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*Via Email and Overnight Delivery*

October 28, 2013

Mr. Steven V. King  
Secretary and Executive Director  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
P. O. Box 47250  
Olympia, WA 98504-7250

**Re: UT-090842 – Frontier Communications Northwest Inc.’s Revised Petition to Amend  
Order 06 in Docket No. UT-090842**

Dear Mr. King:

Enclosed are one (1) original and seven (7) copies of Frontier Communications Northwest Inc.’s Revised Petition to Amend the Commission’s Order 06 in Docket No. UT-090842.

If there are questions regarding this filing, please contact me at the number below.

An electronic version is being provided via email.

Sincerely,

A handwritten signature in black ink, appearing to read "Carl Gipson".

Carl Gipson  
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Attachments  
cc: All Parties of Record

## CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached Revised Petition upon all parties of record in this proceeding by e-mail, over-night mail and/or U.S. mail, postage prepaid.

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Dated this 28 of October 2013

By:



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Carl Gipson  
Manager Government Relations  
Frontier Communications Northwest Inc.

## BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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 No. UT-090842

FRONTIER'S REVISED PETITION TO  
AMEND ORDER 06 IN DOCKET NO. UT-  
090842

### I. INTRODUCTION

1. Frontier Communications Northwest Inc. ("Frontier") hereby revises its petition originally submitted to the Washington Utilities and Transportation Commission ("Commission") on September 16, 2013, to modify the Settlement Agreement ("Agreement") between Staff of the Washington Utilities and Transportation Commission ("Staff") and Frontier in Docket No. UT-090842.<sup>1</sup> Frontier has reframed the petition as a request to amend Order 06 in Docket No. UT-090842, as opposed to a petition to modify the Agreement.
2. Frontier, Staff, and Public Counsel have consulted regarding Frontier's original petition to modify the Agreement, and have agreed on revisions acceptable to Staff and Public Counsel. Those revisions are discussed in detail herein. As a result, Staff and Public Counsel do not oppose Frontier's requested relief as set out in this revised petition.

### II. BACKGROUND

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<sup>1</sup> See "Appendix A," in Final Order Approving and Adopting, Subject to Conditions, Multiparty Settlement Agreements and Authorizing Transaction in Docket No. UT-090842.

3. On May 29, 2009, Verizon Communications Inc. and Frontier Communications Corporation (“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. Various parties subsequently engaged in settlement discussions, and entered into the Agreement to resolve all issues and expedite the orderly disposition of this proceeding.
4. On April 16, 2010, the Commission approved the Agreement, subject to conditions. Frontier petitioned to be relieved of two conditions and to modify another.
5. Between September 16, 2013 and the present, Frontier, Staff and Public Counsel met and exchanged views regarding revisions to the petition that would satisfy Staff’s and Public Counsel’s concerns with certain relief requested in the original petition. The three parties agreed on the following points requiring revisions to the original petition:
  - a. Frontier will withdraw its pending request for a waiver of the earnings review required by the Final Order and refile that request separately no earlier than June 1, 2014.
  - b. Staff and Public Counsel will not oppose Frontier’s request for relief from continuing Commitment 19 (the Augmented Service Performance Guarantee) in paragraph 6 of the original Petition.
  - c. Staff and Public Counsel will not oppose Frontier’s request to alter the Final Order to allow the Company to recognize Frontier Broadband availability in five specific under-served exchanges (Entiat, Manson, Newport, and Quincy in eastern Washington, and Deming in northwest Washington) in order to meet the 85% broadband availability requirement in those exchanges. Frontier will offer Frontier Broadband via satellite service at the same price point as its DSL-based broadband service to subscribers in those exchanges who are currently unable to purchase DSL (approximately 2,650 households) until December 31, 2015. Frontier will advise the affected households of the offer through direct mail and a press release.

- d. Frontier will provide a report to the Commission by May 31, 2016 showing the total number of potential subscribers eligible for the discounted offering and with the following data points (June 30, 2014; December 31, 2014; June 30, 2015; December 31, 2015; and March 31, 2016), detailing how many customers in each exchange subscribed to Frontier Broadband as of those dates, and for the final data point of March 31, 2016, adding an entry listing how many customers have discontinued that service. The report will be filed in Docket UT-090842. Frontier may file this report as confidential information.
- e. Frontier's subsidized pricing for Frontier Broadband will end on December 31, 2015, and Staff and Public Counsel agree that Frontier has no obligation after this date to continue the subsidy.
- f. Through this pleading, Frontier reaffirms its commitment to meet the 85% broadband deployment measure in un-served wire centers by the end of 2014.

### **III. RELIEF PROPOSALS**

#### **Earnings Review**

6. As indicated in paragraph 4. a. above, Frontier withdraws its request in the original petition for relief from the earnings review, and agrees to refile that request separately no earlier than June 1, 2014.

