

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of Frontier Communications) DOCKET UT-121994
Northwest, Inc.'s Petition to be Regulated)
as a Competitive Telecommunications)
Company Pursuant to RCW 80.36.320) SETTLEMENT AGREEMENT
)
)
)
_____)

1 This settlement agreement ("Agreement") is entered into by the parties set forth
below for the purpose of resolving all issues raised in the above docket.

I. PARTIES

2 The parties to this Agreement are Frontier Communications Northwest, Inc.
("Frontier" or "Company"), the Staff of the Washington Utilities and Transportation
Commission ("Staff"), and the Public Counsel Division of the Washington State Attorney
General's Office ("Public Counsel") (collectively, "the Parties").

II. BACKGROUND

3 Frontier is an incumbent local exchange carrier regulated by the Washington Utilities
and Transportation Commission ("Commission"). The Company serves approximately
320,000 access lines in 102 wire centers in Washington. On December 24, 2012, Frontier
filed a Petition for Approval of Minimal Regulation in Accordance With RCW 80.36.320,
which it replaced with an amended filing on January 24, 2013 ("Petition"). In its Petition
Frontier sought classification as a competitive telecommunications company. Frontier
provided notice to its retail and wholesale customers concerning the Petition, and this notice
is detailed in the Company's filing of January 28, 2013.

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The Commission granted the intervention in the proceeding of five telecommunications companies registered with the Commission as competitive local exchange companies (“CLECs”) and of the United States Department of Defense and All Other Federal Executive Agencies (“DoD/FEA”). Frontier entered into a settlement with the CLECs, which was filed April 25, 2013 (“CLEC Settlement”), and Frontier and DoD/FEA filed a settlement May 14, 2013. Staff and Public Counsel do not oppose the settlements that Frontier entered into with the CLECs or with DoD/FEA.

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In its Petition, Frontier requests competitive classification of the entire company under RCW 80.36.320, which would have the effect, if granted, of moving all of the Company’s services from tariffs on file with the Commission to price catalogs or price lists maintained by Frontier. While the Parties have not agreed to competitive classification of the Company under RCW 80.36.320, Staff and Public Counsel do recognize that Frontier faces competitive pressures for some services in parts of its service territory. Accordingly, the Parties have crafted this Agreement to address those pressures under alternative statutory authority.

6

Frontier currently has seven tariffs on file in Washington: WN U-16 Facilities for Intrastate Access (“Intrastate Access Tariff”), which contains intrastate switched access and special access services; WN U-17 General and Local Exchange Tariff (“Local Exchange Tariff”), which contains local residential and business services; WN U-18 Network Interconnection Access Service; WN U-20 Collocation Service; WN U-21 Unbundled Networks Elements; WN U-22 Resale Local Exchange Services; and WN U-23 Advanced Data Services (“ADS Tariff”). This Agreement addresses the services in all seven tariffs and discusses the services generally in order of the tariff number.

7 The Parties reached an agreement in principle and informed the Commission of their settlement on May 21, 2013 (“Settlement Date”). The settlement is memorialized in this Agreement.

III. AGREEMENT

8 The Parties have reached agreement on the issues raised in the above docket and present their settlement for the Commission’s consideration and approval. The Parties therefore adopt the following Agreement, which the Parties enter into voluntarily, to resolve the matters in dispute between them and to expedite the orderly disposition of this proceeding.

A. INTRASTATE ACCESS

9 Frontier agrees to continue to offer existing intrastate switched access services and intrastate special access services from its Intrastate Access Tariff as further discussed below.

1. Switched Access

10 Frontier commits to retaining its Intrastate Access Tariff on file with the Commission at least until the review of the Federal Communications Commission’s ICC transformation order (“Transformation Order”) with respect to intrastate switched access charges, which currently is pending in the Tenth Circuit of the U.S. Court of Appeals under cause no. 11-9900, is resolved. “Resolved” means that no further appeals may be taken with respect to the issue of intrastate switched access charges. Within 60 days after the review of the Transformation Order is Resolved, Frontier will file with the Commission a proposal concerning its intrastate switched access charges that is consistent with the resolution of the review of the Transformation Order.

2. Special Access

11 Frontier agrees to continue to offer the intrastate special access services contained in the Intrastate Access Tariff from the Intrastate Access Tariff on file with the Commission. The Parties agree that Frontier may revise the Intrastate Access Tariff by filing banded rates in accordance with RCW 80.36.340. The Parties further agree to the following with respect to the rate band in the Intrastate Access Tariff for intrastate special access services:

- a. The minimum rates may be set at 10 percent below Frontier's existing tariffed rates, and any filing proposing to decrease rates below the rates in effect as of the Settlement Date must be accompanied by a Frontier TSLRIC cost study showing that the proposed rates are above cost.
- b. The maximum rate is capped at Frontier's interstate special access rate for the same service.
- c. Frontier may implement rate changes within the rate bands upon 10 days' notice to the Commission and subscribers.

