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December 16, 2009

Oregon Public Utility Commission
Attn: Filing Center
P.O. Box 2148
Salem, OR 97308-2148

Re: Um 1431; Frontier Settlement with Level 3

Dear Commission,

Enclosed for filing are four copies of the Settlement Agreement between Frontier Communications Corporation and Level 3, LLC. This Settlement Agreement is being filed pursuant to the requirements of Paragraph 12 of the Global Settlement Stipulation between Commission Staff, the Citizens Utility Board, the Joint CLECs and 360 Networks. As with the Comcast Settlement Agreement, this is a national settlement and originals for each state do not exist.

If you have any questions regarding this filing, please don't hesitate to contact me.

Very truly yours,



Charles L. Best

encls

CERTIFICATE OF SERVICE

I certify that on December 16, 2009, I served the foregoing document(s) upon all parties of record in Docket No.UM 1431 by e-mail and/or U.S. Mail or Overnight Delivery.

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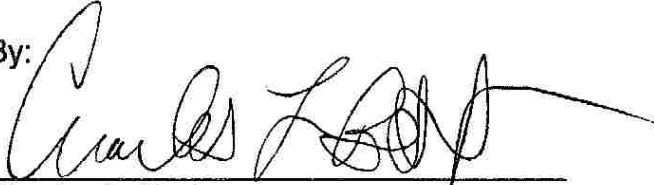
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By: 

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SETTLEMENT AGREEMENT

In connection with the transfer of certain local exchange operations of Verizon Communications Inc. (collectively "Verizon") in the states of Arizona, California Idaho, Illinois, Indiana, Michigan, North Carolina, Nevada, Ohio, Oregon, South Carolina, Washington, Wisconsin and West Virginia (the "Transaction States"), to an affiliate of Verizon directly or indirectly held by a Verizon ILEC affiliates (herein defined as Verizon Northwest, Inc. (Oregon, Washington and Idaho), Verizon West Coast Inc. (California), Verizon South, Inc. (Illinois, South Carolina and North Carolina), Verizon West Virginia, Inc. (West Virginia), Verizon North, Inc. (Illinois, Ohio, Indiana, Michigan and Wisconsin) and Contel of the South, Inc.(Indiana and Michigan)), the merger of New Communications Holdings Inc. with and into Frontier and related transactions (collectively the "Transaction") which are pending before the Federal Communications Commission and various state commissions in certain of the Transaction States (collectively the "Transaction Review Proceedings") and any necessary assignment, in whole or in part, by Verizon or a Verizon ILEC affiliate and the assumption by Frontier or a Frontier ILEC affiliate of the interconnection agreements between Verizon ILEC affiliates and Level 3 Communications, LLC or any of its affiliates ("Level 3"), Level 3 and Frontier want to resolve any issues regarding the subject interconnection agreements amicably and promptly. To that end, and in exchange for the consideration recited below, Level 3 and Frontier agree as follows:

1. Level 3 understands that Frontier only has the rights to assume certain classes of agreements of certain Verizon ILEC affiliates, and only to the extent such agreements are operative in the Transaction States. Therefore, the parties agree that such agreements (to the extent that they are operative in the Transaction States) will be governed by this settlement agreement. Level 3 hereby consents for the benefit of Frontier and Verizon to the assignment, in whole or in part, by Verizon and Verizon ILEC affiliates and assumption by Frontier and Frontier ILEC affiliates of such agreements, to the extent any such assignment may be required or necessary, and Level 3 hereby waives, to the extent required or necessary, any and all objections to the change of control of Verizon ILEC affiliates to Frontier or Frontier ILEC affiliates resulting from the consummation of the Transaction.
2. The interconnection agreements which are in place between the appropriate Verizon ILEC affiliates and Level 3 in the Transaction States and the network utilized by Level 3 and Verizon ILEC affiliates to exchange traffic pursuant to the interconnection agreements (to the extent the network arrangements are conveyed to Frontier as part of the Transaction) as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the

Transaction. The parties will execute an amendment to the interconnection agreements to effectuate this provision.

