BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON

UM 1431

In the Matter of VERIZON COMMUNICATIONS INC., and FRONTIER COMMUNICATIONS CORPORATION Joint Application for an Order Declining to Assert Jurisdiction, or, in the Alternative, to Approve the Indirect Transfer of Control of VERIZON NORTHWEST INC.	)))))))))))	STIPULATION

PARTIES

1. The parties to this Stipulation ("Stipulation") are Frontier Communications Corporation ("Frontier"), Verizon Communications Inc. ("Verizon") (Frontier and Verizon, collectively, the "Applicants"), Staff of the Public Utility Commission of Oregon ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), XO Communications Services, Inc., Integra Telecom of Oregon Inc. (on behalf of itself and its affiliates Eschelon Telecom of Oregon, Inc., Electric Lightwave, LLC, Advanced TelCom, Inc., Oregon Telecom, Inc., and UNICOM), tw telecom of oregon llc, Covad Communications Company, and McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services ("Joint CLECs"), and 360 Networks (together "the Parties" and individually "Party").

2. The Parties, by signing this Stipulation with its attached conditions, acknowledge that the Applicants application will satisfy the "in the public interest, no harm" standard (described in Order No. 09-169) upon resolution of the "Most Favored State Commitment" issue which is not itself resolved in this Stipulation, and that the Public Utility Commission of Oregon

(the "Commission") should then issue an order approving the Stipulation with attached conditions and providing the approvals requested by the Applicants in their Application; provided, however, that the Joint CLECs' support of the Commission granting the requested approvals is contingent upon the Commission also approving the separate Stipulation between the Applicants and the Joint CLECs dated December 3, 2009 ("Joint CLEC Stipulation").

3. The Parties agree to support Commission approval of the Application under the terms of this Stipulation and the attached conditions. This Stipulation along with the attached conditions will be offered into the record of this proceeding as evidence pursuant to OAR 860-014-0085. The Parties agree to support this Stipulation and the attached conditions throughout this proceeding and any appeal, provide witnesses to sponsor this Stipulation and the attached conditions at the hearing and recommend that the Commission issue an order adopting the Stipulation and its attached conditions as contained herein. If any other party to this proceeding challenges this Stipulation and attached conditions, the Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented. The Joint CLECs' agreement to abide by the obligations, commitments and requirements set forth in this paragraph 3 is contingent upon the Commission also approving the Joint CLEC Stipulation.

BACKGROUND

4. On May 29, 2009, the Applicants filed a Joint Application for an Order Declining to Assert Jurisdiction Over, or, in the Alternative, Approving the Indirect Transfer of Control of Verizon Northwest Inc. ("Application"). The Applicants submitted testimony on July 6, 2009 and November 16, 2009, and the other parties submitted testimony on November 2, 2009.

5. The Parties have reviewed the Application, the pre-filed testimony of the Parties, and the Applicants' responses to the extensive discovery requests submitted in this proceeding.

6. Since July 27, 2009, the Parties have engaged in settlement discussions on the issues in this proceeding. The settlement discussions have been open to all parties to this Docket.

AGREEMENT

7. The Parties agree to the conditions set forth in Attachment 1 to this Stipulation. All conditions or requirements in Attachment 1 will remain in effect for three years unless otherwise expressly identified in a specific condition. The conditions set forth in Attachment 1 resolve all issues among the Parties, except for issues addressed exclusively in the Joint CLEC Stipulation and except for the issue of whether the Commission should impose a "Most Favored State Commitment" clause. The Staff, the Joint CLECs, 360 Networks, and CUB reserve the right to advocate that the Commission impose a "Most Favored State Commitment" clause, and the Staff plans to do so. The Applicants believe such a clause to be inappropriate, and reserve the right to challenge adoption of it.

8. The Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any part of this Stipulation or imposes additional conditions, any Party disadvantaged by such action shall have the right, upon written notice to the Commission and all Parties within 15 business days of any order of the Commission to withdraw from this Stipulation, pursue their rights under OAR 860-014-0085 or seek reconsideration or appeal of the Commission's order, or both. No Party withdrawing from this Stipulation, including Verizon and Frontier, shall be bound to any position, commitment, or condition of this Stipulation.

