

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of Frontier Communications)
Northwest Inc.'s Petition to be Regulated)
as a Competitive Telecommunications) Docket No. UT-121994
Company Pursuant to RCW 80.26.320)
_____)

**TESTIMONY OF JACK D. PHILLIPS
IN SUPPORT OF SETTLEMENT AGREEMENT BETWEEN
FRONTIER COMMUNICATIONS NORTHWEST INC.
AND
U.S. DEPARTMENT OF DEFENSE
AND ALL OTHER FEDERAL EXECUTIVE AGENCIES**

MAY 17, 2013

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Jack D. Phillips. My business address is 14450 Burnhaven Drive,
3 Burnsville, Minnesota 55306.

4
5 **Q. ON WHAT COMPANY'S BEHALF IS THIS TESTIMONY SUBMITTED?**

6 A. This testimony is submitted on behalf of Frontier Communications Northwest Inc.
7 ("Frontier").

8
9 **Q. ARE YOU THE SAME JACK D. PHILLIPS THAT FILED DIRECT**
10 **TESTIMONY, TESTIMONY IN SUPPORT OF THE CLEC SETTLEMENT AND**
11 **REPLY TESTIMONY IN THIS PROCEEDING?**

12 A. Yes.

13
14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. My testimony describes and supports the Settlement Agreement ("Agreement") between
16 Frontier Northwest Inc. ("Frontier") and the U.S. Department of Defense and all other
17 Federal Executive Agencies ("DoD/FEA").

18
19 **Q. PLEASE BRIEFLY DESCRIBE THE HISTORY OF THIS PROCEEDING.**

20 A. On December 21, 2012 Frontier filed a petition ("the Petition") with the Washington
21 Utilities and Transportation Commission ("Commission) to be classified as a competitive
22 provider pursuant to RCW 80.36.320. On January 23, 2013, Frontier filed an amended
23 petition in the proceeding. On February 7, 2013, the DoD/FEA filed a petition to

1 intervene in the proceeding. On February 28, Frontier filed direct testimony in this
2 proceeding. On April 17, CLEC intervenors and Frontier filed a “Settlement of CLEC
3 Issues”. On April 25, Frontier and CLEC intervenors filed testimony in support of the
4 settlement. Also on April 25, the Commission Staff, Public Counsel and DoD/FEA filed
5 Response Testimony. On May 14, Frontier filed Reply Testimony. An agreement was
6 reached between Frontier and DoD/FEA on May 14, 2013. Frontier and DoD/FEA filed
7 a motion seeking leave to file testimony and a narrative in support of the settlement on
8 May 14, which the Commission approved.

9
10 **Q. PLEASE PROVIDE A GENERAL OVERVIEW OF FRONTIER’S**
11 **UNDERSTANDING OF DOD/FEA’S CONCERNS WITH FRONTIER’S**
12 **REQUEST TO BE DESIGNATED AS A COMPETITIVE COMPANY.**

13 A. DoD/FEA is a business customer of Frontier with numerous offices and installations in
14 Frontier’s service area in Washington. DoD/FEA purchases approximately \$160,000 per
15 month in business telecommunications services from Frontier. In the testimony filed in
16 this proceeding, DoD/FEA’s expressed concern on being able to continue to purchase
17 Frontier’s business services “in an efficient manner, at reasonable cost, with the highest
18 service quality and performance.”¹

19
20 **Q. DOES THE SETTLEMENT BETWEEN FRONTIER AND DOD/FEA ADDRESS**
21 **THE CONCERNS OF DOD/FEA?**

22 A. Yes. Under the Agreement, Frontier and DoD/FEA would execute a commercial
23 individual case basis (“ICB”) – type Master Service Arrangement (“MSA”) under which

¹ Response testimony of August H. Ankum,, p. 5, l. 3-5.

1 Frontier would provide certain services in its Washington operating territory to the
2 DoD/FEA for a period of five (5) years at rates, terms and conditions that are to be no
3 higher or less advantageous than now existing and which were capped for the duration of
4 the MSA.

5 **Q. PLEASE SUMMARIZE THE KEY TERMS OF THE AGREEMENT.**

6 A. The Agreement consists of six significant substantive provisions:

- 7 • All of DoD/FEA's entities would be permitted to maintain or order services
8 covered by the MSA.
- 9 • The MSA would include intrastate WUTC regulated business services purchased
10 by DoD/FEA as of July 1, 2013. DoD/FEA would be permitted to continue to
11 move, change, terminate or add services covered by the MSA.
- 12 • The initial rates applicable under the MSA will be capped at the rates contained
13 in Frontier's tariff as of January 1, 2013 or the rates billed to DoD/FEA as of July
14 1, 2013, whichever is lower.
- 15 • The rates, terms and conditions of services provided under the MSA will remain
16 in effect for the five year duration of the Agreement if total annual billings are at
17 least 85% of the retail service billings by Frontier for the year preceding the
18 effective date of the MSA. After notice by Frontier that the annual purchase
19 commitment has not been satisfied, if it remains below the 85% level for one
20 hundred eighty (180) days, Frontier may terminate the MSA or negotiate
21 different rates, terms or conditions for MSA services.

- 1 • The MSA is for a five-year term beginning July 1, 2013 and automatically
2 renews unless either party provides written notice no less than 90 days prior to
3 expiration.
- 4 • If the WUTC does not grant Frontier's Petition to be classified as a competitive
5 telecommunications carrier or declines to classify any of the services covered by
6 the MSA, or Frontier is required to continue to comply with the WAC ICB filing
7 requirements, Frontier will file with the WUTC the MSA as an ICB with a
8 proposed effective date of July 1, 2013.

9
10 **Q. DOES THE SETTLEMENT BETWEEN FRONTIER AND THE CLEC**
11 **INTERVENOR'S ADDRESS THE CONCERNS OF THE PARTIES TO THE**
12 **AGREEMENT?**

13 A. Yes. The Settlement would permit Frontier to detariff business services it provides to
14 DoD/FEA but would provide assurances that services could continue to be purchased by
15 DoD/FEA under the rates terms and conditions contained in Frontier's tariff as of January
16 1, 2013, at the rates actually being billed on July 1, 2013 or at the currently applicable
17 catalogue/price list rates, terms and conditions.

18
19 **Q. HOW IS THE AGREEMENT IN THE PUBLIC INTEREST?**

20 A. The Agreement provides benefits of price stability to one of Frontier's largest customers
21 in Washington, the DoD/FEA. The Agreement provides a level of stability for Frontier in
22 its efforts to retain one of its largest customers thereby positioning Frontier to continue
23 investment in infrastructure that benefits all of Frontier's customers, both retail and

1 wholesale. Also, Frontier would offer the same terms and conditions contained in
2 Agreement to other customers similarly situated to DoD/FEA with respect to volume,
3 complexity and scope of services purchased from Frontier.

4

5 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

6 A. Yes, it does.

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