

**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) Docket No. UT-190574
Order Declining to Assert Jurisdiction Over, or,)
in the Alternative, Approving the Transfer of)
Control of Frontier Communications Northwest)
Inc. to Northwest Fiber, LLC.)

**DIRECT TESTIMONY OF ALLISON M. ELLIS
ON BEHALF OF FRONTIER
COMMUNICATIONS CORPORATION
AND FRONTIER COMMUNICATIONS ILEC
HOLDINGS LLC**

July 31, 2019

Introduction

1 **Q. Please state your name, title and business address.**

2 A. My name is Allison M. Ellis. I am Senior Vice President for Frontier Communications
3 Corporation. My business address is 3833 S. Alston Avenue, Durham, North Carolina,
4 27713.

5
6 **Q. Please describe your educational and professional background.**

7 A. I have a Juris Doctor degree from Loyola University Chicago School of Law and a
8 Bachelor of Arts degree in political science from the University of Florida. I have 20
9 years of experience in the telecommunications industry working in private practice, for
10 telecommunications providers, and for a telecommunications equipment manufacturer. I
11 joined Frontier in 2010 and have held positions of increasing responsibility at Frontier in
12 both the legal and regulatory functions.

13

14 **Q. Please describe your current duties for Frontier.**

15 A. I was named Senior Vice President, Regulatory Affairs for Frontier Communications
16 Corporation in May 2016. I am responsible for representing Frontier and overseeing
17 regulatory and governmental affairs in the States of Washington, Oregon, Idaho,
18 Montana, Alabama, Arizona, California, Connecticut, Florida, Georgia, Mississippi,
19 Nebraska, Nevada, New Mexico, North Carolina, Pennsylvania, South Carolina, Texas,
20 Utah and West Virginia. In addition, I am responsible for Frontier's regulatory
21 compliance function.

1 **Q. On whose behalf are you offering testimony?**

2 A. My testimony is offered on behalf of Frontier Communications Corporation (“Frontier
3 Parent”) and Frontier Communications ILEC Holdings LLC (“Frontier ILEC Holdings”)
4 (collectively “Frontier”), applicants in this proceeding who, along with Northwest Fiber,
5 LLC (“Northwest Fiber”), support the Joint Application that is the subject of this docket
6 before the Washington Utilities and Transportation Commission (“Commission”).
7 Frontier ILEC Holdings is the direct parent company of Frontier Communications
8 Northwest Inc. (“Frontier Northwest”), the regulated incumbent local exchange carrier
9 (“ILEC”) that provides telephone and other services in Washington. As the ILEC,
10 Frontier Northwest serves approximately 155,000 voice access lines in a total of 79
11 Washington exchanges. The Joint Application describes the proposed transaction that
12 would, among other things, result in the transfer of control of Frontier Northwest in its
13 entirety to Northwest Fiber (the “Transaction”). At the close of the Transaction, Frontier
14 Northwest would be owned and operated by Northwest Fiber and would continue to
15 provide the telephone and other services it provides today.

16

17 **Q. Please describe the purpose of and summarize your testimony.**

18 A. My testimony describes the mechanics of the Transaction between Frontier and
19 Northwest Fiber and explains that the Transaction is in the public interest because it
20 causes no harm to consumers and instead will result in tangible benefits. The
21 Commission should expeditiously approve the Transaction, so Washington consumers

1 can begin to receive the benefits of Northwest Fiber’s plans to enhance and improve
2 broadband and other services in the state.

3 As I discuss in more detail below, the essence of the Transaction for Washington
4 is that control of Frontier Northwest will be transferred in its entirety from Frontier to
5 Northwest Fiber. After the transfer, Frontier Northwest will have the same tariffs and
6 price lists and will offer substantially the same regulated retail and wholesale services
7 under the same rates, terms, and conditions that are offered at the time of Closing.
8 Moreover, post-Closing Northwest Fiber will use replicated back-office support and
9 network systems used by Frontier Northwest prior to Closing. Approximately 600
10 existing Frontier employees in Washington with the hands-on experience, subject matter
11 expertise and customer support experience needed to ensure services continue without
12 interruption will transfer to Northwest Fiber and use these systems to offer continuous
13 uninterrupted service to Washington consumers. These 600 Washington-based employees
14 will be supported by approximately 400 additional Frontier employees in the Pacific
15 Northwest region who are also transferring to Northwest Fiber.

16 Frontier and Northwest Fiber have entered into a Purchase Agreement and
17 Transition Services Agreement (“TSA”) which set forth, among other things, an
18 operational support systems/billing support systems (“OSS/BSS”) transition and stand up
19 plan that is designed to ensure that Northwest Fiber will assume control of a fully
20 replicated and functioning OSS/BSS with all of the functionality currently provided to
21 existing retail and wholesale telecommunications customers. As detailed in the Purchase
22 Agreement, Frontier will replicate and stand up a parallel OSS/BSS to facilitate the

1 transfer, and will run Frontier Northwest's network on that OSS/BSS prior to Closing and
2 then transfer that replicated OSS/BSS to Northwest Fiber at Closing. Further, OSS/BSS
3 replication and stand up prior to Closing is a Closing condition of the Transaction which
4 will ensure that the replicated system is fully operational at Closing to minimize customer
5 service issues.

