

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application of        )  
Verizon Communications Inc. and                )  
Frontier Communications Corporation         )  
For An Order Declining to Assert            )  
Jurisdiction Over, or, in the Alternative,   )  
Approving the Indirect Transfer of         )  
Control of Verizon Northwest Inc.            )

Docket No. \_\_\_\_\_

**JOINT APPLICATION**

Verizon Communications Inc. (“Verizon”) and Frontier Communications Corporation (“Frontier” or “the Company”) (collectively, “Joint Applicants”) respectfully request that the Commission decline to assert jurisdiction over the indirect transfer of control of Verizon Northwest Inc. (“Verizon Northwest”) from Verizon to Frontier as described in more detail below (the “Transaction”) or, in the alternative, approve this Application under the “Transfer of Property” statute and rules set forth in Chapter 80.12 RCW, Chapter 480-143 WAC and any other authority as may be deemed necessary to effect the Transaction.<sup>1</sup>

*Executive Summary*

1. As discussed in greater detail below, the essence of the Transaction as it relates to Washington is that Verizon Northwest’s incumbent local exchange carrier (ILEC) operations

---

<sup>1</sup> Joint Applicants do not specifically request transfer of the long distance customers described herein because they are currently served by Verizon Long Distance, LLC and Verizon Enterprise Solutions, LLC, both of whom are classified as “competitive companies” under RCW 80.36.320. Application of the Transfer of Property statute is waived for such companies. *See, e.g.*, WAC 480-121-063. With regard to the transfer of certain long distance customers to a newly formed company entitled New Communications Online and Long Distance, Inc. (“NewLD”), VLD and VES will comply with the provisions regarding the transfer of customers set forth in WAC 480-120-147(7). If, however, the Commission determines that approval for the transfer of long distance customers from competitively classified companies is required, the Joint Applicants respectfully request that the Commission consider this Application to include a request for such approval.

will become controlled by Frontier pursuant to a parent-company merger. Likewise, certain long distance customers of Verizon Long Distance, LLC (“VLD”) and Verizon Enterprise Solutions, LLC (“VES”) in Washington will be transferred to Frontier. Upon closing, Frontier will own and control and its board of directors and management will manage both the Verizon assets transferred to it as part of this Transaction as well as its current properties. After the transfer, Verizon Northwest will operate as a Frontier subsidiary with a different name but will have the same tariffs and will offer substantially the same regulated retail and wholesale services under the same rates, terms, and conditions that exist today.

2. With this Transaction, consumers in service areas to be acquired by Frontier (the “Territory”) will join consumers across Frontier’s territories and become a key strategic focus of Frontier. Frontier is a wireline communications company dedicated primarily to serving rural, suburban and small urban areas, where it has a proven track record of success. This Transaction will allow Frontier to build on that success over much broader areas and generate substantial public interest benefits.

3. The proposed Transaction will promote broadband deployment and investment in the rural areas of the acquired Territory in Washington. Frontier has a strong record of deploying broadband in the communities it serves. Indeed, increasing broadband availability in the rural portions of its new footprint will be a business imperative for Frontier in order to retain customers and to reduce the access line loss Verizon has recently been experiencing in these areas. Frontier will also bring to these communities its innovative customer service programs, such as its program to assist new subscribers for broadband services by sending a technician to a customer’s home to set up service and ensure that consumers are comfortable navigating and using high-speed services in the home. Frontier believes that through a combination of

investment and high-quality customer service, the proposed Transaction will make Frontier a more focused service provider to the benefit of consumers in the areas it serves.

4. Just as significantly, the Transaction will provide Frontier with a stronger financial structure and will not result in any competitive harm. None of the local exchanges being acquired by Frontier from Verizon overlap with any of the local exchanges already served by Frontier, and Frontier and Verizon do not currently compete for customers in any of the affected exchanges. As a result, the Transaction will not reduce the number of competitors in any region. Moreover, this Transaction will be seamless for retail and wholesale customers. On the retail side, Frontier will honor existing tariffs and contracts. As to wholesale customers, Frontier will assume or honor all obligations under Verizon's current interconnection agreements, tariffs, and other existing arrangements.

5. Further, because Frontier will not need to convert billing and other operational systems, customers have no reason to fear disruption to the services they are receiving. Frontier will use the same support systems Verizon uses today to serve its customers – these systems will be transferred to Frontier. In short, the Transaction will be seamless and transparent to the affected Washington customers, and after the merger these customers will be served by Frontier, which has extensive experience in such operations and which will become the largest provider of voice, broadband and video services focused on rural, suburban and smaller urban markets in the United States.

