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June 28, 2019

Via WUTC E Filing

Mark L. Johnson, Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: 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

Dear Staff:

Enclosed for filing, please find the Joint Application referenced above.

Please contact us if you have any questions on this filing.

Very truly yours,

Davis Wright Tremaine LLP


Mark Trincherro
MT/cap
Enclosure

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**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. _____

JOINT APPLICATION

Northwest Fiber, LLC (“Northwest Fiber”), Frontier Communications Corporation (“Frontier Parent”) and Frontier Communications ILEC Holdings LLC (“Frontier ILEC Holdings”) (collectively, the “Joint Applicants”) respectfully request that the Washington Utilities and Transportation Commission (the “Commission”) decline to assert jurisdiction over a transaction involving the transfer of control of Frontier Communications Northwest, Inc. (“Frontier NW”) from Frontier ILEC Holdings to Northwest Fiber as described in more detail below (the “Transaction”). In the alternative, the Joint Applicants respectfully request that the Commission act expeditiously to approve this Application under Chapter 80.12 of the Revised Code of Washington (“RCW”) and Chapter 480-143 of the Washington Administrative Code (“WAC”) and any other authority as may be deemed necessary to effectuate the Transaction.¹

¹ On June 21, 2019, the U.S. Federal Trade Commission granted early termination of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, with respect to the pending Transaction. In addition, the Joint Applicants will be seeking waivers or regulatory approvals from the Federal Communications Commission, the Committee on Foreign Investment in the United States (CFIUS), the Oregon Public Utility Commission, the Montana Public Service Commission, and certain local video franchise authorities in Washington and Oregon.

EXECUTIVE SUMMARY

Northwest Fiber, a team of seasoned industry veterans with decades of experience building fiber-based high-speed networks in the Pacific Northwest, has conceived a bold plan for robust, fiber-based communications services in Washington. This transaction brings management of critical Washington infrastructure back to the Pacific Northwest from the East. The executive team at Northwest Fiber, having lived and worked in these communities for many years, has extensive experience in providing voice, broadband, and video services, and has successfully expanded fiber-based services in the Pacific Northwest, and is now positioned to bring greater access to these services in Washington. The Northwest Fiber team has had a firsthand view of the national policy shift towards broadband deployment and the stark infrastructure gap between urban, suburban, and rural areas that is undermining residential and business consumers' ability to effectively participate in an increasingly online world. Broadband is now indispensable for almost every facet of society: healthcare, education, economics, and civic participation. Robust communications technology must be deployed to support high capacity network capabilities and software-defined applications and services, including voice services. Voice services are increasingly simply another application riding a high-speed broadband connection.

By virtue of the proposed acquisition of Frontier NW, Northwest Fiber intends to fulfill its vision of greater availability of fiber-based services in Washington by transforming an aging network through a substantial investment in next-generation fiber facilities and excellent customer service. This transaction unshackles the business from challenging financial circumstances limiting Frontier's ability to invest and improve the network. Northwest Fiber's plan would preserve and enhance traditional residential and business voice services and related ancillary services, while building out high-capacity next-generation network facilities to provide

a range of communications service options, particularly Gigabit broadband options, to thousands of Washington consumers.

Northwest Fiber will be owned jointly by WaveDivision Capital VII, LLC, an investment fund of WDC Management, LLC (“WDC”) and investment funds affiliated with Searchlight Capital Partners, L.P., a Delaware limited partnership (collectively, “Searchlight”). WDC, headquartered in Kirkland, Washington, is a private investment firm managed by Steve Weed, former Chief Executive Officer (“CEO”) of Wave Broadband, and his senior management team. WDC has a record of transformative telecommunications investments in the U.S. and Canada, including operating and upgrading incumbent local exchange carrier (“ILEC”) networks. Searchlight is a leading private equity investment company whose affiliated funds/principals have a proven record of success in the communications industry, having invested more than \$7.5 billion in 29 different companies in the communications and IT infrastructure sectors, including former investments in Northwest-based provider Electric Lightwave, Inc. and Alaskan provider General Communications, Inc. (“GCI”). Following the close of the Transaction (“Closing”), Northwest Fiber plans to invest in the acquired network and improve communications services to over a hundred thousand Washington consumers. Additionally, these investments will bring additional bandwidth and network capacity that will improve voice, data, and video services in the state and further enable advanced services like the Internet of Things, smart homes, smart cities, autonomous systems, and more.

To turn this vision into a reality, the Commission should allow the Transaction to proceed, either by declining jurisdiction, or by expeditiously approving the Transaction.

I. DESCRIPTIONS OF THE PARTIES AND RELATED ENTITIES

A. The Parties

1. Northwest Fiber, LLC

Northwest Fiber is an indirect, wholly-owned subsidiary of Northwest Fiber Holdco, LLC (“NWF Holdco”), a Delaware limited liability company that was formed for the purposes of implementing the proposed Transaction. At Closing, NWF Holdco will be owned jointly by investment funds affiliated with WDC and Searchlight, with the Searchlight funds holding the majority of the interests of NWF Holdco.

2. Frontier Communications Corporation

Frontier Parent, a publicly traded corporation, is a leading provider of communications services to urban, suburban, and rural communities in 29 states.² As a full-service wireline communications provider, through its wholly-owned operating companies, Frontier provides a wide array of communications and broadband services over its fiber optic and copper networks, including local and long-distance voice, broadband data, and video. In addition to residential services, Frontier offers communications solutions to small, medium, and enterprise businesses. Frontier ILEC Holdings is an intermediate-level entity through which Frontier Parent owns 100 percent of Frontier NW.