9. The Parties waive cross examination of one another at any hearing held in this docket. The Parties agree to support approval of this Stipulation throughout this proceeding.

10. This Stipulation may be executed in counterparts and each signed counterpart shall constitute an original document.

RESERVATION OF RIGHTS

11. The Parties agree that this Stipulation represents a compromise in the positions of the Parties. As such, conduct, statements and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding. By entering into this Stipulation, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed by any other Party in arriving at the terms of this Stipulation, other than those specifically identified in the body of this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding.

12. If any Party reaches a settlement with any other party not signing this Stipulation that is subsequently filed with the Commission in this proceeding, other Parties will have an opportunity to comment to the Commission on that settlement as provided in OAR 860-014-0085. Frontier agrees it will file in this docket all settlements that it reaches with any entity that was, or currently is, a party in UM 1431.

This Stipulation is entered into by each Party as of December 3, 2009:

FRONTIER COMMUNICATIONS CORPORATION

By: Dan McCarthy
Executive Vice President ~~and Chief~~ Operating Officer

VERIZON COMMUNICATIONS INC.

By: ______________________

Gregory M. Romano
General Counsel – Northwest Region

JOINT CLECS

By: ______________________
Mark P. Trinchero
Davis Wright Tremaine LLP
Of Attorneys for the Joint CLECs

STAFF OF THE PUBLIC UTILITY COMMISSION OF OREGON

By: ______________________

Michael T. Weirich
Oregon Department of Justice
Of Attorneys for Public Utility Commission Staff

CITIZENS' UTILITY BOARD OF OREGON (CUB)

By: ______________________________

G. Catriona McCracken
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Portland, OR 97205
(503)227-1984
Catriona@oregoncub.org

360 Networks

By: ______________________________

CITIZENS' UTILITY BOARD OF OREGON (CUB)

By: ______________________________

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Portland, OR 97205
(503)227-1984
Catriona@oregoncub.org

360 Networks

By: ______________________________

CONDITIONS

All conditions will be in effect for three years unless otherwise stated.

Records/Rates/Tariffs/Access to Books

1. Frontier shall provide the Public Utility Commission of Oregon (Commission) access to all books of account, as well as, all documents, data, and records that pertain to the transaction.

2. The Commission reserves the right to review, for reasonableness, all financial aspects of this transaction in any rate proceeding or earnings review under an alternative form of regulation.

3. The Applicants shall immediately notify the Commission of any substantive material changes to the transaction terms and conditions from those set forth in their Application that: (1) occur while a Commission order approving the transaction is pending, or (2) occur before the transaction is closed, but after the Commission issues its order approving the transaction. The Applicants must also submit a supplemental application for an amended Commission order in this docket if the substantive transaction conditions and terms affecting Commission regulated services change as set forth in this condition.

4. Except as authorized by this Commission, Frontier (referring to the parent company at the conclusion of this transaction) will maintain an organizational structure that includes the two separate ILECs in Oregon (no change from current allocated areas) – Citizens Telecommunications Company of Oregon (CTCO) and Frontier Northwest Inc., (collectively, Operating Companies). Frontier (also referred to as "Company") agrees that an application must be filed with the Commission should it propose to merge or consolidate the operations of the Operating Companies.

5. Subsequent to the closing of the transaction, the carrier name on all applicable Verizon Northwest (VNW) retail customer bills will be timely changed to "Frontier". Customer notification will be given to all local exchange and long distance customers per Oregon and FCC rules and regulations.

6. No Commission-regulated intrastate retail service currently offered by Verizon Northwest will be discontinued for a period of at least three years following the Closing Date, except as approved by the Commission.

7. No changes will be made by Frontier or Frontier Northwest to any rate, rule or regulation currently included in Verizon Northwest's' intrastate access tariff (including special access services), retail tariff or any retail price list without properly filing a rate application.

8. Operating Companies will not advocate in any general rate case proceeding for a higher overall cost of capital as compared to what its cost of capital would have been absent the transaction.

9. Operating Companies will not seek recovery of one-time transition, branding or transaction costs in Oregon intrastate regulated rate proceedings. Operating Companies will not seek to recover through wholesale service rates one-time transaction, branding or transition costs.

