

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Frontier Communications)	Docket No. UT- 121994
Northwest Inc.'s Petition to be Regulated)	JOINT NARRATIVE OF FRONTIER
as a Competitive Telecommunications)	AND CLECs SUPPORTING
Company Pursuant to RCW 80.36.320)	SETTLEMENT AGREEMENT
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)	

I. INTRODUCTION

1. Pursuant to WAC 480-07-740(2), this Narrative Supporting Settlement Agreement (“Narrative”) summarizes the Settlement Agreement (“Settlement Agreement” or “Agreement”) that is being filed concurrently with this Narrative. It is not intended to modify any terms of the Settlement Agreement.

2. WAC 480-07-740(2) requires that when filing a proposed settlement agreement, “parties must also file supporting documentation sufficient to demonstrate to the Commission that the proposal is consistent with law and the public interest and that it is appropriate for adoption.” Parties may present a narrative, as the Parties are doing here – WAC 480-07-740(2)(a) states that the supporting documentation should include a narrative outlining the scope of the underlying dispute; the scope of the settlement and its principal aspects; a statement of parties' views about why the proposal satisfies both their interests and the public interest; and a summary of legal points that bear on the proposed settlement.

3. The Parties to the Settlement Agreement are Frontier Communications Northwest Inc. (“Frontier”) and Cbeyond Communications LLC, Integra Telecom of Washington Inc. (“Integra”), tw telecom of washington, llc, Level3 Communications, LLC, and Charter Fiberlink WA CCVII, LLC (collectively “CLEC Intervenors”). The Parties agree that the Settlement Agreement is in the public interest. The Parties understand that the Settlement Agreement is subject to Commission approval.

4. This document represents the joint narrative of Frontier and CLEC Intervenors in support of the multi-party settlement. In addition to this joint narrative, Frontier, Integra and the other CLEC Intervenors are separately filing testimony in support of the Settlement. Frontier and the CLEC Intervenors are asking the Commission to adopt the Settlement Agreement in its entirety and to incorporate the Settlement Agreement terms and conditions, including the wholesale conditions set forth in the Settlement Agreement, into any Commission Order issued in this docket.

II. DISCUSSION

A. Scope of the Underlying Dispute

5. This docket concerns a Petition by Frontier to be classified as a competitive telecommunications provider pursuant to RCW 80.36.320. On December 21, 2012 Frontier filed a petition (“the Petition”) with the Washington Utilities and Transportation Commission (“Commission”) to be classified as a competitive provider pursuant to RCW 80.36.320. On January 23, 2013, Frontier filed an amended petition in the proceeding. The CLEC Intervenors subsequently filed petitions to intervene.
6. One of the primary concerns of the CLECs was that if the Commission granted Frontier’s petition in this docket, such relief could eliminate or substantially harm the CLEC Intervenors’ ability to provide functionally equivalent or substitute services in the retail market at competitive rates, terms, and conditions.

B. The Scope of the Settlement and Its Principal Aspects

7. **Scope of Settlement.** The Settlement of CLEC Intervenors’ issues broadly cover four areas: Commission authority; conditions related to ICA Wholesale Services; conditions related to Non-ICA Wholesale Services and General Provisions.
8. **Commission Authority.** The Settlement clarifies that the Commission has authority over the provisions contained in the settlement and explains the process by which the

Commission exercises its authority in the face of disagreements between parties.

9. **ICA Wholesale Services.** The Settlement contains four conditions addressing ICA Wholesale Services. Condition 1 describes the process by which tariffs will be converted to service catalogues and incorporated into CLEC's interconnection agreements. Conditions 2 through 4 clarify the process to amend interconnection agreements and Commission authority to arbitrate disputes regarding interconnection agreements.