## I. The Parties and the Transaction

### A. The Parties.

6. Verizon is a corporation organized under the laws of the state of Delaware and is a publicly traded company with its stock listed on the New York Stock Exchange under the symbol "VZ." At the end of the first quarter of 2009, Verizon's telephone operating company subsidiaries served approximately 35.2 million wireline access lines in 25 states and the District of Columbia.

7. Frontier is a corporation organized under the laws of the state of Delaware and is a publicly traded holding company with its stock listed on the New York Stock Exchange under the symbol "FTR." Frontier is a full-service communications provider and is one of the largest rural and suburban local telephone exchange companies in the country. The Company offers telephone, television and Internet services, as well as bundled offerings, wireless Internet data access, data security solutions and specialized bundles for small/medium/large businesses and home offices to customers in 24 states. In 2008, the revenue of Frontier was \$2.2 billion, with a net income of \$182.7 million.<sup>2</sup> The Company has approximately 5,600 employees and serves a total of 2.8 million voice and broadband connections, including 2.3 million access lines. Frontier does not conduct business directly in Washington, but owns and controls incumbent local exchange operations in 24 states. Frontier Communications of America, Inc. is a subsidiary of Frontier Communications and is a competitively classified reseller of interexchange service in Washington.

---

<sup>2</sup> Frontier Communications' most recent 10-K (filed February 27, 2009 for year ended December 31, 2008) and 10-Q (filed May 07, 2009 for quarter ended March 31, 2009) filings with the Securities and Exchange Commission are available at: <http://www.sec.gov/Archives/edgar/data/20520/000002052009000009/form10k4q2008.txt> and <http://www.sec.gov/Archives/edgar/data/20520/000002052009000023/form10q1q09.txt>, respectively.

8. New Communications Holdings, Inc. (“NCH”), New Communications ILEC Holdings, Inc. (“NCIH”) and NewLD are Delaware corporations formed for the purpose of effecting the Transaction. NCH is a direct, wholly-owned subsidiary of Verizon Communications, and NCIH and NewLD are direct, wholly-owned subsidiaries of NCH.<sup>3</sup>

9. Verizon Northwest is a registered telecommunications company in Washington, and provides local exchange services in 81 exchanges throughout the state. As of December 31, 2008, Verizon Northwest served approximately 578,000 access lines in Washington. Verizon Northwest is an indirect, wholly-owned subsidiary of Verizon (through GTE Corporation).

10. At the completion of the Transaction, Verizon Northwest will be renamed and will be an indirect, wholly-owned subsidiary of Frontier. Verizon Northwest will be renamed because Frontier will not operate under the Verizon name in any state. For purposes of this Application, however, the name “Verizon Northwest” is used in describing the pre- and post-Transaction structures. However, the companies will undertake appropriate notification efforts to ensure customers are aware of and not confused regarding the fact that Frontier will be their service provider after the Transaction is completed.

B. The Transaction.

11. On May 13, 2009, Frontier, Verizon and NCH entered into an Agreement and Plan of Merger (the “Merger Agreement”) under which Frontier, through the acquisition of stock, will acquire approximately 4.8 million access lines (and certain related assets) currently owned by subsidiaries of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, Wisconsin and West Virginia as well as a small number of access lines in California bordering Arizona, Nevada and Oregon. The Merger

---

<sup>3</sup> NewLD will register with the Commission as a competitively classified telecommunications provider offering long distance services after it has registered as a business in Washington and the Transaction approaches closing.

Agreement filed with the Securities and Exchange Commission (SEC) is attached as Exhibit 1 and is available for review online at

<http://www.sec.gov/Archives/edgar/data/20520/000095015709000266/ex2-1.htm>. On the same date, Verizon and NCH entered into a Distribution Agreement. A copy of the Distribution Agreement filed with the SEC is attached as Exhibit 2 and is available for review online at <http://www.sec.gov/Archives/edgar/data/20520/000095015709000266/ex10-1.htm>.

12. The Merger Agreement and Distribution Agreement are designed to: (a) establish a separate entity (i.e., NCH) as the holding company for Verizon's local exchange, long distance and related business activities in the acquired Territory; (b) spin-off the stock of that new entity to Verizon shareholders; and then (c) immediately merge the new entity into Frontier.