10. Operating Companies will hold retail and wholesale customers harmless for increases in overall management costs that result from the transaction.

11. All VNW existing agreements with wholesale customers, retail customers, and utility operators and licensees[1] for services provided in Oregon including, but not limited to interconnection agreements, commercial agreements, line sharing commercial agreements, and special access discount and/or term plan agreements will be assigned to or assumed by Frontier or its subsidiary and will be honored by the Company for the term of the agreement.

12. Under the current operating structure, financial reporting will remain unchanged with each Operating Company submitting a Form-O and a Form-I.

13. Beginning with the first of the month following 12 months after close of the transaction, and for two subsequent 12-month periods, Frontier Northwest shall file with the Commission a report describing:

    a. Substantive activities undertaken relating to integrating VNW operations with Frontier, as well as achieving synergies made available as a result of this transaction Frontier synergies will be reported on a Frontier total company basis;

    b. Costs and projected savings of each such respective activity on a Frontier total company basis;

    c. Organizational and staff force changes in Oregon operations; and

    d. Impacts on Oregon operations and customers.

    The reporting requirement required by Condition 13 shall end with the submission of the third report unless otherwise directed by the Commission.

Broadband

14. Before July 1, 2011, Frontier will expend $10 million on broadband deployment in the Frontier Northwest territory in Oregon. Frontier Northwest will deploy broadband service in not less than 95% of the Frontier Northwest Oregon wire centers within two years of closing of the proposed transaction. For 15 new wire centers in which broadband service is

[1] Including, but not limited to, CATV Operators, Special Access Transport, and Facility-Based (FB) CLECs; Joint-Use Agreements and Stipulated Corrective Actions.

deployed Frontier Northwest will make broadband available to 50% of the households in each of the 15 new wire centers within two years; and will make broadband available to 75% of the households in 10 of the new wire centers within two years. No less than 40% of all households over the 22 currently non-served wire centers and the Scholls, Dayton and Banks wire centers, will have broadband available within two years. In aggregate, no less than 60% of households in the 15 new wire centers will have broadband available at no less than 1.5 mbps download speed within two years. Frontier Northwest may petition the Commission for a slower speed if 1.5 mbps download speed can not effectively be deployed.

Within 180 days after closing, Frontier Northwest will submit to the Commission Staff a detailed broadband deployment plan identifying the wire centers and geographic areas Frontier is targeting for additional broadband deployment, any anticipated engineering or technical issues associated with the deployment and the expected timeline for completing the deployment. Frontier Northwest agrees to consult with Staff regarding the timing of the deployment in specific wire centers and geographic areas the Commission identifies as priority areas.

During the three- year period after closing, Frontier Northwest will file confidential, quarterly reports with the Commission, for Commission and CUB review, detailing the broadband deployment that Frontier has completed to date, identifying the additional number of households capable of receiving broadband during that preceding period, identifying any impediments that may prevent fulfillment of this condition and describing additional deployment Frontier Northwest plans to implement in the following year.

Within 30 days of closing, Frontier shall deposit in a bank account, escrow account or other account as approved by the Commission ("Account") $15 million to fulfill the remaining broadband commitment and this Account shall remain in place, retaining all deposited funds and interest thereon, until Frontier has met and completed, to the satisfaction of the Commission in its sole and reasonable discretion, the above broadband commitment contained in this Condition (the Broadband Commitment). In addition, any portion of the $10 million that has not been expended on broadband deployment as of July 1, 2011 in accordance with the first sentence of this Condition shall also be deposited into the Account. The Account shall not be subject to any liens, security interests, or claims of any other kind from any entity except Frontier and the Commission. Authority to release the funds from the Account shall lie solely with the Commission under the terms of this Broadband Commitment Condition. The $15 million, and any other subsequent funds, deposited into the Account shall remain there until Frontier meets the Broadband Commitment, as determined by the Commission, at which time said $15 million, and any other funds subsequently deposited in the Account, shall revert to the full control of Frontier. Notwithstanding the general three year expiration period specified on page 1 of these Conditions, in the event that Frontier does not ever meet the Broadband Commitment, the funds and all interest and earnings shall remain in the Account. Any administrative costs associated with the maintenance of the Account shall be borne solely by Frontier. In the event that an institution acceptable to the Commission cannot be found to hold the Account under the conditions set forth in this condition, then the parties shall use their best efforts to agree to an acceptable alternative method of setting aside funds that will be an equivalent financial incentive to Frontier to meet this Condition. Frontier Northwest commits that this condition will not result in the diminishment of Oregon maintenance and investment expenditures in Oregon outside plant.