B. Related Entities

1. WDC Management, LLC

WDC, a private Kirkland, Washington-based investment firm focused on the broadband industry, has invested in various entities in the telecommunications space across the United

² Frontier serves approximately 4.5 million customers and has 3.7 million broadband subscribers throughout its service territories, which are located in Alabama, Arizona, California, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Montana, Nebraska, Nevada, New Mexico, New York, North Carolina, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, and Wisconsin.

States and Canada, including Hargray Communications (South Carolina), MetroNet (Indiana), RCN Telecom Services/Grande Communication/Wave Broadband (California, Illinois, Massachusetts, New York, Oregon, Pennsylvania, Texas, Washington, and Washington, D.C.), and Xplornet Communications (New Brunswick, Canada). The key members of WDC's management team have worked together for many years, and all have significant experience in the telecommunications industry. Steve Weed was founder and CEO of Wave Broadband, while Harold Zeitz and Wayne Schattenkerk served as President/COO and CFO, respectively, of Wave Broadband. Collectively, this management team has more than 70 years of combined experience in the communications industry. This team successfully managed the growth and transformation of Wave Broadband into one of the largest broadband companies on the West Coast. Following the sale of Wave Broadband, WDC remains an investor in four other broadband companies: RCN/Grande/Wave,³ which provides fiber and cable service in the East, Midwest, Southwest, and Pacific Northwest; MetroNet, which operates a fiber network in Indiana; Xplornet, a rural-focused high-speed Internet service provider in Canada; and Hargray, an ILEC based in Hilton Head, South Carolina, which upgraded a legacy copper-based telephone network to a fiber-optic system in much the same way as Northwest Fiber plans to undertake in Washington after Closing.

2. Frontier Communications Northwest, Inc.

Frontier Northwest operates as an ILEC providing service in 79 exchanges in Washington, serving approximately 158,000 local access lines.⁴ Until Closing, Frontier NW will

³ Steve Weed has resigned his position as a member of the board of directors of RCN Corporation (which controls RCN/Grande/Wave).

⁴ The Transaction covers the transfer to Northwest Fiber of certain interexchange (long-distance) customer relationships held by two Frontier Parent subsidiaries, Frontier Communications of America, Inc. ("Frontier America") and Frontier Communications Online and Long Distance Inc. ("Frontier LD"),

continue to operate the business and serve customers with existing products and service in the ordinary course and in compliance with the applicable Washington regulatory requirements.

3. Searchlight Capital

Searchlight is a global private investment firm with approximately \$6.7 billion of assets-under-management and with offices in New York, London, and Toronto. The firm invests in companies where it can provide long-term capital, support transformational change, and accelerate growth by leveraging its deep industry expertise. Searchlight has extensive expertise investing in the global telecommunications and media sectors, including investments in fixed-line voice and broadband, mobile, pay-TV, content and managed services.⁵ Current examples of relevant investments include: (i) Liberty Latin America, a fixed and mobile communications operator in Latin America, (ii) Rackspace, a global provider of managed IT infrastructure and services, offering outsourced cloud computing and managed hosting, (iii) Eolo, a provider of fixed wireless access connectivity to residential and business customers across rural areas in Italy; (iv) Uniti Group, a U.S.-listed real estate investment trust (“REIT”) which owns and manages fiber and tower infrastructure assets; and (vi) Mitel, a global unified communications solutions provider. Additionally, former Searchlight investments include: (i) Electric Lightwave,

which are competitively classified resellers of interexchange service in Washington. However, Frontier America and Frontier LD will continue to provide intrastate interexchange services to customers in Washington and other jurisdictions. Accordingly, the Transaction does not include Frontier’s subsidiaries’ licenses to provide intrastate interexchange (long-distance) service in Washington. Northwest Fiber will seek authority to provide interexchange service in a separate proceeding.

⁵ Additional limited partners in Searchlight’s investment funds include entities controlled by the Canada Pension Plan Investment Board, Public Sector Pension Investment Board, British Columbia Investment Management Corporation and the Washington State Investment Board (the “Investors”). These entities are providing substantial capital funding for Northwest Fiber and will be significant equity holders in it but will have no day-to-day management role.

a fiber-based competitive communications provider in the Pacific Northwest: and (ii) GCI, the largest communications (cable, fiber and wireless) provider in Alaska.

II. DESCRIPTION OF THE TRANSACTION

Pursuant to an Agreement by and between Frontier Parent, its wholly-owned direct subsidiary Frontier ILEC Holdings, and Northwest Fiber, a wholly-owned subsidiary of NWF Holdco (the “Purchase Agreement”),⁶ Northwest Fiber will acquire all of the issued and outstanding equity interests of Frontier NW,⁷ Citizens Telecommunications Company of Oregon, (“Frontier Oregon”),⁸ Citizens Telecommunications Company of Idaho (“Frontier Idaho”),⁹ and Citizens Telecommunications Company of Montana (“Frontier Montana”)¹⁰ (collectively “the Transferring Companies”) in an all-cash transaction valued at approximately \$1.352 billion. All of the network and assets owned and used by Frontier Parent to support and provide services to its customers in Washington, Oregon, Idaho, and Montana will be transferred to Northwest Fiber. Specifically, Frontier Parent will transfer its direct ownership interests in Frontier Idaho, Frontier Montana, and Frontier Oregon to Northwest Fiber and will also cause Frontier ILEC Holdings, of which Frontier NW is a direct wholly-owned subsidiary, to transfer its ownership interests in Frontier NW to Northwest Fiber. In conjunction with the proposed Transaction, each of the Transferring Companies will be converted into Delaware limited liability companies. If the Commission determines that approval for the conversion of Frontier NW is required, the

⁶ The Purchase Agreement filed with the Securities and Exchange Commission (SEC) is available for review online at <https://www.sec.gov/Archives/edgar/data/20520/000095015719000673/ex2-1.htm>.

