

**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 |) | STIPULATION |
| Assert Jurisdiction, or, in the |) | |
| Alternative, to Approve the Indirect |) | |
| Transfer of Control of |) | |
| VERIZON NORTHWEST INC. |) | |

PARTIES

1. The parties to this Stipulation (“Stipulation”) are Frontier Communications Corporation (“Frontier”), Verizon Communications Inc. (“Verizon”) (Frontier and Verizon, collectively, the “Applicants”), 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”) (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), and that the Public Utility Commission of Oregon (the “Commission”) should then issue an order approving the Stipulation with the attached conditions and providing the approvals requested by the Applicants in their Application.

DATED: December 3, 2009

3. The Parties agree to support Commission approval of the Application and this Stipulation. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-014-0085. The Parties agree to support this Stipulation throughout this proceeding and any appeal, provide witnesses to sponsor this Stipulation at the hearing and recommend that the Commission issue an order adopting the settlements contained herein. If any other party to this proceeding challenges this Stipulation, 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, which may include raising issues that are incorporated in the settlements embodied in this 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.

AGREEMENT

7. The Parties agree to the conditions set forth in Attachment 1 to this Agreement. All conditions or requirements in Attachment 1 will remain in effect for three years unless otherwise expressly identified in a specific condition.

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 in approving the Application, any Party disadvantaged by such action shall have the right, upon written notice to the Commission and all Parties within 15 business days of the Commission's order, to withdraw from this Stipulation, pursue their rights under OAR 860-014-0085 and/or seek reconsideration or appeal of the Commission's order. No Party withdrawing from this Stipulation, 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.

//

//

//

DATED: December 3, 2009

This Stipulation is entered into by each Party as of the date entered below:

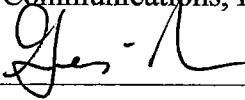


Frontier Communications Corporation

By: Dan McCarthy

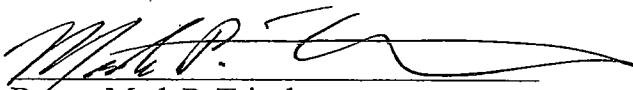
Executive Vice President and Chief Operating Officer

Verizon Communications, Inc.

By: 

General Counsel

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



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

DATED: December 3, 2009

ATTACHMENT 1 SETTLEMENT CONDITIONS

1. No Verizon Northwest wholesale 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.
2. Frontier and its Operating Companies will not seek to recover through wholesale service rates one-time transfer, branding or transaction costs.
3. Frontier will hold wholesale customers harmless for increases in overall management costs incurred by the Operating Companies that result from the transaction.
4. Following the Closing Date, Frontier shall continue to provide the monthly reports of wholesale performance metrics that Verizon Northwest currently provides and provide access to these metrics to Commission staff. The Commission shall immediately open a docket to monitor Frontier's wholesale service quality and establish wholesale service quality benchmarks. The CLEC signatories to this Settlement Agreement reserve the right to propose self-executing remedies in the wholesale service quality docket.
5. Frontier Northwest will assume or take assignment of all obligations under Verizon Northwest's current interconnection agreements, interstate special access tariffs and intrastate tariffs, commercial agreements, line sharing agreements, and other existing arrangements with wholesale customers ("Assumed Agreements"). Frontier Northwest shall not terminate or change the rates, terms or conditions of any effective Assumed Agreements during the unexpired term of any Assumed Agreement or for a period of twenty-four months from the Closing Date, whichever occurs later unless requested by the interconnecting party, or required by a change of law.
6. Frontier Northwest will allow requesting carriers to extend existing interconnection agreements, whether or not the initial or current term has expired, until at least 30 months from the Closing Date, or the date of expiration, whichever is later.
7. Frontier Northwest shall allow a requesting competitive carrier to use its pre-existing interconnection agreement, including agreements entered into with Verizon Northwest, as the basis for negotiating a new replacement interconnection agreement.
8. Rates for tandem transit service, any interstate special access tariffed offerings or any intrastate wholesale tariffed offering, reciprocal compensation and TELRIC 252(c)(2), and (d), rates for 251(c) facilities or arrangements shall not be increased by Frontier Northwest for at least twenty-four months from the Closing Date; nor will Frontier Northwest create any new rate elements or charges for distinct facilities or functionalities that are currently already provided under existing rates. Frontier Northwest shall continue to offer any currently offered Term and Volume Discount plans until at least