10. **Non-ICA Wholesale Services.** The Settlement deals with Non-ICA Wholesale Services in conditions 5 through 8. Similar to condition 1 for ICA Wholesale Services, condition 5 describes the process by which tariffs will be converted to service catalogues. This condition also establishes Commission authority over services Frontier wishes to discontinue or terminate, except in the case of mutual agreement between Frontier and the competitive provider. Condition 7 assures that Non-ICA Wholesale services will continue to be offered and that rates are predictable. Condition 8 establishes the process for increasing rates for Non-ICA Wholesale Services.

11. **General Conditions.** The Settlement contains general conditions that assure that Frontier's offerings are required to be "fair, just, reasonable and sufficient. . ." Conditions 10 and 11 assure that Frontier does not give any "undue or unreasonable preference or advantage" to either itself or others. Condition 13, along with condition 8 describes that the burden of proof, in the case of ambiguity or in the event Frontier desires to increase rates, falls upon Frontier. Condition 14 makes clear that the Settlement will not go into effect if the Commission denies Frontier's petition in this docket.

C. Why the Proposal Satisfied both the Parties' Interests and the Public Interest

12. The proposed Settlement Agreement satisfies Frontier's interests, the CLEC Intervenors' interests and the public interest. The Settlement Agreement includes important wholesale service safeguards that will help to provide a smooth transition from tariffed wholesale services to the proposed service catalog, will provide for an important period of stability

in the markets for wholesale services, and will help to control changes to rates, terms and conditions for these services.

13. The ICA Wholesale Service conditions are in the public interest and “do no harm” in that these conditions provide a process for an orderly transition of ICA Wholesale Services from tariffs to ICA Wholesale Services catalogues and requisite amendments to existing interconnection agreements. Further, the Settlement establishes a process for CLECs to contest the result of the transfer from tariffs to catalogues. The ICA Wholesale Service conditions also place a cap on increases to rates through at least July 1, 2017. Finally, the Settlement also affirms that Commission approval of the Petition would not in any way diminish Frontier’s competitors’ ability to access wholesale services that carriers use in the provision of competing retail services.

14. The Non-ICA Wholesale Services conditions are also in the public interest and “do no harm” in that these conditions also provide a process for an orderly transition of Non-ICA Wholesale Services from tariffs to ICA Wholesale Service catalogues, including establishment of a process for CLECs to contest the result of the transfer from tariffs to catalogues. The Settlement conditions for Non-ICA Wholesale Services not only continue to require Commission approval for rate increases or changes in terms and conditions but also impose a cap on Non-ICA Wholesale Services rates through at least July 1, 2017. These conditions not only affirm Commission authority over these service rates, terms and conditions but provide rate caps that would not otherwise exist absent the Settlement. This not only does not diminish Frontier’s retail competitors’ ability to access wholesale services that some carriers use in the provision of competing retail services but also provides protections through at least July 1, 2017 that would not otherwise exist.

D. Are the Conditions Described Above Consistent with Commission Order 04?

15. The Commission acknowledged that it was concerned with an incumbent carrier’s (e.g. Frontier’s) ability to leverage wholesale market power into retail markets. The Commission explained in Order 04, “Effective competition cannot exist if Frontier has the ability to eliminate or substantially hamper its competitors’ ability to make

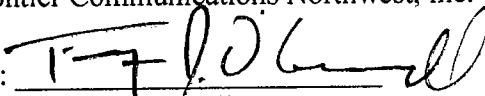
functionally equivalent or substitute services readily available in the relevant market at competitive rates, terms, and conditions.” The conditions described above mitigate CLEC Intervenor’s concerns regarding Frontier’s ability to leverage its dual role in the wholesale and retail markets.

III. CONCLUSION

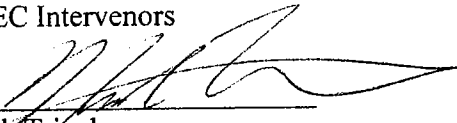
16. The Settlement Agreement is consistent with the public interest and should be expeditiously approved by the Commission.

17. DATED this 25th day of April, 2013.

Frontier Communications Northwest, Inc.

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