⁷ Frontier NW operates in Washington, Oregon and Idaho.

⁸ Frontier Oregon only operates in Oregon.

⁹ Frontier Idaho only operates in Idaho.

¹⁰ Frontier Montana only operates in Montana.

Joint Applicants respectfully request that the Commission consider this Application to include a request for such approval.

Upon completion of the Transaction, the Transferring Companies, with their local exchange, broadband, and video subscriber bases,¹¹ will become wholly-owned direct subsidiaries of Northwest Fiber. In addition, long-distance voice customers of Frontier Parent's subsidiaries Frontier America and Frontier LD in the four states will be assigned to Northwest Fiber. These customers represent primarily originating switched long-distance traffic initiating from the local exchanges in Idaho, Montana, Oregon, and Washington that are a part of the Transaction.

Joint Applicants do not specifically request authority to transfer the long distance customers described herein because they are currently served by Frontier America and Frontier LD, both of whom are classified as competitive companies under RCW 80.36.320. Application of the Transfer of Property statute is waived for such companies.¹² With regard to the transfer of certain long distance customers to Northwest Fiber, Frontier America and Frontier LD will comply with the provisions regarding the transfer of customers set forth in WAC 480-120-147(7). If, however, the Commission determines that approval for the transfer of long distance customers from competitively classified companies is required, the Joint Applicants respectfully request that the Commission consider this Application to include a request for such approval.

¹¹ In addition to acquiring Frontier NW's local exchange and long distance business in Washington, Northwest Fiber will also acquire high speed Internet and, where provided, wireline video and broadband data services provided in Washington. These services and the transfers, however, are not regulated by the Commission. All of the businesses to be transferred are more fully described in the Purchase Agreement.

¹² See WAC 480-121-063.

The Applicants will also comply with any applicable anti-slamming requirements that arise from the transaction.¹³

The diagrams attached hereto as Exhibit 1 illustrate the Transaction, including both the pre- and post-Transaction corporate structure of the Transferring Companies.

Upon Closing of the Transaction, Northwest Fiber will own Frontier NW, which will continue to operate as an ILEC in Washington. Northwest Fiber plans to rebrand Frontier NW and its service offers post-Closing. However, the Commission will maintain the same regulatory authority over Frontier NW that it had prior to the completion of the Transaction. Northwest Fiber will conduct business in Washington in accordance with all applicable laws, rules and Commission orders.¹⁴ Upon Closing, Northwest Fiber will continue to honor Frontier NW's retail and wholesale obligations, including all existing interconnection agreements and other commercial agreements with other carriers.

III. THE COMMISSION LACKS JURISDICTION TO REVIEW

The Joint Applicants respectfully request that the Commission decline to assert jurisdiction over the transfer of control of Frontier NW, because the "Transfer of Property" statutes in Chapter 80.12 RCW (and the rules implementing those statutes in Chapter 480-143 WAC) are inapplicable where, as here, neither buyer nor seller are a "public service company."

Chapter 80.12.020 RCW provides:

No **public service company shall** sell, lease, assign or otherwise dispose of the whole or any part of its franchises, properties or facilities whatsoever, which are necessary or useful in the performance of its duties to the public, and **no public service**

¹³ See, e.g., WAC 480-120-147; 47 C.F.R. § 64.1100 *et seq.*

¹⁴ Joint Applicants note that on July 22, 2013, the Commission approved, with conditions, a petition submitted by Frontier NW to be regulated as a competitive telecommunications company pursuant to RCW 80.36.320 (Order 06, Docket No. UT-121994).

company shall, by any means whatsoever, directly or indirectly, merge or consolidate any of its franchises, properties or facilities with any other public service company, without having secured from the commission an order authorizing it so to do.

Here, there is no public service company that is selling, assigning, or disposing its properties, franchises or facilities. The sellers in this case are Frontier Parent and its non-operating subsidiary Frontier ILEC Holdings. Neither is a public service company. Accordingly, the Commission should find that RCW 80.12.020 does not apply.

Likewise, RCW 80.12.040 has no application here because it only applies to one public service company acquiring another public service company.

Chapter 80.12.040 RCW provides, in relevant part:

No **public service company shall**, directly or indirectly, purchase, acquire, or become the owner of any of the franchises, properties, facilities, capital stocks or bonds of any other public service company unless authorized so to do by the commission. ... Any contract **by any public service company** for the purchase, acquisition, assignment or transfer to it of any of the stocks or other securities of any other public service company, directly or indirectly, without the approval of the commission shall be void and of no effect.

Northwest Fiber is not a “public service company” as that term is used in Chapter 80.12 RCW. Therefore, the Commission should find RCW 80.12.040 does not apply to the Transaction, and the Joint Applicants respectfully request that the Commission issue an order declining jurisdiction.

IV. IN THE ALTERNATIVE, THE TRANSACTION IS IN THE PUBLIC INTEREST

If the Commission denies Joint Applicants’ request to decline to assert jurisdiction over the Transaction, the Joint Applicants respectfully request that the Commission grant approval expeditiously so as to enable Northwest Fiber to begin investing in improving the Washington network and mitigating ongoing customer losses. The standard for approval under the Transfer

of Property statute is whether the transaction satisfies the public interest, which is met if the transaction causes “no harm.”¹⁵ The Washington legislature confirmed application of the “no harm” standard to telecommunications transactions when it passed legislation during the 2009 session to apply a more stringent standard that requires a finding of a “net benefit to customers” for transactions of gas or electrical companies but *not* telecommunications companies.¹⁶ While the transaction clearly satisfies the Commission’s “no harm” standard, as more fully discussed herein, it will also provide substantial public benefits, far exceeding that standard.