13. More specifically, the Transaction will be completed through several steps:

a. NCH will serve as the holding company for the local exchange, long distance and related businesses in Washington and the other affected states that are being transferred to Frontier. As noted above, NCH currently is a subsidiary of Verizon; after the transactions described below, it will be merged into Frontier. Frontier will be the surviving entity, and will then own and control the Verizon assets being transferred to it through the Transaction at issue here.

b. NCH has two newly formed subsidiaries: (a) NCIH, which will own the stock of Verizon Northwest and the other operating ILECs in the acquired Territory; and (b) NewLD, which will hold the accounts receivables, liabilities, and customer relationships related to the long distance operations (and other operations) in Washington and the other affected states.

c. Through a series of intra-corporate stock transfers, Verizon will transfer (or cause to be transferred) the stock of Verizon Northwest and the other affected ILECs to NCIH.<sup>4</sup> Similarly, VLD and VES will transfer their accounts receivables and customer relationships related to their long distance operations in Washington and the other affected states to NewLD.<sup>5</sup>

d. The stock of NCH will then be distributed to Verizon shareholders – that is, NCH will be “spun off” from Verizon to Verizon’s shareholders. Immediately following this spin-off, NCH will be merged into Frontier, and Frontier will be the surviving holding company, operating under its existing name and corporate structure, but also owning all of the stock of NCH’s subsidiaries, NCIH and NewLD. Once the merger is completed, NCH will cease to exist; thus, NCIH and NewLD will be direct subsidiaries of Frontier, and Verizon Northwest will be an indirect subsidiary.

14. At the completion of the Transaction, Verizon Northwest will be a wholly-owned, indirect subsidiary of Frontier (albeit with a different name) and will continue to provide local exchange service in the territory it serves today. Frontier also will own and control NewLD, which will provide long distance services in Washington.

15. Immediately following the completion of the Transaction, Verizon Northwest will simply change the name on the tariffs and follow the tariff adoption process set forth in WAC 480-80-133.

---

<sup>4</sup> The assets and business to be transferred to NCIH (as well as the assets and business that are not being transferred) are more fully described in the Distribution Agreement between Verizon and NCH. See Exhibit 2.

<sup>5</sup> In addition to acquiring Verizon’s local exchange and long distance business in the affected states, Frontier also will acquire high speed Internet and, where provided, wireline video and broadband data (e.g., Verizon FiOS) services provided in these areas. These services and the transfers, however, are not regulated by the Commission. All the businesses to be transferred (and those that are not to be transferred) are more fully described in the Distribution Agreement.

16. Upon completion of the Transaction, the Commission will retain the same regulatory authority over the provision of services by Verizon Northwest and NewLD that the Commission possesses prior to the consummation of the Transaction.

17. Verizon Northwest will continue to honor its wholesale obligations, including contracts, to Washington wholesale customers and to other carriers to the extent applicable.

18. Verizon Northwest and NewLD will conduct business in Washington in accordance with all applicable laws, rules and Commission orders. Upon closing, Frontier will change the name of Verizon Northwest and NewLD; and it will make all necessary filings to accomplish the name changes. Similarly, any subsequent service or price changes will be made in accordance with all applicable laws, rules and Commission orders.

19. No change of control will occur with respect to Frontier's existing operating entities, including Frontier Communications of America, Inc., or with respect to any entity holding a controlling interest in them, because the control of these companies will remain with Frontier as it is today. These companies will not be impacted by the Transaction and will continue to operate as separate entities under existing regulatory requirements immediately following the Transaction.

20. At the completion of the Transaction, Frontier will own and control and its board of directors will manage both the Verizon assets being transferred to it through the Transaction at issue here, as well as its current properties. Specifically, in Washington, Frontier will own and control Verizon Northwest and two long distance companies: Frontier Communications of America, Inc. and NewLD. Frontier's pre- and post-Transaction corporate structure is illustrated in Exhibit 3, attached to this Application.