6 In addition, Frontier has agreed to the process of a "knowledge transfer" whereby
7 Frontier and its personnel will work closely with Northwest Fiber team to share
8 information about the Company's processes and systems so that Northwest Fiber will be
9 well-positioned to operate the business on day one following Closing. This knowledge
10 transfer process began shortly after the announcement of the Transaction and will
11 continue to Closing. Under the TSA, for most services, the parties have identified a
12 period of 12 months following the Closing during which Frontier will provide the
13 identified transition services. However, Northwest Fiber may discontinue certain
14 services after six months and has the ability to extend the period of transition services for
15 up to three years if it determines it is necessary to their successful operation of Frontier
16 Northwest. Consequently, Northwest Fiber will be able to ensure continuity of systems
17 and services to existing retail and wholesale telecommunications customers, minimizing
18 customer service issues following the Closing.

19 Also, as I explain in more detail below and Mr. Steve Weed, Chairman of the
20 Board of Directors of Northwest Fiber explains in his accompanying testimony,
21 Washington consumers in the service areas to be acquired will become a key focus of
22 investment by Northwest Fiber. Upon Closing, Northwest Fiber will begin to implement

1 its business plan to substantially upgrade Frontier Northwest's network to enable Frontier
2 Northwest to improve customer service and offer faster broadband speeds.

3
4 **Q. Please describe Frontier Communications' operations.**

5 A. Frontier, a publicly traded corporation, is a leading provider of communications services
6 to urban, suburban and rural communities, currently in 29 states.¹ As a full-service
7 wireline communications provider, through its wholly owned operating companies,²
8 Frontier provides a wide array of communications and broadband services over its fiber
9 optic and copper networks, including local and long-distance voice, broadband data and
10 video. In addition to residential services, Frontier offers communications solutions to
11 small, medium and enterprise businesses. Frontier serves approximately 4.5 million
12 customers and has 3.7 million broadband subscribers across its 29 states.

13
14 **Summary of the Transaction**

15 **Q. Please provide an overview of the proposed transaction between Frontier and**
16 **Northwest Fiber.**

17 A. On May 28, 2019, Frontier Parent, its wholly-owned direct subsidiary and Frontier ILEC
18 Holdings and Northwest Fiber entered into a Purchase Agreement (the "Purchase

¹ Frontier's current service territories 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.

² Frontier operates more than fifty (50) different ILEC entities across its service territory.

1 Agreement”)³ under which Northwest Fiber will acquire all of the issued and outstanding
2 equity interests⁴ of Frontier Northwest, Citizens Telecommunications Company of
3 Oregon (“Frontier Oregon”), Citizens Telecommunications Company of Idaho (“Frontier
4 Idaho”), and Citizens Telecommunications Company of Montana (“Frontier Montana”)
5 (collectively “the Transferring Companies”) in an all-cash transaction valued at
6 approximately \$1.352 billion.⁵

7 All of the network and assets owned and used by Frontier to support and provide
8 services to its customers in the four states will be transferred to Northwest Fiber. Upon
9 completion of the transaction, the Transferring Companies, with their local exchange,
10 broadband and video subscribers, will become wholly owned direct subsidiaries of
11 Northwest Fiber.

12 The Transaction also covers the transfer to Northwest Fiber of certain
13 interexchange customer relationships held by Frontier Communications of America, Inc.
14 (“Frontier America”) and Frontier Communications Online and Long Distance Inc.
15 (“Frontier LD”), which are competitively classified resellers of interexchange service in
16 Washington. However, the Transaction does not involve the transfer of these entities or
17 the licenses of these entities, which entities will continue to provide intrastate

³ The Purchase Agreement was attached to the Joint Application as Exhibit 1. On the same date, as part of the Purchase Agreement, Frontier and Northwest Fiber entered into a Transition Services Agreement, (the “TSA”) which is submitted herewith as Confidential Exhibit __: AE-2.

⁴ In conjunction with the proposed transaction, each of the Transferring Companies will be converted into Delaware limited liability companies.

⁵ Frontier Idaho provides intrastate services in Idaho, Frontier Montana provides intrastate services in Montana, Frontier Oregon provides intrastate services in Oregon, and Frontier Northwest provides intrastate service in Idaho, Oregon and Washington. Frontier Idaho, Frontier Montana and Frontier Oregon are companies organized under the laws of Delaware, while Frontier Northwest is a corporation organized under the laws of Washington.