A. Northwest Fiber’s Planned Network Investments Will Result in Substantial Public Interest Benefits

The Transaction is clearly in the public interest. Upon Closing, Northwest Fiber will begin to implement its business plan to substantially upgrade Frontier NW’s network to enable Frontier NW to improve customer service and offer faster broadband speeds, in many instances up to 1 Gigabit per second (Gbps), or more, to both residential and commercial customers.

Upon Closing, Northwest Fiber will own, and its board of directors and management will manage, the current Frontier NW operations in the state. Northwest Fiber will change the name of Frontier Northwest and, as previously explained, Northwest Fiber will continue to operate the business as an ILEC with substantially the same regulated retail and wholesale telecommunications services under the same rates, terms, and conditions that exist today.

¹⁵ *In the Matter of the Joint Application of Verizon Communications, Inc., and Frontier Communications Corporation*, Docket No. UT-090842, Final Order Approving and Adopting, Subject to Conditions, Multiparty Settlement Agreements and Authorizing Transaction (April 2010) (“*Verizon/Frontier Order*”), at 7 (citing WAC 480-143-170); *In the Matter of the Application of Pacific Corp. and Scottish Paper, PLC*, Docket No. UE-981627, 3rd Supplemental Order on Prehearing Conference (April 1999).

¹⁶ See Substitute Senate Bill 5055, Chapter 24, Laws of 2009.

Northwest Fiber plans to invest heavily in Frontier NW's facilities by upgrading the core network and extending fiber to thousands of residential and business premises currently served by legacy copper infrastructure. This investment will enable Northwest Fiber to offer faster broadband, improve service, and expand to retail and wholesale customers in the state. The more robust network will ensure that many more retail and business customers see the benefits of broadband speeds of up to 1 Gbps, or more, and other enhanced services. At the same time, Northwest Fiber will continue to honor the broadband deployment obligations of Frontier NW through its participation in the Connect America Fund ("CAF") Phase II program to ensure that by the end of 2020, at least 19,713 locations in the eligible census blocks in Frontier NW's service area have access to 10/1 broadband service as required by the FCC CAF requirements.

In addition to the fiber deployment and core network upgrades described above, Northwest Fiber also plans to make significant capital expenditures across the other Transferring Companies. Specifically, the company projects that over the course of the next five years it will invest significant additional capital to enhance operations, expand service, increase sales and retain existing customers. Further, Northwest Fiber intends to continue Frontier's existing planned investments necessary to maintain full functionality of Frontier NW's legacy copper network, while investing to substantially improve customer service. In addition to making Frontier NW a stronger competitor that is better able to deliver robust services in these markets, these investments will provide the tangible benefits described above to the communities in which they are made.

Northwest Fiber will maintain the full range of traditional residential, business, and related telecommunications services and functionalities currently provided to consumers and businesses in Frontier's Washington service area. Full functionality including, but not limited to,

access to 911, directory assistance, operator services, and consumers' choice of long-distance provider will continue and eligible low-income consumers will retain access to the federal Lifeline program. Finally, though Frontier's services were granted competitive classification by the Commission in 2013, Northwest Fiber will continue to be subject to the Commission's consumer protection requirements and service quality standards set forth in WAC 480-120.

B. Northwest Fiber's Leadership Team Has Decades of Experience and a Proven Track Record of Success

The success of these planned network investments and upgrades is assured by both Northwest Fiber's ownership, and its management teams' proven track record of building high-speed networks in the Pacific Northwest. With more than 70 years of collective experience building companies, deploying networks, and serving customers in the Pacific Northwest, including some of the very same markets that Frontier NW currently serves, the Northwest Fiber leadership team is well positioned to bring the benefits of its planned improvements to existing customers of Frontier NW and other Washington consumers. In addition, Northwest Fiber's leadership team has experience acquiring and transforming networks (including those owned by ILECs) to deliver improved service and increased broadband service speeds, while ensuring that essential voice services are maintained and improved.

C. Northwest Fiber Will be a True Local Company–Owned, Managed and Operated by People Living and Working in the Washington Communities They Serve

Northwest Fiber believes in promoting strong local ties in the communities it serves. It will be a true local company with over 600 employees, management, and leadership that live and work in Washington. Having successfully built and grown the Kirkland-based competitive broadband company Wave Broadband, the leadership team of Northwest Fiber has an extensive understanding of these markets and the unique challenges presented by providing services to

Washington Communities. Northwest Fiber plans to retain the employees associated with the Transferring Companies that currently work in Washington, including those employees providing call center support services in the Everett, Washington regional headquarters. Northwest Fiber's headquarters also will remain in Kirkland, Washington.

D. Northwest Fiber and Frontier Parent Have Developed a Continuity of Service and Operations Plan That Will Ensure the Transaction Will be Seamless and Transparent to Customers

First, Northwest Fiber plans to help ensure continuity of service by honoring existing catalogs, tariffs, interconnection and wholesale agreements, and ensuring that current retail and wholesale customers continue to receive current service offerings, without a change in rates, terms, or conditions. Further, to ensure that the transition to Northwest Fiber will be transparent to and smooth for customers Northwest Fiber plans to proactively communicate with customers in advance of Closing to inform them about the pending change in control, the new owner's planned name change, and the seamless effect on existing services. Northwest Fiber will do so through a strategic communication plan that will include bill inserts, notice postcards, and other measures that will educate, inform, and support customers through their transfer to Northwest Fiber.