12 Nothing in this Agreement will prevent wholesale customers from purchasing special access services out of the Intrastate Access Tariff.

B. LOCAL EXCHANGE SERVICES

13 The Parties agree to competitive classification under RCW 80.36.330 for the services Frontier offers in its Local Exchange Tariff and that the services may be withdrawn from the Local Exchange Tariff, with the following exceptions:

1. basic stand-alone residential service;
2. basic stand-alone business service for customers subscribing to one to three lines ("small business service"); and
3. services contained in Appendix A, a "redlined" version of the Local Exchange Tariff, that are not marked with strikeouts.¹

¹ Due to its voluminous nature, Appendix A has been provided in electronic form only.

14 Frontier agrees to offer those services it withdraws from the Local Exchange Tariff in the Local Exchange Service Catalog², which Frontier will maintain on its website.

15 Frontier further commits to continuing to offer each service that it moves from its Local Exchange Tariff into the catalog on a stand-alone basis, and to price bundles of any of these services at a price that does not exceed the sum of the stand-alone rates for the same services. If Frontier seeks to discontinue any of the services moved into the Local Exchange Service Catalog to existing customers subscribing to the service on a stand-alone basis, it will file a petition for approval with the Commission. Furthermore, Frontier agrees to continue serving as a carrier of last resort with respect to those services it moves from the Local Exchange Tariff into the Local Exchange Service Catalog.

16 The Parties agree that Frontier will file banded rates, in accordance with RCW 80.36.340, for its basic stand-alone residential service and its basic stand-alone small business service. Frontier may implement rate changes within the rate bands upon 10 days' notice to the Commission and to subscribers, but the Company commits to not increase rates for basic residential or small business services before October 1, 2013.

17 Any filing proposing to decrease rates below the rates in existence as of the Settlement Date must be accompanied by a Frontier TSLRIC cost study showing that the proposed rates are above cost. Finally, with respect to basic stand-alone residential and small business services, Frontier will continue to apply a statewide rate with no wire center deaveraging; and this commitment extends to calling features.

² Throughout this Agreement the term "catalog" is used, and the term "catalog" is intended to be synonymous with price catalog or price list.

18 Frontier commits to filing revisions to the Local Exchange Tariff no later than September 1, 2013, removing those services that will be offered in the Local Exchange Service Catalog and setting in place banded rates.

1. Basic Stand-Alone Residential Service

19 The Parties agree that the basic residential stand-alone service rate band will be set in Frontier's Local Exchange Tariff at \$2 above and \$4 below the existing rates of \$16.90 for flat rated service and \$11.15 for basic measured service. In addition, the Parties agree that, beginning October 1, 2013, Frontier can increase these rates no more than \$1 in any 12-month period, except that no increase shall exceed the rate band maximum. Lifeline and WTAP customers, however, will not be affected by any basic residential service rate increase.

2. Basic Stand-Alone Small Business Service

20 The Parties agree that the basic stand-alone small business service rate band (for customers with one to three lines) will be set in Frontier's Local Exchange Tariff at \$3 above and \$5 below the existing rates of \$33.60 for flat rated service and \$21.60 for basic measured service. In addition, the Parties agree that, beginning October 1, 2013, Frontier can increase these rates no more than \$2 in any 12-month period, except that no increase shall exceed the rate band maximum.

C. WHOLESALE SERVICES

21 The Parties agree that Frontier may withdraw the following tariffs and offer the services in these tariffs via a price catalog or price list published on Frontier's website:

- WN U-18 Network Interconnection Access Service
- WN U-20 Collocation Service
- WN U-21 Unbundled Networks Elements

- WN U-22 Resale Local Exchange Services

22 Frontier commits to continuing to meet its wholesale obligations under the Telecommunications Act of 1996 (the Act), but this Agreement does not otherwise address the Commission's authority to regulate Frontier's wholesale obligations under the Act.

23 This Agreement does not change the terms or diminish any of the protections of the CLEC Settlement Frontier entered into with the CLEC Intervenors, which was filed in this docket on April 25, 2013, except that Frontier and the Joint CLECs will concurrently file an amendment to the CLEC Settlement that modifies paragraph 14 to explain that the CLEC Settlement will apply if the Commission approves this Agreement among Frontier, Staff and Public Counsel.

24 The Parties agree that Frontier may move services it offers in its ADS Tariff to an Advanced Data Services Catalog, which Frontier will maintain on its website. Frontier agrees to continue to offer those services it withdraws from the ADS Tariff, and Frontier commits to allow existing customers purchasing services from the ADS Tariff to continue to purchase those existing services at the rates in effect on the Settlement Date.

25 If Frontier seeks to discontinue any of the services moved into the Advanced Data Services Catalog to existing customers subscribing to the services, it will file a petition for approval with the Commission.

D. DSL

26 Frontier commits to continue to offer stand-alone DSL or another comparable broadband service to residential and small business end user customers where DSL is provided by Frontier. Frontier may petition the Commission to terminate this commitment on or after December 31, 2015. In the event Frontier does not petition to terminate this

commitment or the Commission has not acted on the petition, this commitment will expire on December 31, 2016.