## II. Correspondence and Communications

21. All communications and correspondence concerning this Application should be addressed or directed to:

### VERIZON

Gregory M. Romano  
General Counsel – Northwest Region  
1800 41<sup>st</sup> Street, WA0105GC  
Everett, Washington 98201  
Tel: 425-261-5460  
Fax: 425-252-4913  
[gregory.m.romano@verizon.com](mailto:gregory.m.romano@verizon.com)

Milt H. Doumit  
Vice President – Public Affairs, Policy and Communications  
410 11<sup>th</sup> Ave SE, Suite 103  
Olympia, WA 98501  
Tel: 360-236-9727  
Fax: 360-236-9919  
[milt.h.doumit@verizon.com](mailto:milt.h.doumit@verizon.com)

### FRONTIER

Charles L. Best  
Attorney at Law  
1631 NE Broadway # 538  
Portland, Oregon 97232-1425  
Tel: 503-287-7160  
Fax: 503-287-7160  
[chuck@charleslbest.com](mailto:chuck@charleslbest.com)

Ken Mason  
Vice President Government & Regulatory Affairs  
Frontier Communications  
180 South Clinton Ave., 5<sup>th</sup> Floor  
Rochester, NY 14646  
Tel: 585-777-5645  
Fax: 585-262-5625  
[ken.mason@frontiercorp.com](mailto:ken.mason@frontiercorp.com)

and

Kevin Saville  
Associate General Counsel  
Frontier Communications  
2378 Wilshire Blvd.  
Mound, MN 55364  
Tel: 952-491-5564  
Fax: 952- 491-5577  
[kevin.saville@frontiercorp.com](mailto:kevin.saville@frontiercorp.com)

### III. “Transfer of Property” Statute

22. The Joint Applicants respectfully request that the Commission decline to assert jurisdiction over the indirect transfer of control of Verizon Northwest or, in the alternative, approve the Transaction under the “Transfer of Property” statutes and rules set forth in Chapter 80.12 RCW, Chapter 480-143 WAC.

23. Chapter 80.12 RCW provides that no “public service company” shall:

... sell, lease, assign or otherwise dispose of the whole or any part of its franchises, properties or facilities whatsoever, which are necessary or useful in the performance of its duties to the public, and no public service company shall, by any means whatsoever, directly or indirectly, merge or consolidate any of its franchises, properties or facilities with any other public service company, without having secured from the commission an order authorizing it so to do. RCW 80.12.020.

... directly, or indirectly, purchase, acquire, or become the owner of any of the franchises, properties, facilities, capital stock or bonds of any other public service company unless authorized so to do by the commission.... Any contract by any public service company for the purchase, acquisition, assignment or transfer to it of any of the stocks or other securities of any other public service company, directly or indirectly, without the approval of the commission shall be void and of no effect. RCW 80.12.040.

The Commission asserted jurisdiction under these statutes over past parent company transactions. *See, e.g., In the Matter of GTE and Bell Atlantic*, Fourth Supplemental Order, Docket Nos. UT-981367, UT-990672 and UT-991164 (December 1999); *In the Matter of Verizon Communications Inc. and MCI, Inc.*, Order No. 07, Docket No. UT-050814 (December

2005) (“*Verizon/MCI Order*”); *In the Matter of Sprint Nextel Corporation*, Order 06, Docket No. UT-051291 (March 2006). It did so despite the fact that, as here, the transactions occurred at the holding company level. The Joint Applicants respectfully request that the Commission revisit the rationale behind those decisions and not assert jurisdiction over the Transaction on the grounds that the parent and holding companies engaged in this Transaction do not constitute “public service companies” as that term is used in Chapter 80.12 RCW.<sup>6</sup>

24. If, however, the Commission concludes that the Transaction is subject to its jurisdiction, the Joint Applicants respectfully request that the Commission grant approval expeditiously. The standard for approval under the Transfer of Property statute is whether the transaction satisfies the public interest. *Verizon/MCI Order* at 25 (citing WAC 480-143-170). A telecommunications transaction satisfies the public interest standard if it causes “no harm.” *Id.*; *In the Matter of the Application of Pacific Corp. and Scottish Paper, PLC*, Docket No. UE-981627, 3<sup>rd</sup> Supplemental Order on Prehearing Conference (April 1999). Indeed, the legislature confirmed application of the “no harm” standard to telecommunications transactions when it passed legislation during the 2009 session to apply a more stringent standard that requires a finding of a “net benefit to customers” for transactions of gas or electrical companies but not telecommunications companies. *See* Substitute Senate Bill 5055, Chapter 24, Laws of 2009.