Second, the Parties have developed a plan to ensure a smooth transition of critical back office systems, including the operations support system ("OSS") functions necessary to continue serving residential, business, and wholesale customers. The Purchase Agreement and Transition Services Agreement ("TSA") between Frontier Parent and NW Fiber set forth, among other things, an OSS transition and stand up plan that is designed to ensure that Northwest Fiber will assume control of a fully replicated and functioning OSS with all of the functionality currently provided to existing retail and wholesale telecommunications customers. As detailed in the Purchase Agreement, Frontier will replicate and stand up a parallel OSS to facilitate the transfer,

and will run Frontier NW's network on that OSS continuously prior to Closing and then transfer that replicated OSS to NW Fiber. Further, successful OSS replication and stand up prior to Closing is a closing condition of the Transaction. This will ensure that the replicated system, which Northwest Fiber will use after the Transaction closes, is fully operational and sufficiently robust at Closing to minimize customer service issues.

Third, from a technical standpoint Frontier Parent will also provide a comprehensive set of transition services to Northwest Fiber following Closing, which will allow Northwest Fiber to build upon the expertise, experience, and skills of Frontier's management and employees. Under the TSA, Northwest Fiber will have the right to assistance from Frontier Parent for a period of six-months to three years after Closing, as needed.

Fourth, continuity will be reinforced by Northwest Fiber's decision, noted above, to retain existing Frontier NW employees with the hands-on experience, subject matter expertise and customer relationships needed to ensure services continue without interruption.

E. The Transaction Also Satisfies the Criteria the Commission Has Traditionally Applied When Reviewing Telecommunications Transactions

The Transaction satisfies the public interest under an analysis of the standards typically considered by the Commission¹⁷ in property transfers involving telecommunications companies: (i) the impact on competition at the wholesale and retail levels; (ii) the technical, managerial and financial capability of the surviving entity to operate successfully; (iii) the potential impact on service quality; (v) the financial impacts on cost of capital, capital structure, and access to financial markets; (vi) how benefits and synergies are shared between shareholders and customers; and (vii) the impact on rates, terms and conditions of service. Each of these factors is addressed below.

¹⁷ See, e.g., *Verizon/Frontier Order* at 53.

1. The Transaction Will Not Distort or Impair Competition

The Transaction will not distort or impair competition at the wholesale and retail levels. At the wholesale level, Northwest Fiber will honor all effective commercial and residential contracts, tariffs, and interconnection agreements in effect at the time of close. Frontier NW will continue to be an ILEC subject to the Commission's applicable regulations governing such entities.

With respect to both wholesale and retail competition, there will be no reduction of competition. No entities currently competing against each other will be combined and because Northwest Fiber is stepping into the place of Frontier Parent there will be no net loss of competitors serving these markets. In fact, Frontier Parent's sale of Frontier NW to Northwest Fiber will increase competition, because the infusion of capital resulting from the Transaction will allow Northwest Fiber to make greater investments in Frontier NW's network infrastructure and customer service than would occur in its absence. Moreover, Northwest Fiber's planned investments will enhance Frontier NW's ability to compete with existing service providers. Thus, Washington consumers will be better served by more competitive, more robust networks which in turn will provide new or improved service options and increased competitive choice. In sum, consumers will benefit from the presence of a strong, local, well-funded competitor in Washington.

2. Northwest Fiber Has the Managerial, Technical and Financial Capability to Operate Successfully

a. Managerial Capabilities

The Transaction will create an independent ILEC that is rooted in the region, has a Northwest-focused leadership team, and has the know-how and financial resources to make major investments in fiber expansion and customer service improvements. As previously noted,

upon Closing Northwest Fiber will be led by an experienced group of executives, including Steve Weed, Harold Zeitz, and Wayne Schattenkerk.¹⁸ Steve Weed, the Chairman of Northwest Fiber, has 37 years of industry experience. He is the founder of WDC and Wave Broadband, where he served as CEO from 2003-2018. Harold Zeitz, who will be CEO of Northwest Fiber, has 17 years of industry experience, is a Managing Director of WDC, and is a former President and COO of Wave Broadband. Wayne Schattenkerk, who will serve as the CFO of Northwest Fiber, is also a Managing Director of WDC, and was CFO of Wave Broadband from 2006-2018. This team built Wave Broadband, largely via the acquisition and turnaround of distressed providers. Wave Broadband made 22 acquisitions, including 10 in Washington, growing from its founding in 2003 to become one of the largest broadband companies on the West Coast at the time of its sale in 2018. This formidable leadership team, along with funding from WDC, Searchlight, and the other investors, positions Northwest Fiber to achieve new levels of growth and success in the marketplace.

In addition, Northwest Fiber's managerial team will also be supported by numerous managers, directors, and supervisors who form part of the more than 1,000 transferring employees throughout the four state region. These management and other personnel have expertise and experience on a range of key operational functions, including customer service, customer care and support, network engineering and support, emergency management and public safety, interconnection issues, and regulatory reporting.

b. Technical Capabilities

As noted above, Northwest Fiber's managerial team will be supported by more than 1,000 transferring employees who have expertise in network deployment, network and traffic

¹⁸ Prior to Closing the officers of Northwest Fiber, LLC are Eric Zinterhofer, President, and Tim Austin, Vice President, Secretary. Both Mr. Zinterhofer and Mr. Austin are principals of Searchlight.

routing, information technology, and ordering and billing systems. The Northwest Fiber team will retain the technical employees that are responsible for provisioning service the Transferring Companies in the Pacific Northwest today.