If Frontier Northwest determines that it is technically infeasible to fulfill one or more of the broadband deployment objectives identified above, Frontier Northwest will immediately (within 30 days of determining technical infeasibility) submit to the Commission a detailed report identifying the technical or operational impediments and limitations that prevent fulfillment of the condition and propose an alternative broadband deployment plan that provides at least a similar level of public benefit. The Commission may accept the alternative plan or if it determines the alternative plan does not provide a similar level of public benefit, the Commission may order a different broadband deployment plan to provide a similar level of public benefit as an alternative to satisfy this condition.

As noted above, the Account set aside to fulfill all of the broadband commitments detailed above shall remain in place until such time that Frontier has met and completed, to the reasonable satisfaction of the Commission, the broadband commitment in this condition. Once the Commission makes this determination the Account funds will be released. Frontier Northwest will report in its annual Form O Report for the current and preceding three years of expenditures in Plant Accounts 2111 – 2690 and Operating Expense Accounts 6110 – 6720.

Financial

15. Within 30 days after the close of the transaction, Frontier Northwest will notify staff of the Frontier post-transaction consolidated Net Debt/EBITDA and the price per share used to determine transaction shares.

16. Frontier will not encumber the assets of the Operating Companies.

17. Frontier Northwest agrees that it will not seek to recover in Oregon intrastate regulated retail or wholesale rates any acquisition premium paid by Frontier for Verizon Northwest. Any acquisition premium will be recorded in the books at the parent level.

Service Quality

18. Immediately after the close of this transaction, CTCO will resume reporting service quality results monthly. Frontier Northwest will continue to report service quality results monthly.

19. Frontier Northwest will implement an organizational structure described in FTR/100, McCarthy/48-49.

20. Frontier Northwest will implement the employee integration described in FTR/100, McCarthy/49-50.

21. Frontier Northwest will maintain current Commission minimum service quality standards as are currently being reported in the Verizon's monthly service quality reports to the Commission. If Frontier Northwest fails to maintain the current service quality levels it will be liable for penalties as set forth in ORS 759.450.

22. No later than one year from the close of the transaction, Frontier Northwest will provide to the Commission the following:

    a. A multi-year strategic plan that identifies the expected remaining life of each of the base unit and remote switches currently deployed in Verizon Northwest's franchise area in Oregon and a proposed replacement plan for the switches, if any, so that Frontier Northwest will be able to meet the then current service standards pursuant to Oregon statutes and rules.

    b. An annual report detailing Oregon capital expenditures concerning planned actions on subsection (a) above. Included in the report will be a comparison of the amount of planned Oregon capital expenditures as a percentage of total system expenditures; and a comparison of the amount of capital expenditure per Oregon access line with the amount of capital expenditure per Frontier Northwest system-wide access lines.

23. Frontier Northwest will provide to Commission Staff in electronic form, the detailed, Form-477 data that Verizon is currently providing to the FCC for its service areas. This will be done annually for five years beginning with the year after the closing of the transaction.

Safety

24. Frontier Northwest is committed to complying with all applicable federal and Oregon safety standards and requirements, and will commit to comply with the safety and reliability laws in Oregon per ORS 757.035, OAR 860 Division-024, and OAR 860 Division-028.

25. Frontier Northwest will acknowledge the Paragraph 24 report and will document and present its full understanding of its obligation to comply with the safety and reliability laws in Oregon per ORS 757.035, OAR Division-024, and OAR Division-028.

26. Within seven (7) days after close of the transaction, Frontier Northwest agrees to provide the Commission a listing of Frontier Northwest's primary and secondary points of contact within its new organization for safety and pole attachment matters.

27. Frontier Northwest will honor Verizon Northwest's agreement with Commission safety staff, to place newly installed buried facilities on private property at no less than 12 inches below ground level.