3. To the extent there are interconnection agreements which are in place between the appropriate Frontier ILEC affiliate and Level 3 in the Transaction States and the network utilized by Level 3 and Frontier ILEC affiliate to exchange traffic pursuant to the interconnection agreements as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the Transaction. The parties will execute an amendment to the interconnection agreements to effectuate this provision.
4. The parties agree that the agreements referenced in paragraph 3 shall be amended to include a provision substantially similar to that included in the most recent amendment to the Level 3/Citizens Telecommunications Company of West Virginia interconnection agreement in West Virginia addressing the exchange of indirect traffic between the parties. The preceding referenced agreements to which this provision shall apply shall be those in which network direct connection has been implemented as of the date of this Agreement, and the parties agree that the parties will work cooperatively to resolve any traffic threshold conditions for disconnection of existing trunks contained within said condition and if they can not reach a mutually satisfactory resolution within 10 days, the parties may initiate the Dispute Resolution procedures identified in the interconnection agreement. The substantive issue in any such Dispute Resolution Process shall be confined to the actual traffic volume and any technical barriers which may exist in respect to the disconnection of the trunks in question.
5. With respect to California, the Transaction includes ILEC operations and facilities in thirteen exchanges. Six exchanges (representing approximately 13,000 access lines) comprise the entire serving territory of Verizon West Coast, Inc. and will be transferred to Frontier as part of the Transaction. Another seven Verizon California, Inc. exchanges, serving approximately 11,000 access lines, are being transferred to Frontier as part of the Transaction. The seven Verizon California exchanges to be transferred are: (1) Adjacent to Nevada: Alpine (Alpine Co.) and Coleville (Mono Co.); (2) Adjacent to Arizona: Earp Big River, Havasu Landing, and Parker Dam (San Bernardino Co.), Blythe (Riverside Co), and Palo Verde (Imperial Co.). With respect to California, the parties agree as follows:
 - a. The interconnection agreements which are in place between Verizon West Coast and Level 3 in California and the network utilized by Level 3 and Verizon West Coast to exchange traffic pursuant to the interconnection agreements (to the extent the network arrangements are conveyed to Frontier as part of the Transaction) as of the closing of the Transaction will be extended for a for a period of 30 months from the effective date of the Transaction.

Telecommunications Act of 1996 or any other applicable law or regulation, either state or federal, except as expressly provided in this settlement agreement. In addition, without limiting the foregoing, nothing in this agreement constitutes an admission by Frontier that it or any of its affiliates is or will become a Bell Operating Company as a result of the Transaction, or will be subject to any obligations pursuant to Sections 271 through 278 of the Act.

11. The parties understand that Level 3 may be negotiating new or modified terms with Verizon covering areas beyond those being transferred to Frontier in the Transaction, and the parties agree that such negotiations will not be affected by this settlement agreement, nor shall this settlement agreement be affected by such negotiations.
12. This agreement shall be governed by New York law, without regard to that state's choice of law provisions. This agreement may be executed in counterparts. It shall be effective as of the date hereof.
13. It is the intent of Frontier and Level 3 to file this Settlement Agreement with the applicable state commissions conducting Transaction Review Proceedings in which Level 3 has intervened. As part of the submission of this Settlement Agreement, Level 3 will, if requested by Frontier or any Commission, file a statement in support of the Settlement Agreement and the approval of the Transaction by the relevant state and federal authorities. In connection with the preceding referenced filing, Level 3 shall not support or advocate any additional conditions on the Transaction by the relevant state and federal authorities unless solely in defense of the terms and conditions of this Settlement Agreement as applied to Level 3.

FRONTIER COMMUNICATIONS CORPORATION

By: _____


LEVEL 3 COMMUNICATIONS

By: _____

Jamie Mayer
Senior Director