E. WAIVERS

27 The Parties agree that it is appropriate to waive certain regulatory requirements for Frontier pursuant to RCW 80.36.330(2). Appendix B, which Staff introduced in its responsive testimony as William Weinman's Exhibit No. __ (WHW-2), lists regulatory requirements and recommendations with respect to waiver of the listed requirements. The Parties agree to the recommendations for waiver or retention of regulatory requirements contained in Appendix B.

28 In the event of a conflict between the provisions for waiver of regulatory requirements in this Agreement and Order 06, issued April 16, 2010, in Docket UT-090842, which authorized Frontier's acquisition of Verizon Northwest, Inc. (Acquisition Order), the Acquisition Order controls.

F. EFFECTIVE DATE AND PRESERVATION OF SETTLEMENT TERMS

29 This Agreement will be effective upon approval by the Commission and will terminate upon a Commission decision approving the modification or termination of the Agreement.

30 The Company agrees not to request any modification of the terms of this Agreement that would take effect before December 31, 2015.

G. NOTICE

31 If the Commission approves this Agreement Frontier shall notify its end user customers via a bill message of the settlement terms in this Agreement and generally

describe the impact of the Agreement. Frontier will work with Staff and Public Counsel to develop mutually agreeable language to be included in the notice.

IV. GENERAL PROVISIONS

32 The Parties agree that this Agreement is in the public interest. The Parties further agree that this Agreement reflects the settlement of all contested issues between them in this proceeding. The Parties understand that this Agreement is not binding unless and until accepted by the Commission. If the Commission does not accept this Agreement, including all of its terms and conditions without change, then the Parties shall be free to assert their pre-settlement positions and agree that neither this Agreement nor any statements or admissions contained herein shall be admissible or used for any purpose in this docket or any other proceeding for any purpose.

33 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties agree to support adoption of this Agreement in proceedings before the Commission. No party to this Agreement or its agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Agreement.

34 The Parties agree (1) to provide each other the right to review in advance of publication any and all announcements or news releases that the other party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Staff's recommendation to approve the settlement is not binding on the Commission itself.

35 Nothing in this Agreement shall limit or bar any other entity from pursuing legal remedies against Frontier or Frontier's ability to assert defenses to such claims.

36 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty, and delay. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission order fully adopting those terms. This Agreement shall not be construed against either party because it was a drafter of this Agreement.

37 By executing this Agreement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Agreement, nor shall any Party be deemed to have agreed that any provision of this Agreement is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in the Agreement.

38 The Parties have negotiated this Agreement as an integrated document to be effective upon execution. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.

39 The Parties may execute this Agreement in counterparts and as executed shall constitute one agreement. A signed signature page sent by facsimile or email is as effective as an original document.

40 The Parties shall take all actions necessary as appropriate to carry out this Agreement.

In the event that the Commission rejects all or any portion of this Agreement, or accepts the settlement upon conditions not proposed in this Agreement, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. Written notice must be served within 10 business days of the Order rejecting part or all of this Agreement or imposing conditions not proposed in this Agreement. In such event, neither party will be bound or prejudiced by the terms of this Agreement, and the Parties agree to request the prompt reconvening of a prehearing conference and to cooperate in developing a procedural schedule.

**FRONTIER COMMUNICATIONS
NORTHWEST, INC.**



KEN MASON
Vice President Government & Regulatory Affairs

Dated: May 21, 2013.

ROBERT W. FERGUSON
Attorney General

PUBLIC COUNSEL

SIMON FFITCH
Senior Assistant Attorney General

Dated: _____, 2013.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

JENNIFER CAMERON-RULKOWSKI
Assistant Attorney General
Counsel for the Washington Utilities and
Transportation Commission

Dated: _____, 2013.

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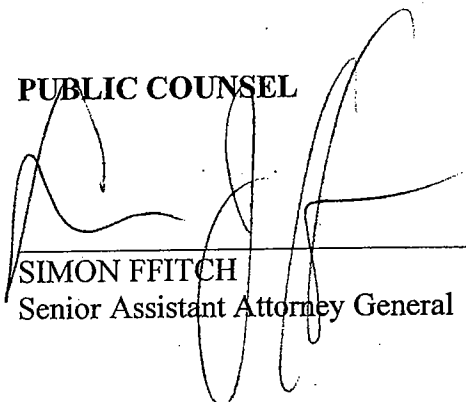
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KEN MASON
Vice President Government & Regulatory Affairs

Dated: _____, 2013.

ROBERT W. FERGUSON
Attorney General

PUBLIC COUNSEL



SIMON FFITCH
Senior Assistant Attorney General

Dated: May 21, 2013.

**WASHINGTON UTILITIES AND
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JENNIFER CAMERON-RULKOWSKI
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KEN MASON
Vice President Government & Regulatory Affairs

Dated: _____, 2013.

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Dated: _____, 2013.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

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Dated: *May 21*, 2013.