Operating Support Systems

28. The Applicants commit to the following OSS actions:

Retail

a. Prior to going into production mode on the replicated systems, Verizon will share (subject to confidentiality protection) with the Commission Staff ("Staff") and the Citizens' Utility Board of Oregon ("CUB"): (i) the "Program Test Strategy" Plan to be used to review the replicated systems and (ii) results of pre-production functionality tests on the customer-affecting systems that serve retail telecommunications customers showing that any severity level 1 failures (defined as full service denials) have been resolved, along with validation by a third party reviewer that the results are accurate.

b. Prior to closing of the transaction, Verizon will share (subject to confidentiality protection) with Staff and CUB production results of the customer-affecting systems that serve retail telecommunications customers showing that the results for the following measures during production mode (a time period of not less than 60 days) are not materially less favorable than benchmark data from the 12 months prior to production mode on the replicated systems (using standard reporting procedures, including taking into account exogenous factors, such as weather or other natural disasters), along with validation by a third party reviewer retained and paid for by Verizon that the results are accurate:

   (i) Installation Commitments - % Commitments Met;
   (ii) Customer Network Trouble – Report Rate per 100 Lines; and
   (iii) Repair - % Cleared Within 48 Hours.

Frontier will include this data in the review that it does to validate and confirm that the replicated systems are fully operational prior to closing, and the closing will not occur unless and until Frontier validates and confirms that the replicated systems are fully operational. Frontier will provide Staff and CUB with notice no less than five (5) business days prior to closing once it finalizes its validation and confirmation.

The third party reviewer of Oregon results will be selected through the following process: (i) Verizon will provide the Staff with a list of qualified firms independent from Verizon; (ii) Staff may share the list only with the CUB, from whom Staff will seek input; (iii) within five business days of receiving the list, Staff will provide Verizon with a list of any of the listed firms that it reasonably believes to be acceptable; and (iv) Verizon will select one of the firms identified by Staff (or in the event that no such firms remain, Verizon will provide a new list to Staff and repeat the process set forth in (i) - (iii)).

Wholesale

a. Verizon will take full responsibility for replicating its existing systems and transferring existing data to the replicated systems. Verizon will undertake testing of the systems during the replication process before the systems are put into production and utilized. That testing will consist of the processing and flow through of sample data and the verification of the results of that testing. Frontier will have the opportunity to provide feedback on the test plan, to review the results of Verizon's testing, and to request that other tests be run. Once the pre-production testing results confirm the replication has been successful, Verizon will complete the replication and physically separate the CLEC customer operations support systems to be transferred to Frontier. Verizon will put the CLEC systems into real time use to operate in Oregon. The Verizon employees operating the replicated systems prior to the closing of the transaction will continue employment with Frontier after the transaction closes or other training will be provided to new employees. Those Verizon employees will already be trained on the replicated system before Verizon puts the CLEC systems into real time use to operate its North Central system.

After the existing Verizon CLEC operations support systems are replicated and physically separated, those replicated CLEC operational support systems will be used by Verizon to support the wholesale service it provides in Oregon for at least 60 days prior to the closing. During this period, Verizon will receive CLEC orders, provision and bill for services in the normal course of its business. Frontier will validate the performance of the replicated systems to ensure the systems are fully operational. In the event that issues or problems arise, including problems identified by CLECs and communicated to Verizon and/or Frontier, Verizon and Frontier will investigate, and Verizon will make the necessary system modifications, if any, to remedy those service issues so that the systems are fully operational. The closing will not occur unless and until those systems are fully operational.

Frontier will continue to use the Verizon operational support systems and their interfaces after the closing of the proposed transaction that will result in at least the same quality of services and support as those carriers receive from Verizon. Frontier will not replace those systems during the first three years after close of the transaction without providing 180 days notice to the Commission and the CLECs.

Frontier will use the replicated wholesale operational support systems for at least one year after closing. Frontier and Verizon will enter into a contractual agreement under which Frontier will receive Verizon maintenance and support for at least one year after closing and subject to the terms and conditions of the agreement, Verizon will be required to offer this support for a minimum of at least four years, if Frontier desires such support. This support will include new system releases, updates to source code, patches and bug fixes associated with the replicated systems conveyed to Frontier.

b. At least 180 days before transition of the replicated OSS system to any other wholesale operations support systems ("2nd Transition"), Frontier Northwest will file its proposed transition plan with the Commission and seek input from interested carriers.

