

October 17, 2011

RE: 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 Control of Verizon Northwest Inc., Docket UT-090842

TO ALL PARTIES:

The Washington Utilities and Transportation Commission (Commission) entered its Order 06, Final Order Approving and Adopting, Subject to Conditions, Multiparty Settlement Agreements and Authorizing Transaction, in Docket UT-090842 on April 16, 2010. The Order approved the multiparty settlement agreement (Agreement) entered into among Verizon Communications, Inc., Frontier Communications Corporation (Frontier), and the Commission Staff. In Commitment 13 of that Agreement, the parties agreed that Frontier would expend at least \$40 million on broadband deployment in Washington by December 2014. Commitment 13 further provides that the \$40 million pledged to broadband expansion would be set aside in an escrow account and that, thereafter, Frontier would petition the Commission for reimbursement, on a quarterly basis, of expenditures made on Washington broadband projects that are consistent with the specific broadband commitments set forth in the Agreement and approved by the Commission.

On August 18, 2011, Frontier filed its second petition for release of funds from the escrow account for expenditures from February 1, 2011, to July 31, 2011, in the amount of \$4,070,905. Frontier asserted that the funds had been expended on broadband expansion projects.

On September 12, 2011, the Commission issued Bench Request No. 3 requesting additional information in support of the petition. On September 19, 2011, the Company filed its response to Bench Request No. 3, including both general and specific objections to most of

the information requested. The Commission issued a letter on September 22, 2011, scheduling a meeting with the Company to clarify the intent of Bench Request No. 3. The Company and Commission Staff met on October 13, 2011, and established a future process for Frontier to substantiate its compliance with the requirements of Order 06 regarding broadband deployment and thus, allowing the Commission to approve disbursements from the escrow account.

Based on the Company's representations at that meeting including its representation that it will provide by October 28, 2011, additional specific information in support of the current filing and information supporting future petitions, the Commission concludes that Frontier has generally complied with Order 06 and the Commission is willing to accept this request for disbursement. Upon our receipt and final review of the additional information submitted, we will deem the Company in compliance with Bench Request No. 3.

According to the Escrow Agreement filed in this docket on June 15, 2010, the escrow agent, Bank of New York Mellon, will disburse funds from the escrow account upon receipt of the executed disbursement certificate.¹ Under separate cover, the Commission will submit an executed disbursement certificate to the escrow agent in the form attached to this letter as Appendix A.²

We hope that we have agreed on a clear process for future requests for disbursement.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary

¹ Escrow Agreement, § 4. The disbursement certificate must be in the form of Exhibit A attached to the Escrow Agreement.

² The account number of the escrow account is confidential information that will not be disclosed in the public record pursuant to the Protective Order entered in this docket. *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 Control of Verizon Northwest*, Docket UT-090842, Order 01 (July 23, 2009).

Appendix A