25. This Transaction clearly is in the public interest for a number of reasons, including an analysis of the standards typically considered by the Commission in property transfers:<sup>7</sup> (i) the impact on competition at the wholesale and retail levels; (ii) the technical, managerial and financial capability of the surviving entity to operate successfully; (iii) the

---

<sup>6</sup> As was heavily briefed by parties in previous transactions, had the legislature intended that the Commission retain jurisdiction over holding company transactions in Chapter 80.12 RCW, it would have used the broad wording it used in the affiliated interest statute (RCW 80.16.010) to expressly confer such jurisdiction over holding companies.

<sup>7</sup> *See, e.g., Verizon/MCI Order* at 24.

potential impact on service quality; (iv) the sharing of benefits or synergies between customers and shareholders; (v) the financial impacts on cost of capital, capital structure, and access to financial markets; and (vi) the impact on rates, terms and conditions of service.

A. The Transaction Will Not Distort or Impair Competition.

26. Competition at the wholesale and retail levels will not be distorted or impaired by the Transaction. At the wholesale level, Verizon Northwest will honor all effective contracts, including interconnection agreements governed by the Communications Act of 1934, as amended, and commercial agreements. It will be governed by the same wholesale tariff provisions, and applicable Commission regulations governing wholesale relationships that govern it today.

27. As to competition at the retail level, there will be no combination of entities currently competing against each other for retail customers. Verizon Northwest will simply continue all the retail contracts and customer relationships it has today. As detailed below, Frontier plans to work to stem line loss through various efforts to strengthen relationships with retail customers. The line loss to date reflects a very competitive market in which Frontier is poised to compete effectively.

28. Moreover, Frontier plans to make greater investments in broadband infrastructure in the rural portions of the acquired Territory beyond the scope of Verizon's current priorities. This will provide an additional competitive broadband service option to consumers in those markets that may either not have access to broadband or that only have access through a cable TV or other competitive provider.

B. Frontier Has the Technical, Managerial and Financial Capability to Operate Successfully.

29. Frontier currently has approximately 2.3 million access lines in 24 states, and is a leading and respected provider of telecommunications services to rural, suburban and small

urban markets across the country. Frontier and its operating companies are dedicated to providing their customers high quality service at reasonable rates, and have a rich history in serving customers. To ensure that it places the customer first, Frontier has pursued a strategy of focusing on and enhancing its local presence in the communities in which it operates. With the proposed Transaction, the residential and business consumers in the service areas it is acquiring from Verizon will become a key strategic focus for Frontier.

30. The Transaction will accelerate Frontier's growth, creating a much larger company with increased financial strength and flexibility. Frontier will be the fifth-largest ILEC in America, serving predominantly rural, suburban and small urban communities, and it will have 8.6 million voice and broadband connections, including more than 7 million access lines and \$6.5 billion in revenues. It will be the largest provider of voice, broadband and video services focused on rural, suburban and small urban markets in the United States. In addition, as explained below in E, Frontier will have an even stronger balance sheet than it has today and greater cash flow generation capabilities.

31. Frontier also will continue to be managed by employees with extensive knowledge of the local telephone business and with a commitment to needs of the local community. Frontier's current and experienced group of executives, including Maggie Wilderotter, Chairman and Chief Executive Officer, Don Shassian, Chief Financial Officer and Dan McCarthy, Chief Operating Officer, will continue to lead Frontier following the completion of the Transaction. The leadership team has a solid track record and a focus on bringing the latest in communications services to rural, suburban and small urban markets, including a commitment to an organization that is focused on individual community needs. And, as noted above, Frontier will strengthen the local operational presence and the local operations. Frontier

will assign local managers located in Washington with day-to-day responsibility for working with and responding to local customer needs.

32. In addition, Frontier's management team also has experience serving non-rural, mid-size communities, including Elk Grove, California, the South metro area in Minneapolis and St. Paul, Minnesota, and Rochester, New York, and working in states with a myriad of competitive providers and regulatory structures.

C. The Transaction Will Not Diminish Service Quality.

33. Frontier will continue to employ both the Frontier and the Verizon company employees that are experienced and dedicated to the provision of local services in Washington. In doing so, Frontier and Verizon will also provide a smooth transition for employees. Frontier will honor the union labor agreements in Washington and will work constructively with union leaders. Verizon will fund pensions for the pre-closing service of employees moving to Frontier, and Verizon will remain responsible for employees who retire from the transferred areas before closing.

34. The customer service, network and operations functions that are critical to Frontier's success will continue after the Transaction is complete. And Frontier will continue to be managed by employees with extensive knowledge of the local telephone business and with a commitment to needs of the local community. As noted, Frontier will assign local managers located in Washington with day-to-day responsibility for working with and responding to local customer needs.