#### **Augmented Service Performance Guarantee**

7. Frontier now petitions to be relieved of continuing Commitment 19, its augmented Service Performance Guarantee ("SPG") as required in the approval Order.<sup>2</sup> The Order permitted Frontier to petition for relief from the augmented plan in July 2012, 24 months following close of the transaction. Frontier will continue to offer its Service Performance Guarantee, which credits residential customers \$25, down from \$35 under the augmented SPG, in the event of missed service installation or repair appointments. Frontier would discontinue the offering of alternative service in the event basic service is unavailable as well as discontinue the \$5 credit to customers for any out-of-service condition that

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<sup>2</sup> Para 177, Order 06

exceeds two days. The Agreement and Order stipulated that Frontier must maintain such a program for a minimum of 24 months and could only change the SPG upon petitioning the Commission. Frontier has kept the augmented SPG in place, unchanged, for over 36 months and now seeks relief from continuing the augmented SPG. Customers will still be eligible for the \$25 missed appointment credit as well as prorated credit adjustments for outages greater than twenty-four hours.<sup>3</sup> Staff and Public Counsel do not oppose this request for relief.

### **Broadband Deployment**

8. Frontier committed to building out broadband to ninety-five percent of Frontier's wire centers and eighty-nine percent of households in Frontier's service territory in Washington by the end of 2014. Frontier has met and exceeded many of the broadband commitment goals, some of them more than two years before they are due.
9. The company has built out broadband to ninety-five percent of its wire centers, has ensured that more than seventy-five percent of households in its un-served wire centers have access to broadband; has exceeded the ninety percent aggregate household metric for served wire centers (not due until end of 2014); has exceeded the eighty-nine percent aggregate household availability metric for all wire centers (not due until end of 2014); as well as surpassed the commitment that at least eighty percent of Frontier households in all wire centers have access to a minimum 3Mbps download speed (not due until end of 2014).
10. Frontier has worked to continue to expand broadband availability in its territory and the company has committed to working with the Federal Communications Commission in utilizing Connect America Fund ("CAF") resources to further build out broadband in un-served and underserved areas. In 2013 and 2014, Frontier expects to spend approximately \$13 million in CAF Phase I funds to connect approximately 15,000 additional

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<sup>3</sup> See WN U-17, General and Local Exchange Tariff, Section 2, Original Sheet 22.

households, largely in rural markets.

11. In July 2012, Frontier announced a partnership with HughesNet to provide a new service, “Frontier Broadband”, a satellite-based broadband service with speeds ranging from 5Mbps-15Mbps download, and 1-2Mbps upload. Frontier began offering Frontier Broadband in Washington in November 2012 and the service is available to residential and commercial customers in un-served and underserved areas of the state. Frontier owns the end-to-end relationship with the customer. Orders are taken and processed in the Frontier call centers and installation and maintenance is performed by trained Frontier technicians. Technical support is also provided by Frontier.
  
12. Frontier specifically asks the Commission to permit alteration of the Agreement to allow the company to recognize Frontier Broadband availability in five specific under-served exchanges in order to meet the eighty-five percent broadband availability in each underserved wire center by the end of calendar year 2013 commitment.<sup>4</sup> The five exchanges are Entiat, Manson, Newport and Quincy in eastern Washington, and Deming in northwest Washington. The cost to build wireline DSL to enough households to satisfy the broadband expansion commitment is not a prudent infrastructure investment – especially in light of Frontier’s immediately available Frontier Broadband offering. These exchanges currently have various degrees of broadband availability (between 51 and 70 percent). Frontier would offer Frontier Broadband through December 31, 2015 in these five areas at the same price point as its DSL-based broadband service. See Exhibit A for a price comparison chart. Frontier would essentially subsidize customers’ Frontier Broadband service until December 31, 2015. The cost of subsidizing customers’ Frontier Broadband service in these five exchanges is outweighed by the benefits of reallocating capital elsewhere into the network. Frontier believes redirecting approximately \$5 million into a high priority speed and capacity upgrade project in non-FiOS (DSL) areas, while utilizing the ability to connect customers with Frontier Broadband is a fair and reasonable

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<sup>4</sup> The Oregon Public Utilities Commission recently approved a similar petition where Frontier utilized HughesNet to satisfy broadband expansion commitments in several wire centers. See Order No. 13 205 issued on June 10, 2013 in Docket No. UM 1431.

arrangement that maximizes the overall customer benefit from Frontier's capital investments.