Long Distance

29. For at least 120 days following the close of the proposed transaction, Frontier Northwest will offer substantially the same intrastate toll calling services, at the same rates, as provided by Verizon Northwest immediately prior to closing. This includes the bundled service offerings of local and long distance at the same rates as set forth in the price lists of Verizon Northwest.

30. As part of its anti-slamming notification requirements pursuant to Section 64.1120 of the FCC rules, Frontier Northwest will notify each of its Oregon intrastate long distance customers at least 30 days in advance of their transfer to Frontier, consistent with the anti-slamming requirements.

31. For 90 days following the customer transfers, Frontier Northwest will waive any change charges, e.g., PICs, for any Verizon Enterprise Solutions or Verizon Long Distance long distance customer choosing to change carriers.

Wholesale Services

32. Frontier Northwest will honor, assume or take assignment of all obligations under Verizon Northwest's existing interconnection agreements. Frontier Northwest will not terminate, change the conditions of (with the exception of those governing termination), or increase the rates in, any effective interconnection agreement during the unexpired term of the agreement, or for a period of two years from the Closing Date, whichever occurs later, unless requested by the interconnecting party, approved by the Commission, or required by a change of law. Furthermore, Frontier Northwest will allow requesting carriers to extend existing interconnection agreements, whether or not the initial or current term has expired, until at least thirty months from the Closing Date, or the date of expiration, whichever is later. Frontier Northwest will similarly apportion on a pro rata basis any volume thresholds or minimum revenue commitments under existing interconnection agreements relating in part to service outside of Oregon.

33. Frontier Northwest will honor or assume all obligations under Verizon Northwest's current intrastate tariffs and price lists for wholesale services. Frontier Northwest will not increase rates for such services or discontinue any such services currently offered for a period of at least two years from the Closing Date.

34. Frontier Northwest will continue to provide intrastate transit service subject to the same rates, terms, and conditions that are currently provided by Verizon Northwest unless directed otherwise by the Commission.

35. Frontier Northwest will comply with statutory obligations applicable to all incumbent local exchange carriers (ILECs) under 47 U.S.C. Section 251 and 252. Frontier Northwest will not seek to avoid any of its obligations on the grounds that it is exempt from any of the obligations pursuant to Section 251(f)(1) or Section 252(f)(2) of the Act.

36. No Verizon Northwest wholesale intrastate service offered to competitive carriers at the time of closing will be discontinued for one year after closing of the transaction except as approved by the Commission.

37. Following the Closing Date, Frontier Northwest shall continue to provide the monthly reports of wholesale performance metrics that Verizon Northwest currently provides and provide access to these metrics to Staff. Frontier Northwest will participate in a docket Staff will promptly propose be opened by the Commission to monitor Frontier Northwest's wholesale service quality, and establish wholesale service quality benchmarks. CLEC signatories to this Stipulation reserve the right to propose self-executing remedies in the wholesale service quality docket.

38. Verizon Northwest will make available to the Staff the Joint Partial Settlement Agreement wholesale data for Verizon Northwest's Oregon ILEC for the year leading up to the transaction closing date.

39. Frontier Northwest shall provide and maintain on a going-forward basis updated escalation procedures, contact lists and account manager information that is in place at least 30 days prior to the transaction close date. The updated contact list shall identify and assign a single point of contact for each CLEC with the authority to address ordering, provisioning, billing and OSS systems maintenance issues of that CLEC.

40. Frontier Northwest will continue to make available to each wholesale carrier in Oregon the types of information that Verizon currently makes available concerning wholesale operations support systems and wholesale business practices via the CLEC Manual, industry letters, and the change management process. In addition, Frontier Northwest will continue the CLEC User Forum process in Oregon following the transition or cutover date. Frontier Northwest will provide the wholesale carriers training and education on any wholesale operations support systems implemented by Frontier Northwest after closing without charge to the wholesale carrier.