1 interexchange services to customers in Washington and other jurisdictions. Certain long-
2 distance voice customers of Frontier's long distance affiliates Frontier Communications
3 of America, Inc. and Frontier Online and Long Distance will be assigned to Northwest
4 Fiber at the Closing. These customers represent primarily originating switched long-
5 distance traffic initiating from the local exchanges in Washington. Frontier and
6 Northwest Fiber will comply with the provisions regarding the transfer of customers set
7 forth in WAC 480-120-147(7) as well as any applicable federal anti-slamming
8 requirements.⁶ The proposed transaction thus will result in the transfer of ownership of
9 the Transferring Companies and their incumbent local exchange, broadband and video
10 businesses in the Territory, as well as certain related long-distance customer relationships
11 in these areas, from Frontier to Northwest Fiber.

12
13 **Q. Is Frontier Only Selling the Operations it acquired from Verizon in 2010?**

14 A. No. In 2010, Frontier acquired operations from Verizon Communications, Inc.
15 ("Verizon") in fourteen states, including Washington, Oregon and Idaho. More
16 specifically, Frontier acquired Frontier Northwest, which had assets and operations in
17 Washington, Oregon and Idaho. Prior to the Verizon transaction in 2010, Frontier owned
18 three other ILEC entities that operated in Oregon, Idaho and Montana that are also being
19 transferred as part of this Transaction.⁷

⁶ The Applicants will comply with any applicable anti-slamming requirements in the Federal Communications Commission's rules that arise from the transaction. *See* 47 C.F.R. § 64.1100 *et seq.*

⁷ These companies are Citizens Telecommunications Company of Oregon, Citizens Telecommunications Company of Idaho and Citizens Telecommunications Company of Montana.

1 **Q. Why did Frontier decide to transfer its operations in Washington and other states to**
2 **Northwest Fiber?**

3 A. Several months ago, Northwest Fiber approached Frontier and expressed interest in
4 acquiring the Frontier operations in the Northwest. The states are: Washington, Oregon,
5 Montana and Idaho. In late May, the parties reached agreement to transfer Frontier's
6 entire ILEC operations and certain long distance customers to Northwest Fiber in these
7 four states. The proposed Transaction will allow Frontier to focus on its operations in its
8 remaining twenty-five (25) states and will enable Frontier to reduce debt and strengthen
9 its liquidity going forward. Frontier currently has in excess of \$16 billion in debt and
10 outstanding debt payments in excess of \$2 billion due over the next three years.⁸ As Mr.
11 Weed explains in his testimony, time is of the essence. The sooner that we can close this
12 transaction the sooner Northwest Fiber can begin to execute its investment plan for
13 Washington. Furthermore, this transaction will be a good one for customers. Northwest
14 Fiber's ownership and leadership team have extensive experience building and operating
15 advanced fiber-based communications assets in the region as well as in providing high-
16 quality telecommunications, broadband and video services. They will be better
17 positioned to leverage these network assets and create new value for customers in
18 Washington.

19
20
21

⁸ As a result of this substantial debt and the upcoming maturities in 2022, the three credit rating agencies, Fitch, S&P and Moody's, have recently downgraded Frontier's long term debt.

1 **The Public Interest**

2 **Q. Should the Commission assert jurisdiction over this Transaction?**

3 A. No. As set forth in the Joint Application, Frontier and Northwest Fiber respectfully
4 request that the Commission decline to assert jurisdiction over the transfer of control of
5 Frontier Northwest, because the “Transfer of Property” statutes in Chapter 80.12 RCW
6 (and the rules implementing those statutes in Chapter 480-143 WAC) are inapplicable
7 where, as is the case here, neither buyer nor seller are a “public service company.”

8 Chapter 80.12.020 RCW provides:

9 *No **public service company shall** sell, lease, assign or otherwise dispose*
10 *of the whole or any part of its franchises, properties or facilities*
11 *whatsoever, which are necessary or useful in the performance of its duties*
12 *to the public, and **no public service company shall**, by any means*
13 *whatsoever, directly or indirectly, merge or consolidate any of its*
14 *franchises, properties or facilities with any other public service company,*
15 *without having secured from the commission an order authorizing it so to*
16 *do.*

17 Here, there is no public service company that is selling, assigning, or disposing its
18 properties, franchises or facilities. The sellers in this case are Frontier and its non-
19 operating subsidiary Frontier ILEC Holdings. Neither is a public service company.