Further, Frontier Parent will provide a full range of transition services to Northwest Fiber following the Closing. Under the parties' TSA, Frontier Parent has agreed to provide Northwest Fiber with transition services for a period of no less than six-months and up to three years as may be needed. Transition services include, but are not limited to, support for and a smooth transition of critical OSS functions used for billing, maintaining customer and facility records and information, provisioning, maintenance, and engineering. All necessary support and back office functions in use prior to Closing will be available and fully operational immediately after Closing for up to three years to enable a seamless transition for all consumers.

c. Financial Capabilities

Upon consummation of the Transaction, Northwest Fiber will assume control of the Transferring Companies as a more stable competitor focused on the Pacific Northwest with a stronger financial structure and substantial cash flow that will enable it to make its planned investments in network infrastructure and customer service. Specifically, Northwest Fiber expects to have approximately \$300 million in cash on its balance sheets at Closing, sufficient to fully fund significant planned network upgrades, including a game-changing expansion of fiber in the Pacific Northwest. In addition, the company will also have access to traditional financing arrangements with banks, other financial institutions, and/or other types of funding sources in the form of a secured facility and revolver loan that provides the company with access to more than half a billion dollars in financing. Northwest Fiber will also have a very favorable debt-to-equity ratio as compared to many other network-based companies operating today. Northwest Fiber's cash on hand, and its relatively low debt-to-equity ratio, will ensure that the company can move

quickly to execute its planned network enhancements and its investment in excellent customer service.

3. The Transaction Will Not Diminish Voice or Broadband Service Quality

In addition to investments in fiber that will allow for Gigabit broadband speeds, Northwest Fiber remains committed to providing clear and reliable voice services to Washington residents, regardless of the technology used or whether those customers also enjoy non-regulated services. Voice service continues to be essential for many consumers, and Northwest Fiber will ensure that voice service remains available to all customers. Northwest Fiber's intended deployment of fiber supports this commitment as it will improve service quality for both voice and broadband services, and will provide Northwest Fiber with "future proof" technology for growing future communications needs. Northwest Fiber will continue investing in the Washington network at levels at or higher than those of Frontier NW, and it is committed to maintain that network to ensure that traditional voice telecommunications service continues to be available throughout Frontier NW's service footprint.

4. The Transaction Will Have a Positive Impact on the Cost of Capital, Capital Structure, and Access to Financial Markets

As explained above, Northwest Fiber will assume control of the Transferring companies as a strong, stable competitor that is focused on the Pacific Northwest, with a financial structure and substantial cash flow that will enable it to make the planned investments in network infrastructure. Specifically, Northwest Fiber expects to have approximately \$300 million in cash on its balance sheets at Closing, enough to fund significant planned network upgrades, including a game-changing expansion of fiber in the Pacific Northwest. In addition, the company will also have access to traditional financing arrangements with banks, other financial institutions, and/or other types of funding sources in the form of a secured facility and revolver loan that would

provide access to additional financing. Northwest Fiber will also have a very favorable debt-to-equity ratio as compared to many other network-based companies operating today, including Frontier which is highly leveraged. Northwest Fiber's cash on hand, and its relatively low debt-to-equity ratio, will ensure that the company can move quickly to execute its planned network enhancements Northwest Fiber. As the network upgrades resulting from this initial investment drive revenues, Northwest Fiber will also reinvest free cash flow into the business to execute on its fiber upgrade program.

Further, the company's financial backers, including WDC, Searchlight, and Searchlight's investment partners, have significant assets under management, linking Northwest Fiber with tremendous financial resources in the unlikely event that it needs additional capital. Searchlight and its investment partners represent, collectively, approximately \$500 billion in equity. Searchlight itself is a \$4 billion fund. Of Searchlight's limited partners, the Canada Pension Plan Investment Board is a \$300 billion fund and the Public Sector Pension Investment Board and British Columbia Investment Management Corporation are each \$100 billion funds.

5. Customers and Shareholders Will Benefit From These Synergies

As explained above, the Transaction will provide both an infusion of capital and strong local leadership to the Transferring Companies. The approximately \$300 million on the balance sheets at Closing will allow Northwest Fiber to make network investments that will provide substantial benefits in service reliability, speed, and quality in Washington. Customers will reap these benefits at the same time that they benefit from an increased focus on providing excellent customer support. The combination of leadership experience and capital funding will create synergies that benefit customers, the investors, and the entire Pacific Northwest region.

6. Northwest Fiber Will Ensure the Transition Between Purchaser and Seller is Seamless and Transparent to Customers

As noted above, the Transaction will be transparent to the existing customers in Washington. Following the completion of the Transaction, Northwest Fiber will honor existing catalogs and tariffs and will offer substantially the same regulated retail and wholesale services under the same rates, terms and conditions that exist today. Frontier Parent and Northwest Fiber will work to duplicate the same OSS that Frontier NW uses to provide service today in Washington and will continue to utilize those acquired systems after Closing, thereby allowing for a seamless customer transition at the Closing and no required subsequent system cutover that could potentially impact customer service. In addition, more than 600 current employees working for Frontier NW in Washington, including field technicians and customer service representatives, will transfer and provide uninterrupted support and services to Washington consumers following Closing.

Northwest Fiber will work closely with Frontier Parent to ensure a smooth and transparent transition for current customers. In particular, Northwest Fiber will communicate with customers concerning planned rebranding and name changes in advance of Closing. Specifically, under the Purchase Agreement, Northwest Fiber may initiate a communications plan to alert customers of their provider's new name before Closing. Communication will occur through billing messages, postcards, and other means. Customers will also be provided with local support numbers, providing them an opportunity to ask questions concerning the change. Northwest Fiber anticipates that co-branding would occur during that 60-day period, and for six months after Closing. At that point, Northwest Fiber anticipates doing business under a new (yet-to-be-announced) brand. Upon Closing, Northwest Fiber will change the name on the tariffs and catalogs and follow the tariff adoption process set forth in WAC 480-80-133.

