

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application of Northwest Fiber, LLC, Frontier Communications Corporation and Frontier Communications ILEC Holdings LLC for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Transfer of Control of Frontier Communications Northwest Inc. to Northwest Fiber, LLC.

Docket No. UT-190574

TESTIMONY IN SUPPORT OF SETTLEMENT AMONG

**NORTHWEST FIBER, LLC,
FRONTIER COMMUNICATIONS CORPORATION,
FRONTIER COMMUNICATIONS ILEC HOLDINGS, LLC,
AND
CHARTER FIBERLINK WA-CCVII, LLC**

**BY THE
PARTIES TO THE SETTLEMENT**

December 19, 2019

1 **Q. Who is sponsoring this testimony?**

2 A. This Joint Testimony is jointly sponsored by Northwest Fiber, LLC (“Northwest
3 Fiber”), Frontier Communications Corporation and Frontier Communications
4 ILEC Holdings LLC (collectively, “Frontier,” with Northwest Fiber and Frontier
5 being, collectively, the “Joint Applicants”), and Charter Fiberlink WA-CCVII,
6 LLC (“Charter”) (each a “Party,” and collectively, the “Parties”).

7 **Q. Please state your names and qualifications.**

8 A. Our names are: Steve Weed, Chairman, Northwest Fiber; Allison M. Ellis, Senior
9 Vice President, Frontier; and Michael L. Scanlon, Vice President, Circuit
10 Operations, Charter. Mr. Weed and Ms. Ellis have set forth our respective
11 positions and qualifications in our testimony in support of a separate settlement
12 between Northwest Fiber, Frontier, the staff of the Washington Utilities and
13 Transportation Commission (“Commission”), and the Public Counsel Unit of the
14 Attorney General’s Office, simultaneously filed with this testimony and dated
15 December 19, 2019.

16 Michael L. Scanlon serves as Vice President, Circuit Operations for
17 Charter Communications, Inc., having been appointed upon the retirement of his
18 predecessor in July 2018. In this role, he has oversight for the procurement,
19 administration and cost management of direct third-party network services used in
20 the operation of the company’s internet and landline voice services. Mr. Scanlon
21 joined Charter in 2016 in a leadership role in the company’s St. Louis-based
22 controllership organization, having most recently served as Senior Director of

1 Technical Accounting for the company. Prior to joining Charter, he held various
2 senior finance and accounting positions with some of St. Louis's largest
3 employers, including Centene, Peabody Energy and Solutia. Before moving into
4 industry, Mr. Scanlon worked for Ernst and Young LLP in the audit practice of
5 their Chicago and St. Louis offices. He is a licensed CPA in the State of Missouri,
6 holds an MBA from Washington University in St. Louis and earned a master's
7 and bachelor's degree in accountancy from Miami University (OH).

8 **Q. What is the purpose of your testimony?**

9 A. The purpose of our testimony is to describe and support the provisions of the
10 settlement reached and signed by the Parties (the "Charter Settlement"). The
11 Parties provide this testimony in support of the Charter Settlement to demonstrate
12 why the Charter Settlement will not cause any harm and is consistent with the
13 public interest and the interests of the Parties.

14 **Q. Please briefly describe the history of this proceeding.**

15 A. On June 28, 2019, Northwest Fiber and Frontier filed a joint application seeking
16 an order from the Commission declining jurisdiction, or, in the alternative,
17 approving the indirect transfer of control of Frontier Communications Northwest
18 Inc. ("Frontier NW" or the "ILEC") pursuant to Chapter 80.12 of the Revised
19 Code of Washington ("RCW") and Chapter 480-143 of the Washington
20 Administrative Code ("WAC") and any other authority as may be deemed
21 necessary to effectuate the Transaction (the "Joint Application"). Charter filed a
22 Petition to Intervene on July 18, 2019, which was granted on July 30, 2019.

1 Northwest Fiber and Frontier filed direct testimony and exhibits in support of the
2 Joint Application on July 31, 2019. The Parties engaged in numerous settlement
3 discussions from August 2019 through November 2019. On November 27, 2019,
4 the Parties finalized and executed the Charter Settlement that is now before the
5 Commission. The Charter Settlement addresses operating support systems
6 (“OSS”) transition issues and Northwest Fiber’s post-closing obligations with
7 respect to the transaction that is the subject of the Joint Application (the
8 “Transaction”).