20 Accordingly, the Commission should find that RCW 80.12.020 does not apply.

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

23 Chapter 80.12.040 RCW provides, in relevant part:

24 *No **public service company shall**, directly or indirectly, purchase,*
25 *acquire, or become the owner of any of the franchises, properties,*
26 *facilities, capital stocks or bonds of any other public service company*
27 *unless authorized so to do by the commission. ... Any contract **by any***
28 ***public service company** for the purchase, acquisition, assignment or*

1 *transfer to it of any of the stocks or other securities of any other public*
2 *service company, directly or indirectly, without the approval of the*
3 *commission shall be void and of no effect.*

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

8
9 **Q. What is the standard the Commission applies to consider telecommunications**
10 **transactions in Washington should it decide to assert jurisdiction over the**
11 **Transaction?**

12 A. My understanding is that when the Commission approved Frontier’s purchase of Frontier
13 Northwest from Verizon in 2010 in Docket UT 090842, the Commission applied a “no
14 harm” standard. The Washington legislature confirmed application of the “no harm”
15 standard to telecommunications transactions when it passed legislation during the 2009
16 session to apply a more stringent standard that requires a finding of a “net benefit to
17 customers” for transactions of gas or electrical companies but *not* telecommunications
18 companies.⁹ While the transaction clearly satisfies the Commission’s “no harm”
19 standard, as more fully discussed herein, it will also provide substantial public benefits to
20 customers in Washington, far exceeding that standard.

21

⁹ See Substitute Senate Bill 5055, Chapter 24, Laws of 2009.

1 **Q. Please summarize why the Transaction is in the public interest and should be**
2 **approved by the Commission.**

3 A. The most important reason is the buyer, Northwest Fiber. Northwest Fiber has a plan to
4 infuse Frontier Northwest with capital and to substantially upgrade Frontier Northwest's
5 network to enable Frontier Northwest to improve customer service and offer faster
6 broadband speeds, in many instances up to 1 Gigabit per second (Gbps) or more, to both
7 residential and commercial customers. As discussed fully by Mr. Weed in his testimony,
8 the Northwest Fiber leadership team are respected operators of broadband and
9 telecommunications companies in the region and will be a locally owned and managed
10 company, with headquarters in Kirkland, Washington. Northwest Fiber plans to invest
11 heavily in Frontier Northwest's facilities by upgrading the core network and extending
12 fiber to thousands of residential and business premises currently served by legacy copper
13 infrastructure. This investment will enable Northwest Fiber to offer faster broadband,
14 improve service, and expand to retail and wholesale customers in the state. The more
15 robust network will ensure that many more retail and business customers see the benefits
16 of broadband speeds of up to 1 Gbps or more, and other enhanced services.

17 In addition to the fiber deployment and core network upgrades described above,
18 Northwest Fiber also plans to make significant capital expenditures to enhance
19 operations, expand service, increase sales and retain existing customers. Further,
20 Northwest Fiber intends to continue Frontier's existing planned investments necessary to
21 maintain full functionality of Frontier Northwest's legacy copper network, while
22 investing to substantially improve customer service. In addition to making Frontier

1 Northwest a stronger competitor that is better able to deliver robust services in these
2 markets, these investments will provide enhanced economic development opportunities
3 and the tangible benefits described above to the communities in which they are made.

4 At the same time as it is investing in cutting edge communications technologies
5 and bringing the benefits they offer to Washington consumers, Northwest Fiber will
6 maintain the full range of traditional residential, business, and related
7 telecommunications services and functionalities currently provided to consumers and
8 businesses in Frontier's Washington service area. This functionality includes, but is not
9 limited to, access to 911, directory assistance, operator services, and consumers' choice
10 of long-distance provider will continue, and eligible low-income consumers will retain
11 access to the federal Lifeline program.

12 Northwest Fiber's local focus and planned investment is in the public interest and
13 will mean the Transaction will bring the benefits of the highest level of engagement and
14 investment in the local communications market and broader state economy to
15 Washington consumers.

16
17 **Q. Before the Transaction is completed, how will Frontier Northwest be managed and**
18 **operated?**

19 A. Frontier Northwest will be managed and operated on a "business as usual" basis and in
20 compliance with all applicable Washington regulation and requirements. As discussed in
21 more detail below, during the period leading up to closing Frontier will also be working
22 with the Northwest Fiber team to transition knowledge and information to enable

1 Northwest Fiber to better understand Frontier's systems and processes to operate the
2 business and provide support to its customers.

3 As explained in more detail by Mr. Weed, for the entire four state region, Frontier
4 has agreed to effectively carve-out the network assets, systems and operations from our
5 existing national network and operations in order to have a stand-alone operation that is
6 up and running and is fully segmented from any aspect of our remaining operations in the
7 U.S. Specifically, the network facilities, operations, and supporting OSS/BSS will be
8 separated from Frontier prior to and at closing.

