

Exhibit No. ___ (WHW-3T)
Docket UT-121994
Witness: William H. Weinman

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**In the Matter of Frontier
Communications Northwest, Inc.'s
Petition to be Regulated as a Competitive
Telecommunications Company Pursuant
to RCW 80.36.320**

DOCKET UT-121994

**TESTIMONY OF
WILLIAM H. WEINMAN
IN
SUPPORT OF SETTLEMENT**

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

May 23, 2013

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I. INTRODUCTION

Q. Please state your name and business address.

A. My name is William H. Weinman. My business address is 1300 S. Evergreen Park Drive S.W., P.O. Box 47250, Olympia, WA 98504.

Q. Are you the same Mr. Weinman who provided testimony in the matter on April 25, 2013, on behalf of the Staff of the Washington Utilities and Transportation Commission (Staff)?

A. Yes.

II. SCOPE AND SUMMARY OF TESTIMONY

Q. What is the purpose of your testimony in this proceeding?

A. My testimony describes and supports the settlement agreement reached among Staff, the Public Counsel Division of the Washington State Attorney General's Office (Public Counsel), and Frontier Communications Northwest, Inc. ("Frontier" or "Company") (together the "Settling Parties") on May 21, 2013 (Settlement). This Settlement along with the settlement agreement between Frontier and the Competitive Local Exchange Carriers (CLECs) that intervened in this proceeding (CLEC Settlement) resolve all disputed issues between Staff and the Company.

1 **III. DISCUSSION OF STAFF'S SETTLEMENT ISSUES**

2

3 **Q. In your prefiled direct testimony, did you recommend that the Washington**
4 **Utilities and Transportation Commission (Commission) deny the Company's**
5 **Petition to Be Regulated as a Competitive Telecommunications Company**
6 **Pursuant to RCW 80.36.320 (Petition)?**

7 A. Yes. Staff disputed that Frontier should be granted competitive classification under
8 RCW 80.36.320 but concluded that its analysis supported competitive classification
9 for some retail services under RCW 80.36.330.

10 Specifically, Staff found that Frontier's local stand-alone residential services
11 are not subject to effective competition in every wire center in Frontier's service
12 territory. Moreover, Staff's analysis indicated that effective competition was not
13 present for local stand-alone business services typically provided to small business
14 customers. With regard to local exchange services provided to medium-sized and
15 large business customers, however, Staff found that these services met the "effective
16 competition" standard and, therefore, it would be in the public interest to allow those
17 services to be removed from the Company's WN U-17, General and Local Exchange
18 tariff.

19 Staff also had concerns regarding the Company's desire to remove intrastate
20 switched access services and intrastate special access services from tariff. With
21 respect to intrastate switched access services, Staff was concerned that if Frontier's
22 Petition were granted and if the Federal Communications Commission's ICC
23 transformation order, which currently is on appeal in the Tenth Circuit of the U.S

1 Court of Appeals under cause no. 11-9900, were to be overturned, there would be
2 insufficient regulatory oversight over Frontier's intrastate switched access charges.
3 As to intrastate special access services, Staff did not believe that Frontier had
4 demonstrated that there was effective competition in the provision of retail intrastate
5 special access services.

6
7 **Q. Does the Settlement address Staff's concerns with Frontier's Petition?**

8 A. Yes, it does. In general, the Settlement allows Frontier to remove from tariff those
9 services that Staff's analysis showed are subject to effective competition and to
10 retain in tariff those services that, under Staff's analysis, Frontier had not
11 demonstrated were subject to effective competition. In addition, the Settlement
12 provides important protections for customers of services that the Settling Parties
13 have agreed Frontier can offer via price catalog in the future. Furthermore, the
14 Settlement satisfactorily addresses the intrastate access charge issues that Staff
15 identified. Finally, the Settlement provides additional relief to Frontier in the form
16 of banded rates, which the Commission can authorize under RCW 80.36.340 and
17 WAC 480-80-112. Staff believes that banded rates can assist the Company in
18 responding to competitive pressures that may not meet the standard of "effective
19 competition" but do factor into the line loss that Frontier has documented.

1 **Q. Do you believe that the banded rates proposed in the Settlement for local**
2 **exchange services present a risk that the Company will over earn?**

3 A. I believe it is unlikely that Frontier will earn an excessive return even if it
4 implements the maximum rates in the rate bands proposed in the Settlement. I have
5 undertaken a cursory review of the Company's earnings based upon adjusted results
6 of operations reported to the Commission for the year ended December 31, 2012.
7 The results of operations adjustments include an imputation of yellow page revenues
8 and Staff's pro forma calculation of the local revenues for one-party business and
9 residential band increases. The results of this analysis indicate that the Company will
10 not over earn under this Settlement.

11
12 **Q. Are there any other terms of the Settlement that you wish to discuss?**

13 A. Yes. I would like to touch on the protections in the Settlement for Lifeline and for
14 Washington Telephone Assistance Program (WTAP) customers, and also I would
15 like to address the Settlement's provisions for waiver of certain regulatory
16 requirements.

17 With regard to Lifeline and WTAP, Frontier has committed not to increase its
18 local service rates for Lifeline and WTAP customers. Furthermore, in the event that
19 the Company raises stand-alone basic local rates for residential customers, the
20 Company will not seek additional funding from WTAP to maintain the
21 Lifeline/WTAP rate.

22 With regard to waiver of certain regulatory requirements, Appendix B of the
23 Settlement lists the rules in WAC 480-121-063 that may be waived by the

1 Commission for competitively classified telecommunications companies. The
2 Settling Parties agree to accept the waiver recommendation in my prefiled testimony
3 dated April 25, 2013. The Settlement recognizes there is a need to move services out
4 of the Company's tariff to price catalogs because of the impact of competition in the
5 industry in general and specifically on Frontier. The granting of these waivers will
6 move the Company towards a reporting structure that is more on par with CLEC
7 reporting requirements and will appropriately reduce the regulatory burden on
8 Frontier.

9
10 **IV. CONCLUSION**

11
12 **Q. What is Staff's recommendation?**

13 A. The Settlement resolves all the issues and concerns Staff expressed in its prefiled
14 testimony, and Staff recommends that the Commission approve the Settlement.

15
16 **Q. Does this conclude your testimony?**

17 A. Yes.