9 **Q. How does the Charter Settlement address OSS issues?**

10 A. Under the terms of the Charter Settlement, Northwest Fiber and Frontier will
11 ensure that the systems being transferred to Northwest Fiber are functioning both
12 before and after the Closing, with specific commitments to ensure continuity and
13 avoid disruptions with respect to the ILEC’s OSS. The ILEC will adhere to its
14 existing wholesale operations OSS Interface Change Management Process
15 (“Change Management Process”) with respect to the OSS and to its “Virtual Front
16 Office” (“VFO”), which wholesale customers use to order services, for at least 24
17 months after the Closing (Conditions V (a)-(d)). Northwest Fiber will ensure that
18 the ILEC uses the replicated OSS for at least two years after the Transaction
19 Closing date (Condition V (c)). Charter shall not be required to make any major
20 adjustments to any existing systems or interfaces or to construct any new systems
21 to interact with the ILEC’s VFO (Condition V (d)), and the Joint Applicants will
22 provide Charter with a reasonable opportunity at a mutually agreed upon time and

1 location for testing of the replicated OSS and business support systems (“BSS”)
2 (Condition V (f)).

3 **Q. How does the Charter Settlement address Northwest Fiber’s other post-**
4 **closing obligations?**

5 A. The Charter Settlement provides several substantive conditions that apply after
6 the Closing of the Transaction, which will ensure that consumers have access to
7 the same caliber of service subject to the standards and obligations currently
8 imposed on Frontier NW. With respect to the current interconnection agreements
9 between Frontier NW and Charter, Northwest Fiber will cause the ILEC to
10 continue to honor those interconnection agreements and their terms, including
11 those of any tariffs or pricing guides incorporated by reference, for three years
12 after the Closing of the Transaction (Condition III). In addition, Northwest Fiber
13 also commits that Frontier NW’s existing agreements with Charter, including but
14 not limited to commercial agreements, pricing guides, line sharing commercial
15 agreements, special access discount, and term plan agreements, will remain
16 obligations of the ILEC and will be honored for the duration of their current
17 terms. (Condition III). Northwest Fiber makes other commitments intended to
18 provide assurance to the Commission that wholesale customers will not be
19 harmed as a result of the transaction, including, *inter alia*, commitments by
20 Northwest Fiber to: (i) ensure that the ILEC sufficiently staffs its customer
21 support centers with adequately trained personnel dedicated exclusively to
22 wholesale operations (Condition II (a)); (ii) maintain updated escalation

1 procedures, contact lists and account manager information and assign a single
2 point of contact to Charter to address interconnection agreements, systems, and
3 other issues (Condition VI (c)); (iii) cause the ILEC to meet Commission and
4 FCC Local Number Portability (“LNP”) requirements post-merger with at least
5 the same level of quality and intervals prior to the Closing (Condition IV); (iv)
6 refrain from seeking to recover through wholesale service rates various costs
7 associated with the Transaction, as well as the transfer or rebranding of Frontier
8 NW (Condition VI (a)); and (v) refrain from seeking to avoid any of its
9 obligations under an interconnection agreement on the ground that the ILEC is not
10 an “incumbent local exchange carrier” or by directly filing a petition for
11 forbearance with the FCC under Sections 251 or 271 of the Federal
12 Telecommunications Act (Conditions VI (b) and (d)).

13 **Q. How do the conditions in the Charter Settlement demonstrate that the**
14 **Transaction will not result in harm to Washington customers?**

15 A. Under the Charter Settlement, and subject to applicable laws, regulations, and
16 Commission orders, both Joint Applicants will act throughout the transfer of
17 control to ensure that Charter will have access to the same caliber of service
18 subject to the standards and obligations currently imposed on Frontier NW.
19 Because the status quo is preserved with respect to Charter’s customers, no harm
20 will happen to such customers from the Transaction taking place.

