

Before the

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket No. UT-090842

RESPONSE TO BENCH REQUEST NO. 3

September 19, 2011

Frontier Communications Northwest Inc. ("Frontier NW") hereby submits its responses and asserts objections to the set of information requests issued on September 12, 2011 consisting of Bench Request No. 3.

Frontier hereby provides these general objections to Bench Request No. 3 on the basis that it seeks to impose requirements and obligations on Frontier NW beyond, in addition to, and different from those included in the Commission's Order 06 in this proceeding. The Commission's Order 06, Appendix A, paragraph 13 requires that Frontier confirm actual broadband expenditures, which is what has been provided in Attachment B to Frontier's August 18, 2011 Petition, and as supplemented by Attachments C-U. Specifically, paragraph 13 of Order 06 provides 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...within thirty (30) days from the date of the filing seeking reimbursement." Frontier is seeking reimbursement for broadband expenditures it has already made in the State of Washington and has provided the appropriate data confirming the broadband expenditures it has made. Ongoing requests and review for information not related to confirming broadband expenditures that were made by Frontier will delay reimbursement to Frontier and is directly inconsistent with the Commission's Order 06 and the goal of making broadband more widely available to Frontier NW's customers. Consistent with the express language of the Commission's Order 06, the Commission should complete its review of the reimbursement of Frontier NW's funds for broadband deployment within 30 days from the date of filing of the reimbursement request by Frontier. These general objections are incorporated and included with any additional specific objections identified with Frontier NW's responses to the specific Bench Request No. 3 questions.

Frontier expressly reserves the right to supplement, revise, amend, correct, clarify, or otherwise modify its responses at any time. Frontier also reserves the right to assert any other applicable objections to these data requests, and to object to any others relating to the subject matter of its responses.

Bench Request No. 3: On August 18, 2011, the Washington Utilities and Transportation Commission (Commission) received from Frontier Communications Northwest, Inc., (Company or Frontier NW) a second petition for approval of release of funds from broadband escrow account (Petition). The Company seeks reimbursement of funds expended from February 1, 2011, through July 31, 2011. Frontier requests expedited consideration of its request.

The Commission Staff (Staff) is in the process of reviewing the Petition requesting \$4,070,905 in reimbursement of funds from the escrow account. However, the Petition does not contain sufficient information for Staff to complete its review. To complete its review, Commission Staff needs the following additional information. Expedious and complete responses to the following questions will facilitate that review.

1. With respect to Attachment B appended to the Petition (Attachment B), please provide the engineering documents (bearing the Company title "TEO Summary") and the actual expense summary associated with each of the following line item numbers:
 - a. Line Nos. 1, 7, 24, 61, 76, 81, 91, 101, 102, 116, 121, 126, 160, 168, 174, 177, 180, and 182.¹

Response: In addition to its general objections, Frontier NW objects to this request on the basis that it asserts that the August 18th Petition did not contain sufficient information for the Commission to approve the reimbursement request. In accordance with the terms of Commission Order 6, the Commission is to approve expenditures made by Frontier NW in deploying broadband services in Washington. Order 6 did not direct or authorize an engineering or technical review of Frontier NW's deployment of broadband services. Detailed information regarding expenditures made by Frontier NW were included with the Petition. Notwithstanding and without waiving its general and specific objections, *See* Highly Confidential Attachments C-T, the engineering documents, and Highly Confidential Attachment U, the expense summary.

2. Please provide a complete explanation of Frontier NW's overall budget revision process. That explanation must include, but is not limited to, responses to the following questions:
 - a. Is a budget revision triggered by an increase (or decrease) of a specific amount?
 - b. Is a budget revision triggered by adding or subtracting major units to a job?
 - c. What other factors, if any, initiate a budget revision?

Response:

In addition to its general objections, Frontier NW objects to this request on the basis that it seeks Frontier NW's budget information, which is not directly relevant or related to the broadband expenditures Frontier has already made and for which it is seeking reimbursement in the Petition. In accordance with the terms of Commission Order 6, the Commission is to approve expenditures made by Frontier NW in deploying broadband services in Washington. Order 6 did not direct or authorize a budget review of projected expenditures related to Frontier NW's deployment of broadband services. Detailed information regarding expenditures made by Frontier NW was included with the Petition. Notwithstanding and without waiving its general and specific objections, Frontier NW responds as follows: In reviewing Frontier's first reimbursement request, Staff asked for the engineering documents, which contain estimated expenditures, including budget amounts. In reviewing these documents, Frontier and Staff had a number of informal discussions and exchanged correspondence to explain the amounts reflected in engineering documents compared to

¹ Frontier requested that the information contained in Attachment B be designated as "highly confidential" so the sole means for designating the needed information is through the use of non-confidential line item numbers.

actual expenses as reflected in Attachment B to the petition(s). As work progresses on a given project, budgets and estimates may be adjusted either up or down, [***HIGHLY CONFIDENTIAL

CONFIDENTIAL***]. The estimated amounts, including changes that occur as work progresses, are reflected in updates to the engineering documents, which is useful internally for planning purposes. Frontier's use of estimates internally, however, does not change the actual amounts already spent for which Frontier NW is seeking reimbursement.

