

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of:	)	Docket No. UT-090842
	)	
FRONTIER COMMUNICATIONS	)	PETITION OF FRONTIER
NORTHWEST INC.	)	COMMUNICATIONS NORTHWEST INC.
	)	FOR APPROVAL OF RELEASE OF
For Approval of Release of Funds from	)	FUNDS FROM BROADBAND ESCROW
Broadband Escrow Account: February 1 <sup>st</sup>		
through July 31 <sup>st</sup> 2011.		

1. This petition is filed by Frontier Communications Northwest Inc. ("Frontier"), 1800 41<sup>st</sup> Street, Everett, Washington 98201. Frontier is represented in this matter by:

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**REQUEST FOR REIMBURSEMENT OF ESCROW FUNDS**

2. Frontier petitions the Commission for the release of certain funds held in the \$40 million escrow account Frontier established for broadband, addressed by the Commission in its Order No. 6, Final Order Approving and Adopting, Subject to Conditions, Multiparty Settlement Agreements and Authorizing Transaction in Docket No. UT-090842. Frontier specifically requests that the Commission release \$4,070,905 based upon Frontier's work on broadband projects for the period of February 1<sup>st</sup> to July 31<sup>st</sup> 2011. The costs Frontier is requesting reimbursement for are for plant placed in service, as identified for the projects listed in the Highly Confidential Attachment B. Additional costs for some projects are still

outstanding and will be included in future requests for reimbursement to be filed with the Commission. In the future, Frontier intends to petition the Commission on a quarterly basis for the release of additional funds as Frontier's broadband build-out in Washington continues to accelerate.

3. Attachment B is the list of Frontier's expenditures for broadband deployment for the period of February 1<sup>st</sup> to July 31<sup>st</sup> 2011. Frontier's broadband expenditures are identified by wire center. This information is highly proprietary and competitively sensitive. If a broadband competitor gained access to this crucial information, it would be able to use the information to more effectively decide whether to deploy its own investments in response to Frontier's efforts, or determine to spend its resources where Frontier has not yet deployed new equipment. This highly sensitive information could be used to gain competitive advantage over Frontier. Therefore, Frontier submits Attachment B marked "Highly Confidential" to be protected under the Protective Order in Docket No. UT-090842.
4. Frontier respectfully requests that the Commission authorize the release of funds from the broadband escrow account in the total amount shown on Attachment B. However, in seeking the release of funds from escrow, Frontier does not concede or imply authority for the Commission or any other party to approve the listed projects for ratemaking or any other purpose other than for release of escrow funds as required in Docket No. UT-090842.
5. The Commission is encouraged to proceed without delay to grant this request, in order to permit Frontier to continue improvement and deployment of broadband facilities through Frontier's service territory in Washington. Frontier's 1<sup>st</sup> petition for reimbursement, filed May 2, 2011 remains pending. In Commitment 13 of the Settlement Agreement with Staff, Frontier agreed to spend \$40 million on broadband deployment, depositing that amount in the

escrow account from which Frontier now seeks a total of \$8,505,821. Under the Settlement Agreement, Staff committed to use best efforts to complete approval within 30 days of a request from Frontier. To date, Frontier has answered several formal and informal data requests to detail each project in the initial petition. Frontier again encourages expedited approval of the first<sup>t</sup>, as well as this second petition for reimbursement. Attachment B lists expenditures actually made by Frontier in order to expand broadband in Washington for this period (February 1<sup>st</sup> to July 31<sup>st</sup> 2011). These expenditures include completion of the backbone network and individual projects that reflect plant placed in service, thereby enabling Frontier to make broadband service available for sale to Washington households as noted in Attachment B.

6. In further support of this Petition Frontier states as follows:

Frontier has committed to the deployment of broadband in Washington. When the Commission approved the transaction in Docket No. UT-090842, allowing Frontier to acquire the former Verizon Northwest Inc., the Commission specifically required Frontier to expend \$40 million on broadband deployment by December 31, 2014. *See* Commission Order 06, Final Order Approving and Adopting, Subject To Conditions, Multiparty Settlement Agreements and Authorizing Transaction in Docket UT-090842, Page 22, Paragraph 51. The Settlement Agreement contained in Appendix A to Order 06 referenced above, further provides under Condition 13, page 3 that “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.” On August 24, 2010, Frontier filed an escrow agreement with the Commission establishing a \$40 million escrow account under which funds could be released upon Commission approval. In February, March, April, May, June, and July of this year (2011), Frontier engineered and performed work necessary for the broadband build-out in Washington, both to meet its commitments to this Commission and to expand broadband offerings to Washington customers.

7. The \$4,070,905 of expenditures listed in Attachment B includes costs related to DSLAM placement, Outside Plant and InterOffice fiber builds, local and regional transport. Frontier’s National Data Backbone was augmented in support of the acquired property from 10GE to 20GE. In addition, existing Core and Peering routers were replaced with higher capacity routers to support the necessary bandwidth required for the acquisition. The bandwidth from the acquired property brought onto the Frontier backbone more than doubled existing levels. Frontier will increase saturation of markets in underserved and unserved areas with an aggressive broadband deployment schedule which will further increase the needs of additional bandwidth on Frontier’s existing backbone. With this investment, Frontier has created a state of the art network that significantly increases capacity to deliver broadband service today and into the future. To promote broadband adoption and retention Frontier technicians perform full installations and offer interested customers basic instructions about how to access and navigate the web. Frontier’s proven track record and depth of experience in delivering broadband service will benefit Frontier communities in Washington with increased broadband availability and quality

customer service. To date, expenditures have been distributed in 42 wire centers throughout Washington.

8. Frontier requests that the Commission expeditiously complete its review. As noted above, in the Commission's Order establishing the escrow, Appendix A of the Settlement Agreement, Condition 13, page 3 explains that the Commission would endeavor to review and approve the escrow reimbursement requests within 30 days. Frontier's broadband expansion makes HSI available in rural and very rural communities that were previously unserved or underserved, providing a positive public benefit to Washington customers. In addition, Frontier upgraded backbone facilities that enhance the customer experience and ensures that capacity will be available to handle growing traffic volumes. This broadband expansion provides a high speed connection to the world. This broadband expansion also supports economic development, entrepreneurship (including work-at-home as well as home-based businesses), local government, education and health and human services (including telemedicine and enhanced rural health care).

9. Accordingly, Frontier respectfully requests that the \$4,070,905 documented in Attachment B be immediately released from the escrow account established by the agreement filed in Docket UT-090842 to reimburse Frontier for the funds expended on broadband for the period of February 1<sup>st</sup> to July 31<sup>st</sup> 2011. By taking such action, the Commission will promote the more rapid deployment and improvement of Frontier's broadband network in Washington by enabling Frontier to utilize the released funds on future capital expenditures, and such action will provide public benefit to Washington customers. Attachment B lists expenditures actually made by Frontier to expand broadband in Washington, and justifies the release of the funds that Frontier seeks in this Petition.

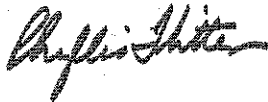
**CONCLUSION**

For the foregoing reasons, the Commission should approve this petition for the release of escrow funds established for the purpose of broadband deployment in Washington.

DATED this 18<sup>th</sup> day of August, 2011.

FRONTIER COMMUNICATIONS NORTHWEST INC.

Respectfully submitted,



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