



Frontier Communications Northwest Inc.
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Via Email and Overnight Delivery

June 10, 2014

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 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 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 "CG", with a long horizontal flourish extending to the right.

Carl Gipson
Manager, Government and External Affairs
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Attachments
cc: All Parties of Record

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 PETITION TO AMEND
ORDER 06 IN DOCKET NO. UT-090842

I. INTRODUCTION

1. Frontier Communications Northwest Inc. ("Frontier") hereby petitions the Washington Utilities and Transportation Commission ("Commission") to amend Order 06 issued in Docket No. UT-090842.¹ Specifically, Frontier petitions for revisions due to changing market and operational conditions that encourage the company to explore new options to serve its customers while still operating in the public interest, as explained in further detail below.

II. BACKGROUND

2. 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 an agreement ("Transaction Agreement") to resolve all issues and expedite the orderly disposition of the proceeding.
3. On April 16, 2010, the Commission approved the Transaction Agreement, subject to conditions.

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

4. On September 26, 2013, Frontier filed a Petition to Amend the Joint Applicants/Staff Settlement Agreement and the Commission's Order 06.
5. On October 28, 2013, Frontier filed a Revised Petition to Amend the Commission's Order 06. In the Revised Petition, Frontier stated that it had consulted with Staff and Public Counsel and agreed upon revisions to the Petition that were acceptable to Frontier, Staff and Public Counsel. As part of the agreed-to revisions, Frontier consented to withdraw the September 26th request for relief from an earnings review and to file this request under separate petition no earlier than June 1, 2014.
6. On February 5, 2014, the Commission issued Order 10; Order Granting Revised Petition to Amend Order 06.
7. Frontier now petitions to be relieved of the earnings review requirement in Order 06. Frontier also petitions to be relieved of any further reporting relating to the Switch Replacement Plan and Capital Expenditure report as stated in the Agreement.

III. RELIEF PROPOSALS

Earnings Review

8. Commitment 2 of the Agreement requires that Frontier file an application for an Alternative Form of Regulation ("AFOR") within five years of closing. The Commission altered the requirement of an AFOR filing to make it optional; however, the Commission also said:

Although it is not stated clearly in the Joint Applicants/Staff Settlement Agreement or testimony supporting the filing, taken together, we interpret this commitment to mean that Frontier will submit to a full earnings review of the company's operations as part of or coincident to, the submission of an AFOR plan.²

9. In December 2012, Frontier filed a Petition for Competitive Classification of the company in Docket No. UT-121994. During the discovery process in the proceeding, Commission Staff and Public Counsel (as well as all other interveners) were able to review at length Frontier's intrastate financial information, thus obviating the need for

² Para 129, Order 06 in Docket No. UT-090842.

a subsequent earnings review as required by the merger Agreement. Further, the Commission's decision in UT-121994 resulted in most of Frontier's residential and business retail services reclassified as competitive under RCW 80.36.330. The Commission found:

The comprehensive effect of waiving these statutes and regulations would be that Frontier's rates for competitively classified services would no longer be subject to traditional economic (i.e., rate-of-return) regulation. As a result, Commission oversight of the Company's budgets, expenditures, leases, transactions with affiliates, and financing arrangements would not be necessary for rate setting or protecting consumer interests.³

10. Frontier asserts after consulting with Commission Staff that the review undertaken in the competitive classification proceeding should eliminate the need for a further earnings review in this docket.

Switch Replacement Plan and Capital Expenditure Report

11. Commitment 12 of the Agreement requires that Frontier file "[a] multi-year strategic plan that identifies the expected remaining life of all host and remote central office switches currently deployed in Frontier NW franchise areas in Washington and a proposed replacement plan for the switches..." Frontier also agreed to file an annual report of anticipated yearly capital expenditures and a comparison to its system wide capital expenditures.
12. Frontier is required to file these reports "No later than one year from the close of the transaction until it applies for and has received an alternative form of regulation..."⁴
13. Again, due to the proceeding in Docket No. UT-121994, Frontier believes, after consulting with Commission Staff, that these filings are no longer necessary. Although Frontier is not currently regulated under an AFOR regulatory regime, the Commission has granted competitive classification to the vast majority of its retail residential and business services.

³ Para. 39, Order 06 in Docket No. UT-121994.

⁴ *Supra* note 1, Commitment 12 (a) and (b).

IV. CONCLUSION

14. Frontier petitions to be relieved of the obligation to undergo a *pro forma* earnings review in light of the fact that Frontier's financial records were recently examined by Commission Staff in Docket No. UT-121994. The review undertaken by Staff in Frontier's competitive classification docket should serve as fulfillment of existing commitment No. 2 in the Frontier/Verizon merger docket. A second review of Frontier's earnings will not provide any practical benefit and will consume Staff and Frontier resources that would be better used elsewhere.
15. Frontier also petitions to be relieved of the obligation to continue filing the Switch Replacement and Capital Expenditures reports due to the Commission's examination of the company in Docket No. UT-121994 and its decision to grant competitive classification to most of the company's residential and business retail services.
16. Frontier, therefore, respectfully requests that the Commission amend its Order 06 in this docket to waive the earnings review requirement, the switch replacement plan, and the capital expenditure report.

RESPECTFULLY SUBMITTED this 9th of June, 2014.

Frontier Communications Northwest Inc.



George Baker Thomson, Jr.

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CERTIFICATE OF SERVICE

I hereby certify that I have this day served the attached 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 10 of June 2014

By:



Carl Gipson
Manager Government Relations
Frontier Communications Northwest Inc.