21

1 **Q. Why does Northwest Fiber support the Charter Settlement?**

2 A. As discussed at length above, Northwest Fiber believes that the Charter
3 Settlement is in the public interest because it provides Charter with important
4 additional protections to ensure the continuity of service and preserve the current
5 financial and performance obligations of all parties involved in the Transaction.
6 Northwest Fiber and Frontier have undertaken substantial efforts to ensure that
7 continuity of the wholesale services provided to Charter is not disrupted and
8 demonstrate that the “no harm” standard is satisfied. First, the Joint Applicants
9 will ensure, both prior to Closing, and for two years after Closing, that there will
10 be continuity with respect to the systems employed by Frontier NW today,
11 including its OSS/BSS and VFO. As a result, the Charter Settlement is in the
12 public interest because the transition of systems from Frontier to Northwest Fiber
13 will ensure continuous service and avoid disruptions with respect to the OSS.

14 Second, additional commitments in the Charter Settlement also ensure
15 continuity of service and service quality. As discussed above, Northwest Fiber
16 commits to honor certain existing agreements, including interconnection
17 agreements, between Frontier and Charter and commits to continue to abide by
18 Frontier NW’s existing regulatory requirements. Northwest Fiber extends these
19 agreements to provide consistency to wholesale customers, further assuring an
20 uninterrupted changeover from Frontier to Northwest Fiber.

21 Finally, this set of compromises is also in Northwest Fiber’s interest, as it
22 enables Northwest Fiber to expediently resolve these matters and close the

1 Transaction. This provides Northwest Fiber, the other parties, and Washington
2 consumers the additional benefit of an early resolution, which the Parties have
3 arrived at following a thorough discussion of the benefits of this Transaction. The
4 Parties agree that these conditions are appropriate, ensure no harm, and provide
5 positive consumer benefits. Although the Joint Applicants contend that the
6 Commission lacks jurisdiction to review the Transaction, Northwest Fiber is
7 willing to support the Commission's review and approval of the Joint Application
8 subject to the terms and conditions agreed to in the Charter Settlement in order to
9 expedite this proceeding, and without waiving any right to raise jurisdictional
10 arguments if the Commission declines to adopt the Charter Settlement. Northwest
11 Fiber, along with the other parties, recognizes that time is of the essence with
12 respect to the Transaction, and it benefits from defining the conditions of the
13 Charter Settlement now in order to close the Transaction expeditiously.

14 **Q. Why does Frontier support the Charter Settlement?**

15 A. Frontier agrees with Northwest Fiber that the Charter Settlement is in the public
16 interest and will not cause harm to consumers as discussed above. Frontier is
17 willing to work with Charter through the process negotiated in the Charter
18 Settlement to ensure continuity and avoid disruptions throughout the transfer of
19 the replicated OSS. For the same reasons as discussed above, Frontier believes
20 that the continuity provided under this set of conditions is in the public interest
21 and will not result in harm to Charter's customers. Frontier also believes the
22 Charter Settlement to be in its interest as it allows the Commission to

1 expeditiously resolve this proceeding, subject to the same reservations discussed
2 above by Northwest Fiber, and respectfully requests that the Commission approve
3 the Charter Settlement.

4 **Q. Why does Charter support the Charter Settlement?**

5 A. Charter believes that the Parties' commitments related to the transition of
6 wholesale OSS and wholesale service protections provide appropriate assurances
7 that it, as a wholesale customer, will not be harmed as a result of the Transaction.
8 Specifically, the Parties have agreed to important conditions that ensure that there
9 are sufficient controls in place designed to ensure that the replicated OSS operate
10 sufficiently for Charter prior to the Transaction, as well as for a significant period
11 of time following the Closing. Charter also believes that the conditions in the
12 Charter Settlement requiring Frontier NW to honor its existing agreements,
13 including interconnection agreements, and provide the same level of service and
14 support to customers, provide additional assurance that it will not be harmed as a
15 result of the Transaction. For these reasons, Charter believes that the Charter
16 Settlement will not cause any harm and is consistent with both its interest and the
17 public interest.

18 **Q. Please summarize your testimony.**

19 A. With the Charter Settlement, the Parties acknowledge that the Joint Application
20 will satisfy the "no harm" standard, and for the reasons discussed above, believe
21 that the Charter Settlement is in the public interest and in the interest of the
22 Parties. Accordingly, the Parties respectfully recommend that the Commission

1 adopt the Charter Settlement in its entirety and expediently approve the
2 Transaction.

3 **Q. Does this conclude the Parties' testimony in support of the Settlement?**

4 A. Yes, thank you.