DATED: December 3, 2009

twenty-four months from the Closing Date. Frontier Northwest will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term. Frontier Northwest will reduce pro rata the volume commitments provided for in agreements to be assigned to or entered into by Frontier or tariffs to be concurred in and then adopted by Frontier Northwest, without any change in rates and charges or other terms and conditions, so that such volume pricing terms will in effect exclude volume requirements from states outside of the affected states.

9. Frontier Northwest will not seek to avoid any of its obligations under the Assumed Agreements on the grounds that Frontier Northwest is not an incumbent local exchange carrier ("ILEC") under the Federal Communications Act of 1934, as amended, 47 U.S.C. § 151 *et seq.*, (the "Communications Act"), nor on the grounds that it is exempt from any of the obligations hereunder pursuant to Section 251(f)(1) of Section (f)(2) of the Communications Act.
10. For one year following the Closing Date, Frontier Northwest will not seek to reclassify as "non-impaired" any wire centers in Oregon for purposes of Section 251 of the Communications Act, nor will Frontier Northwest file any new petition under Section 10 of the Communications Act seeking forbearance from any Section 251 or dominant carrier regulation in any wire center in Oregon.
11. 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.
12. Frontier Northwest will continue to make available to each wholesale carrier 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 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.
13. Frontier Northwest will maintain a Change Management Process ("CMP") 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.
14. 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

DATED: December 3, 2009

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

- 15.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 its Northwest region (including Oregon and Washington). 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 the Oregon and Washington territories 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 in accordance with the standards described above. 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.

- 15.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

DATED: December 3, 2009

transition plan with the Commission and seek input from interested carriers. Before implementation of the 2nd Transition, Frontier will allow for coordinated testing with CLECs signatories to this Settlement Agreement on test/non-live orders.

16. In the event a dispute arises between the parties with respect to any of the pre-closing and post-closing conditions herein, either party may seek resolution of the dispute by filing a petition with the Commission pursuant to the procedures for enforcement of interconnection agreements set forth in the Commission's rules [OAR 860-16-0050/WAC 480-07-650].
17. Except as otherwise expressly stated herein, the provisions of this Agreement only apply to Washington and Oregon and only applicable to the CLEC signatories and their affiliates.
18. The CLEC signatories to this agreement will withdraw their testimony, comments and other pleadings in the Oregon and Washington transaction proceedings and will not intervene or participate in any other regulatory or legislative proceedings involving the approval of the proposed transaction in Oregon and Washington. The signatories to this settlement will file a settlement agreement with the Oregon and Washington Commissions, respectively, and jointly ask each Commission, to the extent required, to approve the settlement and state that they are not opposed to the Commission approval of the transaction if conditioned as set forth herein. The CLEC signatories and their agents, employees and attorneys will not engage in any advocacy contrary to this agreement.
19. Unless another time period is stated expressly, each provision of this agreement shall apply for a period of three years.

CERTIFICATE OF SERVICE

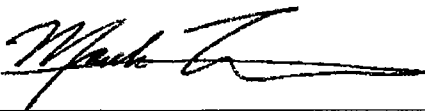
UM 1431

I hereby certify on the 3rd day of December, 2009, the Stipulation was hand-filed by Mark Trinchero at the Filing Center the Oregon Public Utility Commission. A copy is being sent electronically to the service list below and via U.S. Mail to those who have not waived paper service:

| | |
|---|--|
| <p>Charles L. Best Attorney At Law 1631 NE Broadway #538 Portland, OR 97232-1425 chuck@charlesbest.com</p> | <p>G. Catriona McCracken Legal Counsel/Staff Attorney Citizens' Utility Board of Oregon 610 SW Broadway, Suite 308 Portland, OR 97205 catriona@oregoncub.org</p> |
| <p>Gordon Feighner Energy Analyst Citizens' Utility Board of Oregon 610 SW Broadway, Suite 308 Portland, OR 97205 gordon@oregoncub.org</p> | <p>Robert Jenks Citizens' Utility Board of Oregon 610 SW Broadway, Suite 308 Portland, OR 97205 bob@oregoncub.org</p> |
| <p>Andrew Fisher Comcast Phone of Oregon LLC One Comcast Center Philadelphia, PA 19103 andrew_fisher@comcasst.com</p> | <p>Katherine K. Mudge Director, State Affairs & ILEC Relations Covad Communications co. 7000 N. MOPAC EXPWY 2nd Fl Austin, TX 78731 kmudge@covad.com</p> |
| <p>Michael T. Weirich Assistant Attorney General Department of Justice Regulated Utility & Business 1162 Court St. NE Salem, OR 97301-4096 michael.weirich@doj.state.or.us</p> | <p>Kevin L. Saville Attorney At Law Frontier Communications of America Inc. 2378 Wilshire Blvd. Mound, MN 55364 kvin.saville@frontiercorp.com</p> |
| <p>Greg L. Rogers Sr. Corporate Counsel Level 3 Communications LLC 1025 Eldorado Blvd. Broomfield, CO 80021 greg.rogers@level3.com</p> | <p>Dennis Ahlers Integra Telecom of Oregon Inc. 6160 Golden Hills Dr. Golden Valley, MN 55416-1020 ddahlers@integratelecom.com</p> |
| <p>Michael Dougherty Public Utility Commission of Oregon P.O. Box 2148 Salem, OR 97308-2148 michael.dougherty@state.or.us</p> | <p>Eugene M. Eng Vice President-Legislative & Regulatory Affairs Verizon Northwest, Inc. 20575 NW Von Neumann Dr. #150 MC ORO 30158 Hillsboro, OR 97006 egene.eng@verizon.com</p> |

| | |
|---|--|
| <p>Gregory M. Romano General counsel – NW Region Verizon Northwest Inc. 1800 41st St. MC WA0105GC Everett, WA 98201 gegory.m.romano@verizon.com</p> | <p>Lyndall Nipps Vice President, Regulatory Affairs tw telecom of Oregon, llc 845 Camino Sur Palm Springs, CA 92262-4157 lyndall.nipps@twtelecom.com</p> |
| <p>Gregory J. Kopta Davis Wright Tremaine LLP 1201 Third Ave. – Ste. 2200 Seattle, WA 98101-1688 gregkopta@dwt.com</p> | <p>Rex M. Knowles Regional Vice President – Regulatory XO Communications Services Inc. 7050 Union Park Ave., Ste. 400 Midvale, UT 84047 rex.knowles@xo.com</p> |
| <p>Michel Singer-Nelson 360networks(USA) Inc. 370 Interlocken Blvd., Suite 600 Broomfield, CO 80021-8015 mnelson@360.net</p> | <p>William A. Haas VP Regulatory & Public Policy PAETEC Communications Inc. 1 Martha’s Way Cedar Rapids, IA 52233 bill.haas@paetec.com</p> |
| <p>Wendy McIndoo Office Manager McDowell & Rackner PC 520 SW 6th Avenue, Suite 830 Portland, OR 97204 wendy@mcd-law.com</p> | <p>Lisa F. Rackner Attorney McDowell & Rackner PC 520 SW 6th Avenue, Suite 830 Portland, OR 97204 lisa.mcd-law.com</p> |
| <p>Adam Lowney McDowell & Rackner PC 520 SW Sixth Ave., Suite 830 Portland, OR 97204 adam@mcd-law.com</p> | |

DAVIS WRIGHT TREMAINE LLP

By: 
Mark P. Trinchero