9
10 **Q. After the Transaction is completed, who will manage Frontier Northwest?**

11 A. As explained in Mr. Weed's testimony, Northwest Fiber will be managed by an
12 experienced group of executives, including Steve Weed, the founder and CEO of Wave
13 Broadband, Harold Zeitz, and Wayne Schattenkerk who served as the President/ COO
14 and CFO, respectively, of Wave Broadband. Collectively, this management team has
15 more than 70 years of combined experience in the communications industry. This team
16 successfully managed the construction, growth and operation of Wave Broadband and led
17 its transformation in to one of the largest broadband companies on the West Coast. This
18 team plays similar roles in Northwest Fiber; Mr. Weed will be the Chairman of
19 Northwest Fiber, Mr. Zeitz will be its CEO, and Mr. Schattenkerk will serve as its CFO.
20 Northwest Fiber is also retaining the existing Frontier employees that are involved in the
21 day-to-day provisioning and maintenance of service to customers of Frontier Northwest
22 today. These 1000 employees across the four states, including approximately 600

1 employees in Washington, will continue to provide support and service before and after
2 the closing and will help ensure the transition is seamless for customers. In addition, the
3 Northwest Fiber management is making strategic additions to its team in preparation of
4 Closing to ensure it is well-positioned to operate Frontier Northwest and provide a
5 superior experience for customers.

6
7 **Q. How does the structure of the proposed transaction impact the provision of services**
8 **by Frontier Northwest?**

9 A. As noted above, Northwest Fiber is purchasing the equity interests in Frontier Northwest,
10 which is the operating legal entity and ILEC providing service in Washington today. The
11 Frontier Northwest legal entity will continue to exist and all existing contractual and
12 regulatory obligations that apply to Frontier Northwest will continue to apply after the
13 Transaction is completed. For example, the customer contracts—both retail and
14 wholesale and including interconnection agreements previously filed with the
15 Commission—to which Frontier Northwest is a party will remain in effect. Customers
16 will continue to receive the same services under the same terms and rates before and after
17 the closing because the same legal entity, albeit with a different owner, will continue to
18 operate in Washington.

19
20 **Q. How will the regulated intrastate retail services that Frontier Northwest provides at**
21 **Closing be affected by the Transaction?**

22 A. Under Northwest Fiber's ownership, Frontier Northwest will have the same tariffs and

1 price lists and will offer substantially the same regulated retail services under the same
2 rates, terms, and conditions that are offered by Frontier Northwest at the time of Closing.
3 As Northwest Fiber will simply be taking over Frontier Northwest's tariffs and price lists,
4 any modifications of its service offerings would be in accordance Washington laws and
5 Commission rules.
6

7 **Q. What effect will this transaction have on Frontier Northwest's wholesale customers?**

8 A. Existing Frontier Northwest interconnection agreements filed with the Commission and
9 commercial wholesale agreements will remain in place without any change in their rates,
10 terms and conditions. For example, Charter Communications, who has intervened in this
11 proceeding, will not experience any change in its business terms or processes with
12 Frontier Northwest. Frontier Northwest and Charter have had an interconnection
13 agreement that Charter adopted in 2007. That interconnection agreement, which is with
14 the Frontier Northwest legal entity that will transfer to Northwest Fiber, will remain in
15 place without any need for assignment, transfer or change upon the closing of the
16 Transaction. In addition, Frontier Northwest's wholesale tariffs in Washington will
17 remain in place. Moreover, wholesale customers will be able to continue to place orders
18 post-Closing using the same systems used by Frontier Northwest prior to Closing.
19

20 **Q. What regulatory authority will the Commission have over Frontier Northwest after**
21 **the Transaction is completed?**

22 A. Upon completion of the Transaction, the Commission will retain the identical regulatory

1 authority over the provision of regulated services by Northwest Fiber that the
2 Commission possessed over Frontier Northwest prior to the consummation of the
3 Transaction. Specifically, on July 22, 2013, the Commission approved, with conditions,
4 a petition submitted by Frontier Northwest, to be regulated as a competitive
5 telecommunications company pursuant to RCW 80.36.320 in Docket No. UT-121994.
6 Northwest Fiber will continue to be subject to the terms of that Order and the
7 Commission's consumer protection requirements and service quality standards set forth
8 in WAC 480-120. Any post-Closing service or price changes will be made in accordance
9 with all applicable laws, rules and Commission orders.

10
11 **Q. Will Northwest Fiber satisfy any remaining broadband build out obligations under**
12 **the FCC's Connect America Fund?**

13 A. Yes. As of June 30, 2019, Frontier has already completed the build out of 13,859 of the
14 19,713 locations (70.30%) in the eligible census blocks in Frontier Northwest's
15 Washington service area with access to 10/1 Mbps broadband service as required under
16 the FCC's CAF II rules. Frontier Northwest will continue with this build out up until
17 closing of the Transaction and intends to meet the FCC's 80% build out milestone by
18 December 31, 2019. Northwest Fiber has agreed in the Purchase Agreement to fulfill any
19 remaining broadband deployment obligations of Frontier Northwest to ensure that by the
20 end of 2020, the network build out of 10/1 Mbps broadband service to 100% of the
21 19,713 locations in Frontier Northwest's service area is completed.