41. Frontier Northwest will maintain a Change Management Process ("CMP") in Oregon similar to Verizon's current process, including CMP meetings the frequency of which for the first twelve months from Closing Date shall be monthly, and thereafter, agreed upon by the parties and a commitment to at least two OSS releases per year. Pending CLEC Change Requests will be completed in a commercially reasonable time frame.

42. Frontier Northwest shall ensure that the legacy Verizon Wholesale and CLEC support centers are sufficiently staffed by adequately trained personnel dedicated exclusively to wholesale operations so as to provide a level of service that is comparable to that which

was provided by Verizon prior to the transaction and to ensure the protection of CLEC information from being used for Frontier Northwest's retail operations.

43. Frontier Northwest will maintain OSS functionality, performance, and e-bonding for wholesale services that is at least equal to that which Verizon currently provides.

44. Frontier Northwest will provide ordering, provisioning and maintenance processes and intervals consistent with those Verizon currently provides.

45. Frontier Northwest will provide timely resolution of wholesale service problems consistent with Verizon Northwest's existing level of performance.

OTAP/Lifeline

46. Frontier Northwest will process weekly electronic Oregon Telephone Assistance Program/Lifeline/Link-Up America "Approved/Modified" reports submitted by the Commission.

47. Frontier Northwest will process monthly electronic Oregon Telephone Assistance Program/Lifeline "Termination" reports.

48. After processing the weekly electronic Oregon Telephone Assistance Program/Lifeline "Approved/Modified" reports, Frontier Northwest will submit to the Commission a weekly "No Match" report that lists any Commission-approved customers the company was unable to include as eligible for the Oregon Telephone Assistance/Lifeline credit and provide the reasons for such omission (e.g. the customer's name not being on the telephone bill).

49. When Frontier Northwest submits its monthly OTAP reimbursement report electronically, the company will also submit a monthly electronic report containing all active Oregon Telephone Assistance Program/Lifeline customers including their corresponding telephone number and address.

50. No later than 90 days post close of the transaction, Frontier Northwest will submit a monthly electronic "Order Activity" report that lists Oregon Telephone Assistance Program/Lifeline customers by name, in addition to their telephone number and address, who have permanently disconnected service, were disconnected as a non-pay disconnect, or were disconnected per PUC request. Frontier Northwest must include in the monthly electronic "Order Activity" report customers who have changed their telephone number or address and provide their new telephone number or address.

Affiliated Interests/Non-regulated Operations

51. Frontier Northwest agrees that the Operating Companies will comply with all applicable Commission statutes and regulations regarding affiliated interest transactions, including

timely filings of applications and reports. To the extent affiliated interest changes do occur, the Company or its Operating Companies will make the appropriate affiliated interest filings pursuant to ORS 759.390.

52. Within 90 days after the close of this transaction, Frontier Northwest will file with the Commission affiliated interest agreements including an updated Cost Allocation Manual for services that reflect as charges and credits to operating accounts in CTCO's and Frontier Northwest's Form O.

53. The certificates of all Frontier and Verizon entities certified as Competitive Providers in Oregon will remain in effect and unchanged as of the date of close of the transaction. Thereafter, Frontier and Verizon will report any changes affecting those certificates in compliance with applicable Commission statutes and regulations.

FiOS

54. Certain Verizon Northwest video local franchise agreements permit Verizon NW, and would also permit Frontier Northwest on completion of the proposed transaction, to "walk away" from the Franchise agreements during an open window period occurring within the first two years after closing of the proposed transaction. This means that Frontier Northwest could discontinue providing FiOS video services during the open window period and prior to the end of two years. Notwithstanding its ability to "walk away" from certain video services, Frontier Northwest commits to the continuation of video services for two years in all cases except those where failure to opt out during this "walk away" window would bind the company to a commitment that is longer than two years.

55. If within two years after closing of the proposed transaction, Frontier Northwest makes a reduction or substitution of one or more video channels from an Oregon customer's existing FiOS video service, or Frontier Northwest takes any action intended to reduce the internet speed for existing FiOS Internet service customers an Oregon customer may, if the customer seeks to terminate the service within 90 days after the Company reduction or substitution is implemented, terminate a long term (12 months or greater) contract without incurring any termination fees. This condition applies only to contracts entered into between Oregon customers and Verizon Northwest in Oregon prior to completion of the proposed transaction.