3. With respect to Attachment B, Column 6 entitled "Total Actuals" and Column 7 entitled "Completion Date," please explain the request for additional reimbursement for projects that have a listed completion date prior to February 1, 2011.

Response:

Without waiving its general objections, Frontier responds as follows. Prior to Frontier's first Petition for reimbursement, Staff requested that Frontier indicate in its Petition the initial reimbursement amounts requested on each project, when the request was final and not expected to show additional reimbursement requests, as well as a running total for each project. This information is included because projects can easily span multiple quarters, and may have invoices/expenses incurred after an initial reimbursement request is filed. Column 6 reflects the amount requested in the current Petition, and Column 7 indicates the in-service date. Both columns have been reviewed and discussed with Staff during the review process on the first Petition, and, as requested, were provided to facilitate Staff's review.

4. With respect to Attachment B, Column 8 entitled "Total Household Availability to Date," please explain:
 - a. the data source and method used to derive the numbers in this column; and
 - b. the month and year defining the term "date" in the title of this column.

Response: In addition to its general objections, Frontier NW objects to this requests on the basis that it seeks information related to broadband deployment availability as of the date of the Petition, which is not directly relevant or related to the broadband expenditures Frontier has already made and for which it is seeking reimbursement in the Petition. In accordance with the terms of Commission Order 6, the Commission is to approve expenditures made by Frontier NW in deploying broadband services in Washington. Order 6 did not direct or authorize a review of Frontier NW's deployment of broadband services as part of the reimbursement review process. Detailed information regarding expenditures made by Frontier NW was included with the Petition. Notwithstanding and without waiving its general and specific objections, Frontier responds as follows. The methodology for this data is the same as that used in the broadband plan filed in this docket. Frontier last re-submitted the broadband plan on March 30, 2011. The term "to date" refers to the date the current Petition was filed.

5. Frontier committed to providing 50 percent broadband service to each “un-served” and “under-served” wire center by December 31, 2011.² For each “un-served” and “under-served” wire center, please provide a detailed update with verifiable data and an explanation of method of Frontier’s progress toward meeting this commitment.

Response: In addition to its general objections, Frontier NW objects to this request on the basis that it seeks information related to broadband deployment availability as of the date of the Petition, which is not directly relevant or related to the broadband expenditures Frontier has already made and for which it is seeking reimbursement in the Petition. In accordance with the terms of Commission Order 6, the Commission is to approve expenditures made by Frontier NW in deploying broadband services in Washington. Order 6 did not direct or authorize a review of Frontier NW’s deployment of broadband services as part of the reimbursement review process. Detailed information regarding expenditures made by Frontier NW was included with the Petition. Notwithstanding and without waiving its general and specific objections, Frontier responds as follows. The Commission’s Order 06 lists a number of requirements related to broadband deployment. Among them are the provisions for reimbursement of Frontier’s funds deposited in escrow, stated goals for availability in Frontier’s wire centers, provision for revision of plans as may be required due to unforeseen circumstances that make further deployment infeasible, and annual progress reports. The annual progress reports are due May 1 of each year, to report the status as of December 31 of the prior year. The progress report regarding reaching the 50% target is not due until May 31, 2012. Further, Frontier’s Petition for reimbursement of funds it deposited in escrow is nowhere conditioned on providing a progress report. Appendix A reflects the settlement agreement, following significant discussions between Staff and Frontier NW, as well as the Commission’s approval in accepting the Settlement as part of Order 06. Appendix A reflects the common sense, realistic approach set forth by the Commission to establish a process of expeditiously reviewing and approving petitions for reimbursement in order to facilitate use of that reimbursement to go back into deploying broadband to customers in order to make further progress toward the broadband goals stated in Appendix A. The reimbursement process is intentionally separated from the target availability and reporting on progress of availability, and provides flexibility that may necessitate revision of the targets.

6. Frontier NW must make available retail broadband internet access service with a download speed to 1.5 Mbps or higher and an upload speed of 381 kbps or higher to 75 percent of the households in its service area by the end of 2011.³ Please provide information and verifiable data to demonstrate Frontier’s progress toward meeting this commitment.

²*In the Matter of the Joint Application of VERIZON COMMUNICATIONS, INC., and FRONTIER COMMUNICATIONS CORPORATION For an Order Declining to Assert Jurisdiction Over or, in the Alternative, Approving the Indirect Transfer of Verizon Northwest Inc., Docket UT-090842, Order 06, Appendix A, ¶ 15 (April 16, 2010).*

³ *Id.* at ¶ 16.

Response: See objection and response to question 5. Frontier NW will provide reports as required in Appendix A.