V. CORRESPONDENCE AND COMMUNICATIONS

All communications and correspondence concerning this Application should be addressed or directed to:

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VI. RELIEF REQUESTED

For the reasons set forth above, the Joint Applicants respectfully request that the Commission issue an order declining jurisdiction, or, in the alternative, approving the transfer of control of Frontier NW from Frontier Parent to Northwest Fiber under Chapter 80.12 RCW and any other applicable provisions of Washington state law.


Upon consummation of the transaction, under Northwest Fiber's ownership, Frontier NW will operate in the same exchanges it does today. Accordingly, all relevant authorizations and registrations of Frontier NW can remain in place, including registrations as a telecommunications company under RCW 80.36.350, as a payphone provider under WAC 480-120-263, as well as the company's certification as an eligible telecommunications carrier for federal universal service funding purposes under WAC 480-123-030. Northwest Fiber will ensure that all such authorizations and registrations are updated to reflect the proper name, and as indicated above, will change the name on the Frontier NW tariffs following the Close of the Transaction.¹⁹ And once the transaction is completed, the operating ILEC will operate in accordance with all applicable Washington law and Commission rules.

The Joint Applicants respectfully request that the Commission approve the Transaction expeditiously.

Respectfully submitted this 20th day of June, 2019.

NORTHWEST FIBER, LLC

By:


Mark P. Trincherro
Alan J. Galloway


¹⁹ Because Frontier NW is being acquired in its entirety, the changes related to these authorizations and registrations are name changes and not the dissolution or termination of a business, rules relating to cessation of a telecommunications service (e.g., WAC 480-120-083) do not apply.

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Attorneys for Frontier Communications Corporation

CERTIFICATION

In accordance with WAC 480-143-140, I hereby certify that the information included in the Application is true and correct to the best of my information and belief, under penalty of perjury as set forth in RCW 9A.72.085.

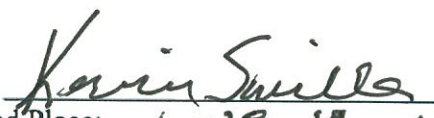
Northwest Fiber, LLC

By: 
Date and Place: 6-27-19 New York, NY

Timothy Austin
Vice President and Secretary of Northwest Fiber, LLC

On behalf of Northwest Fiber, LLC

Frontier Communications Corporation and Frontier Communications ILEC Holdings LLC

By: 
Date and Place: 6-28-19 Warwick CT

Kevin Saville
Senior Vice President, General Counsel and Assistant Secretary,
Frontier Communications Corporation
Vice President, General Counsel and Assistant Secretary,
Frontier Communications ILEC Holdings LLC

On behalf of Frontier Communications Corporation and Frontier Communications ILEC Holdings LLC.