35. Following completion of the Transaction, Frontier will be able to generate strong operational performance through the deployment of Frontier's technology and processes in the acquired service areas in Washington. For example, Frontier will bring to these communities its

innovative customer service programs, such as easing the transition to broadband by sending a technician to customers' homes to set that service up, set up the portal in the home, make sure the computer is free of viruses, and ensuring that consumers are comfortable on how to navigate and utilize high-speed services in the home. Customers will benefit from access to these offerings, and Frontier will benefit from attracting and retaining customers whose needs are satisfied by its offerings and customer care.

36. To further ensure the transition is seamless to customers, Verizon and Frontier representatives will work together so that Frontier can ensure customer continuity including billing, customer account systems, and plant record systems. When the closing occurs, Frontier will acquire the existing customer systems dedicated to the continuing service of the customers included in the Transaction.

37. As to the potential impact on investment, as discussed in more detail in D below, Frontier plans to make greater investments in broadband infrastructure in the rural portions of the acquired Territory beyond the scope of Verizon's current priorities.

38. In addition, the Transaction will not have any adverse impacts on wholesale service customers in Washington. Frontier will retain all obligations under Verizon's current interconnection agreements and other existing arrangements, in addition to the statutory obligations applicable to all incumbent LECs.

D. The Benefits of the Transaction Will be Shared Between Customers and Shareholders.

39. Frontier has a highly successful track record of acquiring, operating and investing in telecommunications properties nationally, including over 750,000 access lines it purchased from Verizon between 1993 and 2000. And in more recent years, Frontier has successfully integrated other telecommunications companies, including Rochester Telephone in New York, Commonwealth Telephone Company in Pennsylvania and Global Valley Networks in California.

In these transactions Frontier successfully integrated its operations and consolidated different operating systems, including five different billing systems.

40. This stronger financial structure will also allow Frontier to make greater investments in broadband infrastructure in the rural portions of the acquired Territory over time that are beyond the scope of Verizon's current priorities. Frontier recognizes that broadband is a catalyst for a healthy local economy and job growth, and increasing broadband deployment over time will be a business imperative for Frontier. Indeed, broadband is a key component of Frontier's business case for serving rural areas, both to provide an additional source of revenues and to limit the rate of line losses going forward. In its rural areas, Verizon recently has been averaging over 10% access line loss per year. To compete, and to retain the customers it proposes to acquire, Frontier plans to offer customers expanded broadband services. This will allow Frontier over time to fill the gap where there is no terrestrial broadband service. Bringing broadband service to such unserved areas is a substantial business opportunity for Frontier, and a significant benefit to customers who do not have a wireline alternative today. And where customers have wireline broadband available from cable providers, Frontier will provide a competitive alternative. Indeed, Frontier's focus on deploying broadband widely in its rural service areas is reflected in its track record. Today, Verizon's operating companies offer broadband to only about 60% of the homes and businesses in the areas Frontier is acquiring. Over time, Frontier has made broadband connections available to over 90% of its customers in its existing service areas.

41. The Transaction is occurring at a critical time, as the National Telecommunications and Information Administration and Rural Utility Service are both working to implement the broadband provisions of the American Reinvestment and Recovery Act of



2009. Frontier currently intends to participate in the program. Obviously, Frontier, like all private telecommunications providers, must await the final rules for those programs in order to determine whether it can seek capital from the “stimulus” funding, however, it would benefit the consumers in the acquired Territory for this transfer to be approved as soon as possible to provide Frontier with the opportunity to participate in that program with respect to the acquired properties on the same basis as its other properties and those of other providers.

E. The Transaction Will Improve Frontier’s Access to Capital and Lower its Cost of Capital.

42. As a result of the Transaction, Frontier will have a stronger balance sheet and greater cash flow generation capabilities. Most notably, this Transaction will “delever” Frontier, *i.e.*, it will reduce significantly the Company’s debt-to-EBITDA ratio.<sup>8</sup> The increased financial strength is expected to improve Frontier’s access to capital and lower its cost of capital, which will inure to the benefit of the Washington operating companies and their customers.

F. The Newly Named Verizon Northwest Will Have the Same Tariffs, and Will Offer Substantially the Same Regulated Services Under the Same Rates, Terms and Conditions That Exist Today.