22

1 **Q. Will the proposed transaction have any adverse impact on competition?**

2 A. No. The only Frontier company that provides local exchange service in Washington is
3 Frontier Northwest so there will be no reduction in competitors in any exchange served
4 by Frontier Northwest. Further, as Mr. Weed described and as explained above, Northwest
5 Fiber's plan of investment and deployment of more robust network facilities will provide
6 new or improved service options and increased competitive choice. As a result, the
7 Transaction will enhance competition in Washington.

8

9 **The Transition of Frontier Northwest's Systems to Northwest Fiber**

10 **Q. What systems realignment will Frontier undertake prior to Closing?**

11 A. Frontier utilizes centralized computer systems to run essential aspects of its business
12 across its 29 state footprint, including customer ordering and billing, network monitoring
13 and maintenance, and other customer support functions. The existing systems that are
14 used to provide service in Washington today will be replicated and separated so that they
15 may be transferred to Northwest Fiber as physically separate, but functionally identical
16 systems at Closing.

17

18 **Q. Will there be any overlap between the systems that remain with Frontier and those
19 that serve the areas Northwest Fiber is acquiring?**

20 A. No. Prior to Closing Frontier will replicate all systems, customer records and
21 information necessary to operate Frontier Northwest and the operations being transferred
22 in Oregon, Idaho and Montana for Northwest Fiber. Those systems will be a duplicate of

1 Frontier's existing systems but will be stood up as separate and distinct systems from
2 those that Frontier uses to provide services in the 25 states not part of this Transaction.
3 After Closing, the customer records and information for customers located in Washington
4 will be maintained on the replicated systems transferred to Northwest Fiber, which will
5 be maintained independently from the systems Frontier retains.
6

7 **Q. Will wholesale interconnection and access to OSS/BSS be impacted by the**
8 **transaction?**

9 A. No. Northwest Fiber and Frontier have in place a plan for smooth transition of OSS/BSS
10 systems and operations so that wholesale customers will not experience disruptions in
11 service, ordering, or billing. The same wholesale systems used by Frontier prior to
12 Closing will be used by Northwest Fiber after Closing. Thus, there will not be a flash cut
13 to a new system, and as a result, wholesale customers should not experience disruptions
14 in service. Wholesale customers—including competitors—will be able to continue to
15 process orders in the same manner using the same OSS/BSS arrangements they utilized
16 prior to the change in ownership of Frontier Northwest.
17

18 **Q. How is this transition different from a “cutover” to systems that have been**
19 **specifically developed in response to acquiring the properties?**

20 A. In situations where the wireline assets to be transferred are operated with systems that
21 remain with the transferor, it is often necessary to develop new or substantially modify
22 existing systems and then perform a complex cutover for the acquirer to assume the

1 responsibilities for operating the network using these new or modified systems. This
2 Transaction does not involve an integration of systems or cutover of operations at the
3 time of close. Frontier will replicate and stand up a parallel OSS/BSS to facilitate the
4 transfer, and will run Frontier Northwest's network on that OSS/BSS continuously prior
5 to Closing and then transfer that replicated OSS/BSS to Northwest Fiber. Northwest
6 Fiber will take possession of a tested, functional replication of Frontier's existing systems
7 at Closing with all of the functionality currently provided to existing retail and wholesale
8 telecommunications customers. Northwest Fiber will be using the same systems used by
9 Frontier Northwest prior to Closing, and will have the advantage of employees
10 experienced with those systems that will transfer to Northwest Fiber and continue to
11 operate the business.

12
13 **Q. Is this transaction different from ones where post-transaction problems have**
14 **occurred?**

15 A. Yes, very different. A prior Frontier transaction that has been scrutinized involved post-
16 transition operational problems associated with the use of newly developed systems and
17 the associated cutover to them. In 2016, some customers experienced service impacts
18 resulting from Frontier's purchase of Verizon's operations in California, Texas and
19 Florida and the associated transfer of those customers to Frontier. Unlike Frontier's
20 California, Texas and Florida acquisition, this transaction does not involve an integration
21 of systems or cutover at the time of close. At the time of the close of its acquisition of
22 Verizon operations in California, Texas and Florida, Frontier encountered operational

1 problems with transitioning operational and customer data from Verizon's systems into
2 its own. This transaction is fundamentally different than that one. That transaction
3 involved the complex integration of Verizon's system, network records, and customer
4 information into Frontier's at the time of close. None of those activities will be
5 undertaken in this transaction in Washington as all of the systems used to provide service
6 will be replicated and fully tested prior to close. Moreover, Frontier and Northwest Fiber
7 will closely coordinate throughout this process, and successful testing and operation of
8 these systems is a condition of Closing. Accordingly, none of the issues or opportunity
9 for complications sometimes associated with a cutover/integration process are present
10 here.