13. Frontier estimates that, in order to meet the broadband expansion commitment using DSL, the company would have to build-out wireline broadband to approximately 2,650 households at a cost of \$5 million. In allowing for a subsidized Frontier Broadband service offering, the Commission would permit customers to utilize faster broadband today for the same price, through December 31, 2015, instead of customers waiting for several months. In addition, this arrangement would result in several million dollars being invested back into Frontier's network. Some of these projects include upgrading ATM DSLAMs to Ethernet-fed DSLAMs in several different areas, replacing copper with fiber, conditioning lines to maximize speeds, and freeing up ports for additional capacity. Frontier operates in a highly-competitive market and strives to meet the needs of its customers by constantly upgrading its network.
14. Staff and Public Counsel do not oppose this request for relief, considering that Frontier has committed to extend subsidized pricing through December 31, 2015 and publicize this availability to affected customers via direct mail and through a press release. Frontier has also agreed to provide a report to the Commission by May 31, 2016 showing the total number of potential subscribers eligible for the discounted offering and with the following data points (June 30, 2014; December 31, 2014; June 30 2015; December 31, 2015; and March 31, 2016), detailing how many customers in each exchange subscribed to Frontier Broadband as of those dates, and for the final data point of March 31, 2016, adding an entry listing how many customers have discontinued that service. The report will be filed in Docket UT-090842. The three parties have agreed that Frontier may file this report as confidential information.
15. Discussions between the three parties on Broadband Deployment included the issue of whether Frontier should be required to file a petition to request Commission approval to end subsidized pricing on December 31, 2015. As a result of the discussions between the parties and in recognition of the reporting obligations committed to by Frontier above, Staff and Public Counsel agree that Frontier's commitment to subsidize pricing for



Frontier Broadband will end December 31, 2015, without any requirement that Frontier seek approval from the Commission.

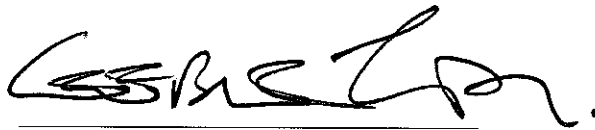
#### IV. CONCLUSION

- 16.* As a result of the discussions between Frontier, Staff and Public Counsel, Frontier revises its original requested relief to conform to the agreement between the three parties outlined in paragraph 4 above. For their part, Staff and Public Counsel have agreed not to oppose Frontier's requested relief, as modified by this pleading.
- 17.* For over 36 months, Frontier has maintained the augmented Service Performance Guarantee program as agreed to in commitment 19 in the Agreement. Reversion of the augmented program back to the standard SPG will not harm the public as residential and business customers will still have credits available to them in the event Frontier misses an installation or repair appointment.
- 18.* Frontier customer broadband usage is increasing dramatically and the company must keep up with demand for additional bandwidth, shifting costs from expansion to speed and capacity. Frontier Broadband offers an opportunity to satisfy a regulatory commitment while meeting market and consumer demands elsewhere and therefore should be judged in the public interest.
- 19.* Frontier therefore respectfully requests that the Commission modify the Settlement Agreement in this docket to revert the enhanced SPG back to original credit levels, and allow a subsidized Frontier Broadband program to count towards meeting the company's broadband expansion commitments in the above-named underserved wire centers.

Docket No. UT-090842

RESPECTFULLY SUBMITTED this 28<sup>th</sup> day of October, 2013.

Frontier Communications Northwest Inc.

A handwritten signature in black ink, appearing to read "George Baker Thomson, Jr.", written over a horizontal line.

George Baker Thomson, Jr.

Associate General Counsel  
1800 41<sup>st</sup> Street  
Everett, WA 98201  
425-261-5844

Frontier's Revised Petition to Amend Order 06 in Docket No. UT-090842

| Product                             | Speed – Satellite | Current Satellite Pricing | Equivalent DSL Product | Speed-DSL        | Equivalent DSL Pricing | Price Match Term (1 year from purchase) |
|-------------------------------------|-------------------|---------------------------|------------------------|------------------|------------------------|---|
| Frontier Broadband Core             | 5Mbps/<br>1Mbps   | \$54.48                   | Max                    | 6Mbps/<br>1Mbps  | \$34.99                | \$34.99                                 |
| Frontier Broadband Core Plus 2-year | 10Mbps/<br>1Mbps  | \$64.48                   | Ultra                  | 12Mbps/<br>2Mbps | \$44.99                | \$44.99                                 |
| Frontier Broadband Core Plus 1-year | 10Mbps/<br>1Mbps  | \$74.48                   | Ultra                  | 12Mbps/<br>2Mbps | \$44.99                | \$44.99                                 |
| Frontier Broadband Advanced         | 10Mbps/<br>1Mbps  | \$94.48                   | Ultra                  | 12Mbps/<br>2Mbps | \$44.99                | \$44.99                                 |
| Frontier Broadband Maximum          | 15Mbps/<br>2Mbps  | \$124.48                  | Ultimate               | 25Mbps/<br>3Mbps | \$54.99                | \$54.99                                 |
| Installation Charge – 1-year        |                   | \$149.99                  |                        |                  | \$49.99                | Free Install                            |
| Custom Install (pole mount)         |                   | \$99.99                   |                        |                  | N/A                    | \$99.99                                 |
| 30 day money back                   |                   | Y                         |                        |                  | Y                      | Y                                       |