EXHIBIT LIST

1. Pre- and Post-close Organizational Structure Diagrams

Exhibit 1

Frontier Communications Corporation
Pre-Closing Organizational Structure

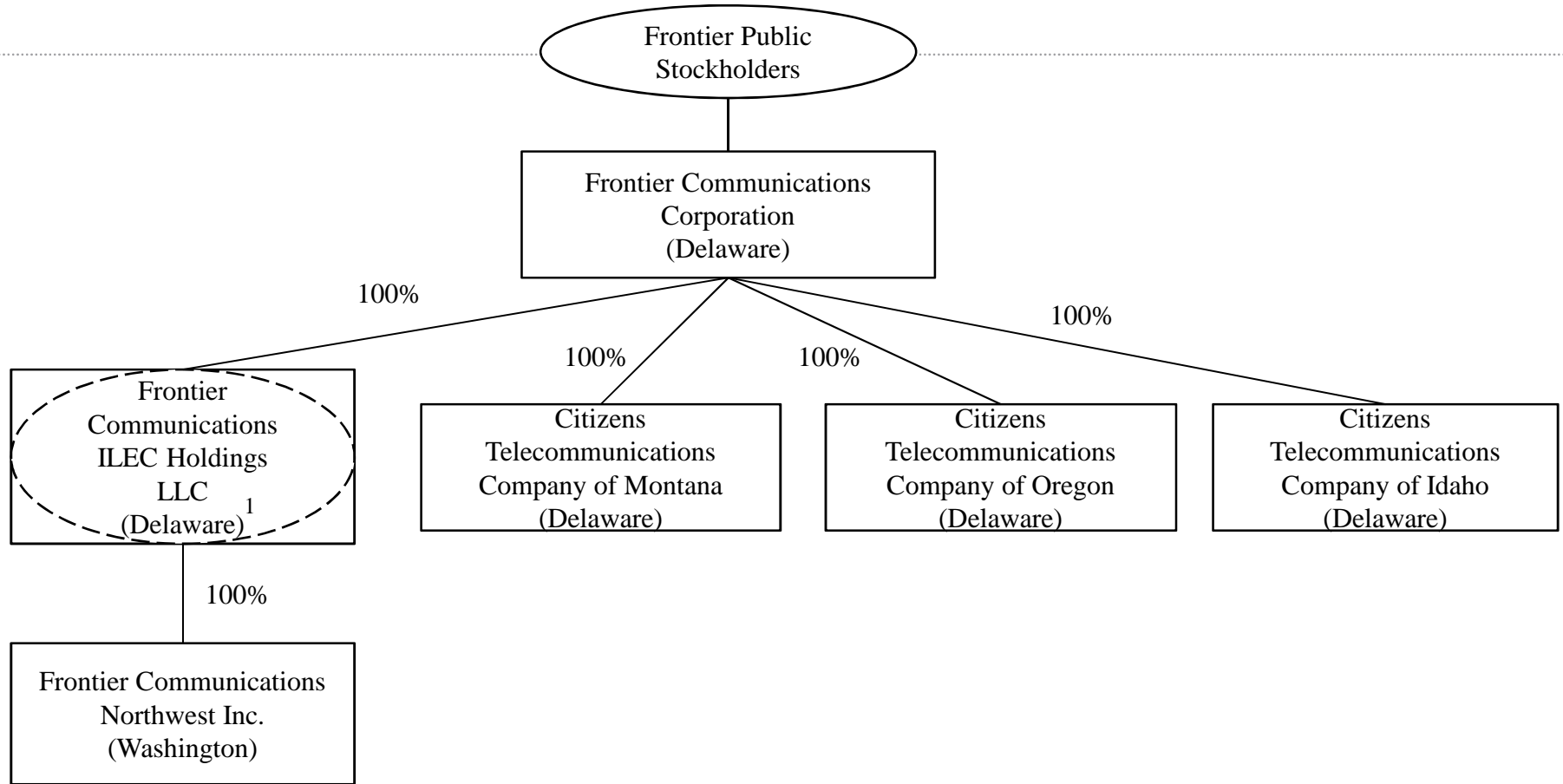
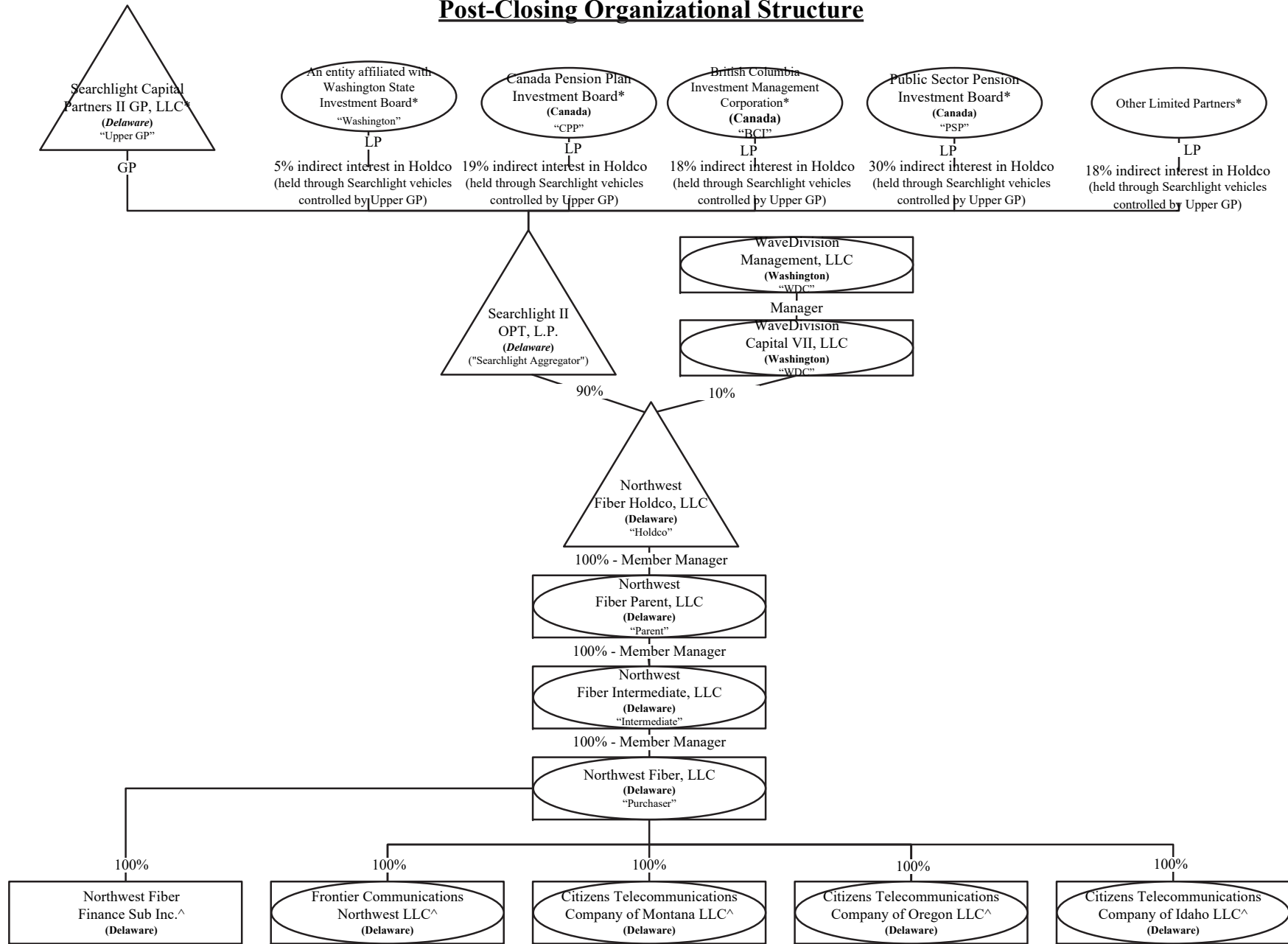


Exhibit 1

Northwest Fiber, LLC

Post-Closing Organizational Structure



* Interests to be held by these entities in Searchlight Aggregator will be held indirectly through intermediary entities.
 ^ Presumed name of entity following conversion to LLC or incorporation. Name subject to confirmation.