11
12 **Q. Is the OSS/BSS transition in this Transaction similar to the OSS/BSS transition in**
13 **the 2010 transaction in which Frontier acquired operations in Washington from**
14 **Verizon?**

15 A. In some ways, yes. In the 2010 transaction with Verizon, the transfer of the Washington
16 operations from Verizon to Frontier did not involve an integration of systems or cutover
17 at the time of close. In conjunction with the close of Frontier's acquisition of Verizon
18 operations in 2010, Verizon had replicated existing OSS/BSS systems for the Washington
19 operations that Frontier continued to utilize after the closing. Frontier utilized Verizon
20 replicated systems following the close of that transaction to provide service and to access
21 customer records, ordering, billing and other support functions. Frontier continued to use
22 the Verizon systems for over a year before cutting customer records and service over to

1 Frontier’s existing OSS/BSS. In this Transaction, because the replicated OSS/BSS will
2 be conveyed to Fiber Northwest at Closing, Northwest Fiber will not need to undertake
3 this type of subsequent cutover as it will be able to continue to utilize the transferred
4 OSS/BSS indefinitely.

5 Another difference from the prior Verizon transactions is that Frontier has agreed
6 to provide Northwest Fiber with both a detailed knowledge transfer of information prior
7 to Closing and transition services after Closing as reflected in The Purchase Agreement,
8 which was attached to the Joint Application as Exhibit 1, and the associated Transition
9 Services Agreement. As an exhibit to the Purchase Agreement, Frontier and Northwest
10 Fiber entered into a Transition Services Agreement (“TSA”), which is submitted herewith
11 as Confidential Exhibit __:AE-2 and provides additional mechanisms to help enable a
12 seamless transition of services for Washington consumers.

13
14 **Q. Explain the other actions Frontier will be taking to assist and help Northwest Fiber**
15 **prepare for the closing of the transaction and running of the operations after**
16 **closing?**

17 A. As an exhibit to the Purchase Agreement, the TSA contains detailed “Knowledge
18 Transfer” provisions. Pursuant to these provisions, starting from the time of execution of
19 the Purchase Agreement (and following closing), Frontier has made and is making
20 available to Northwest Fiber access to certain Frontier employees, documentation and
21 information to enable the Northwest Fiber team to fully understand the operations,
22 systems and processes Frontier Northwest utilizes to provide services to its customers in

1 Washington. Specifically, as identified in the “Knowledge Transfer” section of the TSA,
2 Frontier has agreed to provide the following information, access, materials and training
3 necessary for Northwest Fiber’s employees to continue seamless operations:

- 4 1. Provide reasonable access to Frontier subject matter experts;
- 5 2. Allow for reasonably agreed upon Northwest Fiber representatives to shadow and
6 work with Frontier functional team and resources to gain experience and
7 understanding of systems;
- 8 3. Provide copies of documentation describing processes, procedures and
9 methodologies for the operations of the business;
- 10 4. To the extent any critical relevant information is undocumented, provide
11 reasonable access to persons with relevant knowledge;
- 12 5. Provide copies of training materials used to train employees, customers and other
13 stakeholders on the capabilities and functions of the business;
- 14 6. Provide reasonable access to Frontier’s personnel and resources Frontier utilizes
15 for training and access to Frontier’s knowledge and learning management system;
- 16 7. Provide reasonable access to functional, system, regulatory, network and
17 historical operational / financial performance subject-matter experts;
- 18 8. Provide reasonable access to historical operating, financial, personnel, legal,
19 customer, vendor, contract, pricing, regulatory, data, data extracts, information
20 and historical reports related to the Business;
- 21 9. Provide reporting or data extracted as reasonably requested Northwest Fiber
- 22 10. Provide regular managerial reporting available to management for the business;
- 23 11. Evaluate and assist Northwest Fiber in established vendor relationships to the
24 extent allowed by existing and then-current Frontier contracts;
- 25 12. Provide access to contracts (as permitted by the applicable Frontier contract) used
26 by the business; and
- 27 13. Use reasonable efforts to provide assistance from knowledgeable personnel to
28 assist Northwest Fiber with contract renegotiation, assignment or consent.
29

30 Further, as set forth below, the TSA identifies and enumerates specific subject areas that
31 are included within the scope of the Knowledge Transfer process to assist Northwest
32 Fiber in understanding the processes and procedures in the areas set forth below and
33
34

1 ensure that Northwest Fiber is prepared for its operations of the business:

<i>Assignment</i>
<i>Building Facilities</i>
<i>TSO (Technical Support Operations)</i>
<i>Residential Sales & Services</i>
<i>Consumer Retail Stores</i>
<i>Seller Secure Retail</i>
<i>Engineering Maintenance</i>
<i>Advanced Technical Services</i>
<i>SS7 Data Inquiries</i>
<i>Corporate IT</i>
<i>Internal Services</i>
<i>Product Engineering / Management Commercial</i>
<i>Fleet</i>
<i>Financial Accounting</i>
<i>Revenue Accounting</i>
<i>Payroll Administration & Taxes</i>
<i>Labor Relations & HR Administration</i>
<i>Governmental Affairs Advocacy</i>
<i>Regulatory & Industry Affairs</i>

2
3 The information and process Frontier and Northwest Fiber will utilize to exchange
4 information is summarized on pages 5 to 12 of the TSA. These transition services cover
5 a wide range of operational areas and the Frontier and Northwest Fiber teams have
6 already started the process of exchanging necessary knowledge and information. These
7 transition services are also in addition to the transition support services that Frontier has
8 agreed to provide **after** closing (which I discuss further below).

