proceeding. At a minimum, the Parties will provide supporting witnesses to sponsor the Agreement at a Commission hearing and recommend that the Commission issue an order adopting this Agreement as the resolution of this proceeding and to provide such other evidence or briefing that the Commission may require pursuant to WAC 480-07-740(2). No Party to this Agreement or their agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's prompt consideration of this Agreement or support any other party's opposition to this Agreement before the Commission or otherwise.

**J. Publicity**

All Parties agree: (1) to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Agreement is subject to Commission approval.

**K. Procedure if the Commission Provides Less Than Full Approval**

12 In the event the Commission rejects or alters this Agreement, the Parties propose that the Commission decide all contested issues as explained in Sections F and G and issue a decision no later than March 8, 2010. In the event the Commission accepts the Agreement upon conditions not proposed herein, each Party reserves its right, upon written notice to the Commission and the parties within five (5) business days of the Commission's Order, to state its rejection of the conditions and withdrawal from the Agreement with the effect of respectfully requesting the Commission decide all contested issues as provided above.

**L. The Agreement as Precedent**

13 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty and delay. Nothing in this Agreement (or any testimony, presentation or briefing supporting the Agreement) shall be asserted or deemed to mean that a Party agreed with or adopted another Party's legal or factual assertions in this proceeding. The limitations in this



paragraph shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement in full.

14           Because this Agreement represents a compromise position of the Parties in this Commission's proceeding, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding. This paragraph does not apply to non-privileged, publicly available documents.

15           Furthermore, because this Agreement represents a compromise position of the Parties in this Commission's proceeding, no Party may use this agreement or the supporting testimonies or supporting pleadings and briefs of any other Party as precedent on the appropriateness of the positions of that other Party in any other proceeding.

**M.    Entire Agreement**

16           The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.

**N.    Integrated Agreement**

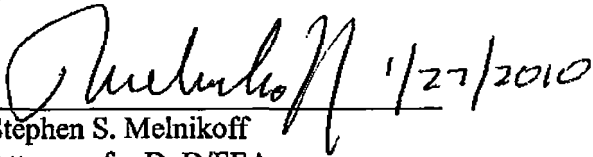
17           The Parties recommend that the Commission approve this Agreement with no material changes. The Parties have agreed to this Agreement as an integrated document.

**O. Manner of Execution**

18 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

DATED this 27th Day of January 2010

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES

  
\_\_\_\_\_  
Stephen S. Melnikoff  
Attorney for DoD/FEA

FRONTIER COMMUNICATIONS CORPORATION

\_\_\_\_\_  
Kevin Saville  
Associate General Counsel  
Frontier Communications Corporation

VERIZON COMMUNICATIONS INC.

\_\_\_\_\_  
Gregory M. Romano  
Attorney for Verizon

**O. Manner of Execution**

18 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement.

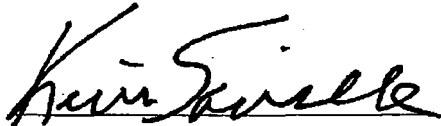
DATED this 27th Day of January 2010

U.S. DEPARTMENT OF DEFENSE AND ALL OTHER FEDERAL EXECUTIVE AGENCIES

---

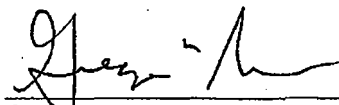
Stephen S. Melnikoff  
Attorney for DoD/FEA

FRONTIER COMMUNICATIONS CORPORATION



Kevin Saville  
Associate General Counsel  
Frontier Communications Corporation

VERIZON COMMUNICATIONS INC.



---

Gregory M. Romano  
Attorney for Verizon

## ATTACHMENT 1

### **Retail Service Quality:**

1. For a three (3) year period after the close of the transaction, within thirty (30) days following the end of each quarter, Frontier NW<sup>1</sup> will file with the Commission and Staff a quarterly report card of the averaged quarterly results for the retail service quality metrics (a) through (f) identified in paragraph 20 of the pending Staff-Verizon-Frontier Agreement filed December 24, 2009. Frontier NW will make such quarterly report cards publicly available through Frontier's Internet website. The quarterly report cards may be utilized by the Commission or Staff at its discretion. Within sixty (60) days of the filing, for any quarterly metrics that are missed by Frontier NW, Frontier NW will provide to the Commission and Staff a plan that identifies the specific steps to be taken by Frontier NW to address the missed metrics. That plan shall include a budget for the remedial actions to be taken, and Frontier will commit to make the expenditures forecast in that budget and will not use the budgeted funds for any other purpose. The funding and expenditures will then be tracked monthly in sub-accounts of Frontier NW until the missed metrics are satisfactorily met in a subsequent quarter. Frontier shall not seek to defer any of the remediation expenses for recovery in future rate cases. Should the metrics not be met in a following quarter, Frontier NW shall reassess the reasons for failure and develop and submit a new remedial plan and budget commitment as provided above.

### **Retail Service Rates:**

2. For a minimum period of three (3) years after the close of the transaction, Frontier NW shall cap the rates for Retail Flat and Measured Rate Business Services (1FB and 1MB), and PBX, Centrex, and interstate and intrastate special access services, at their levels in effect at the close of the transaction. Frontier NW may petition the Commission to seek recovery from the impact of exogenous events that materially impact the operations of the Verizon NW transferred exchanges, including but not limited to, orders of the Federal Communications Commission ("FCC") and this Commission (such as a generic intrastate access proceeding); DoD/FEA may file to participate in the Commission's consideration of such a petition by Frontier.

---

<sup>1</sup> Frontier Communications Corporation will rename Verizon Northwest Inc. as Frontier Northwest Inc. after the closing of the proposed transaction. Throughout this document Frontier NW refers to the renamed Verizon Northwest Inc. after closing of the proposed transaction.