43. As noted above, the Transaction will be transparent to the current customers of Verizon Northwest in Washington. Verizon Northwest will continue serving under its tariffs in Washington, and following the completion of the Transaction will offer substantially the same regulated retail and wholesale services under the same rates, terms and conditions that exist today. And Frontier will use the same operational systems that Verizon uses today to provide service; thus allowing for a seamless customer transition.

44. In summary, Frontier and its operating companies are dedicated to providing high quality service at reasonable rates, and have significant experience in serving rural, suburban and

---

<sup>8</sup> Currently, Frontier Communications’ net leverage is approximately 3.8 x EBITDA; after the transaction, its net leverage will be reduced to 2.6 x EBITDA. (EBITDA is earnings before interest, taxes, depreciation, and amortization.)

small urban areas. The residential and business consumers in the areas to be acquired by Frontier will become the key strategic focus for the Company. Frontier will enhance its local presence in the communities it serves and will work to ensure that it provides enhanced services and customer experiences after the Transaction occurs. The Transaction will also bolster Frontier's financial strength and enable it to expand broadband and other service offerings in Washington. The Commission, therefore, should conclude that this Transaction will impose no harm and thus is in the public interest.

#### **IV. Relief Requested**

45. For the reasons set forth above, the Joint Applicants respectfully request that the Commission decline to assert jurisdiction over the Transaction or, in the alternative, approve the indirect transfer of control of Verizon Northwest from Verizon to Frontier under Chapter 80.12 RCW and any other provision applicable to the Transaction under Washington law.

46. At the completion of the Transaction, Verizon Northwest (under a different name) will operate in the same exchanges it does today. Accordingly, all relevant authorizations and registrations of Verizon Northwest can remain in place, including registrations as a telecommunications company under RCW 80.36.350 and a payphone provider under WAC 480-120-263, as well as certification as an eligible telecommunications carrier for federal universal service funding purposes under WAC 480-123-030. Frontier will ensure that all such authorizations and registrations are updated to reflect the proper name and, as indicated above, will change the name on the Verizon Northwest tariffs.<sup>9</sup> And once the Transaction is completed, the operating ILEC will only make changes to the rates, terms and conditions of its service offerings in accordance with applicable Washington law and Commission rules.

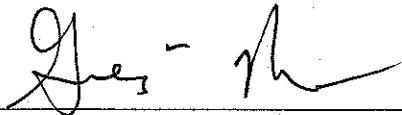
---

<sup>9</sup> Because Verizon Northwest is being merged in its entirety, the changes related to these authorizations and registrations are name changes and not the dissolution or termination of a business, rules relating to cessation of a telecommunications service (*e.g.*, WAC 480-120-083) do not apply.

47. The Joint Applicants respectfully request that the Commission approve the Transaction no later than 120 days from receipt of this Application.


Respectfully submitted this 29<sup>th</sup> day of May, 2009,

VERIZON COMMUNICATIONS INC.

By: 

Gregory M. Romano, WSBA # 38544  
General Counsel – Northwest Region  
Verizon  
1800 41<sup>st</sup> Street, WA0105GC  
Everett, Washington 98201  
Tel: 425-261-5460  
Fax: 425-252-4913  
[gregory.m.romano@verizon.com](mailto:gregory.m.romano@verizon.com)

FRONTIER COMMUNICATIONS CORPORATION

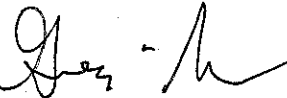
By: 

Charles L. Best, WSBA # 31943  
Attorney at Law  
1631 NE Broadway # 538  
Portland, Oregon 97232-1425  
Tel: 503-287-7160  
Fax: 503-287-7160  
[chuck@charleslbest.com](mailto:chuck@charleslbest.com)


Kevin Saville  
Associate General Counsel  
2378 Wilshire Blvd.  
Mound, MN 55364  
Tel: 952-491-5564  
Fax: 952-491-5577  
[kevin.saville@frontiercorp.com](mailto:kevin.saville@frontiercorp.com)

**CERTIFICATION**

In accordance with WAC 480-143-140, I hereby certify that the information included in the Application is true and correct to the best of my information and belief, under penalty of perjury as set forth in RCW 9A.72.085.

By:   
Date and Place: May 29, 2009 Everett, Washington

Gregory M. Romano  
On behalf of Verizon Communications Inc.

By:   
Date and Place: May 29, 2009 Rochester, New York

Kenneth Mason  
On behalf of Frontier Communications Corporation