9
10 **Q. Explain how the provision of TSA services will help ensure a smooth transition for**
11 **Washington customers?**

12 A. As part of the TSA, the parties have agreed that Frontier will provide a full range of

1 transition services to Northwest Fiber following the Closing. Under the parties’ TSA,
 2 Frontier has agreed to provide Northwest Fiber with transition services to support field
 3 operations, repair, dispatch, provisioning, and corporate IT functions. The list of
 4 transition services are listed in their entirety below:

<i>Field Operations Administration</i>
<i>Operator Services</i>
<i>Repair</i>
<i>Dispatch & Dispatch Support – 24/7</i>
<i>Test Board</i>
<i>Residential & SMB Collections</i>
<i>Chat</i>
<i>Consumer Customer Experience</i>
<i>Consumer Offline</i>
<i>Consumer Social Media</i>
<i>Consumer Digital Online Sales</i>
<i>Consumer Brand & Media</i>
<i>Webpage and Internet</i>
<i>Commercial Contact Center, Sales Support and Customer Service</i>
<i>Channel Partners</i>
<i>ASR Provisioning</i>
<i>Carrier Administration</i>
<i>LSR Provisioning</i>
<i>Directory Staff</i>
<i>Carrier Sales, National Enterprise, CPE Sales and Commercial Sales Ops</i>
<i>Marketing—Commercial</i>
<i>Carrier Metrics, Escalations and Project Management</i>
<i>Network Operations</i>
<i>Network Operations Center</i>
<i>Commercial Customer Support Center</i>
<i>Network Operations Support</i>
<i>Network Provisioning and Activation</i>
<i>Network Performance Management</i>
<i>Network Planning and Engineering Services</i>
<i>Centralized Ops Center</i>
<i>Internal Telecom</i>
<i>Backbone</i>

<i>Hosting and Transport</i>
<i>System Architecture</i>
<i>Miscellaneous Network</i>
<i>Corporate IT</i>
<i>Billing Revenue Operations Administration</i>
<i>Remittance Processing</i>
<i>Switch Access Audit</i>
<i>Procurement and Accounts Payable</i>
<i>Commissions</i>
<i>Environmental, Health and Safety</i>
<i>Security</i>
<i>Regulatory Administration</i>
<i>Video Transport Services</i>

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For each transition service Frontier will provide to Northwest Fiber, the agreement summarizes the objective and services to be provided by Frontier started at the Closing. See pages 13 to 79 of the TSA. For most services, the parties have identified a period of 12 months following the Closing during which Frontier will provide the identified transition services. However, Northwest Fiber may discontinue certain services after six months and has the ability to extend the period of transition services for up to three years if it determines it is necessary to their successful operation of Frontier Northwest.

Q. How will the fact that Northwest Fiber is the acquiring company further help ensure a smooth transition?

A. As Mr. Weed explains, Northwest Fiber plans to invest heavily in Frontier Northwest facilities by upgrading the core network and extending fiber to thousands of residential and business premises currently served by legacy copper infrastructure. This investment

1 will enable Northwest Fiber to improve both telephone and broadband service, and
2 expand service options to customers in Washington. Moreover, Northwest Fiber will
3 maintain the full range of traditional residential, business, and related
4 telecommunications services and functionalities currently provided to consumers and
5 businesses in Frontier Northwest's Washington service area.

6 The Northwest Fiber team also has experience with acquiring and transitioning
7 customers. As detailed in the testimony of Mr. Weed Northwest Fiber has a highly
8 successful track record of acquiring, operating, and investing in telecommunications
9 properties. The Northwest Fiber team successfully managed the growth and
10 transformation of Wave Broadband into one of the largest broadband companies on the
11 West Coast. Thus, Northwest Fiber management already knows not only how to
12 successfully run an advanced telecommunications business but also how to ensure a
13 smooth transition for customers.

14 In addition, to causing no harm, the Transaction is in the public interest under the
15 factors considered by the Commission. The transaction will enable Northwest Fiber to
16 invest in the acquired network and improve communications services to over a hundred
17 thousand Washington consumers. Further, Northwest Fiber intends to make investments
18 in additional bandwidth and network capacity that will improve voice, data, and video
19 services in Washington State that would not otherwise be made in the near term.

20
21 **Q. Does this conclude your testimony?**

22 **A. Yes.**