

ORDER NO. 11 525

ENTERED DEC 20 2011

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1431

In the Matter of

FRONTIER COMMUNICATIONS
NORTHWEST, INC.

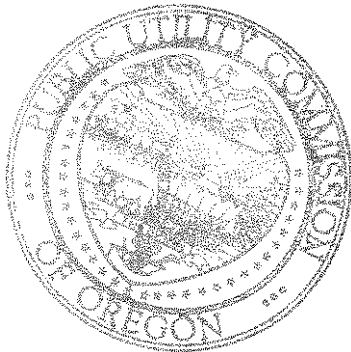
Petition to Release Funds from Broadband
Escrow Account.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its Public Meeting on December 20, 2011, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter, attached as Appendix A.

BY THE COMMISSION:



Becky L. Beier

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. 5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 20, 2011**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ NA _____

DATE: December 8, 2011

TO: Public Utility Commission

FROM: Irvin Emmons *IE*

THROUGH: Bryan Conway *BC*, Marc Hellman *MH*, and Michael Dougherty *MD*

SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC.: (Docket No. UM 1431) Petition to Release Funds from Broadband Escrow Account – Order No. 10-067.

STAFF RECOMMENDATION:

Staff recommends that Frontier Communications Northwest Inc's (Frontier) petition to release funds in the amount of \$4,372,761 from the broadband escrow account be granted.

DISCUSSION:

On November 22, 2011, and in compliance with Appendix A, Condition No. 14 of Order No. 10-067, Frontier petitioned the Public Utility Commission of Oregon (Commission) for approval to release funds held in the escrow account that was established to fulfill its broadband commitment. Detailed expenditure information provided with the petition is considered confidential by Frontier and the company requested that it be treated as such.

Background

Pursuant to Commission Order No. 10-067 (Order), on July 1, 2010, indirect control of Verizon Northwest Inc. was transferred to Frontier Communications Corporation. In its Order, the Commission required Frontier to expend a total of \$25 million on broadband deployment in Frontier's service territory in Oregon (Broadband Commitment). As required by the Order, Frontier was to prudently expend \$10 million on broadband improvements before July 1, 2011, and to also deposit an additional \$15 million in an

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escrow account (Account), approved by the Commission, to fulfill the Broadband Commitment.

Frontier deposited \$15 million in the Account as required and it remains in place, retaining all deposited funds and interest thereon, until Frontier meets and completes the Broadband Commitment required in Condition No. 14. However, the Commission, at its discretion, may approve any part or all of a request by the company for a release of funds from the Account.

Frontier completed the initial \$10 million broadband expenditure as confirmed in the submitted quarterly report presented on July 27, 2011. This report detailed the broadband deployment through June 30, 2011. Frontier represents that the actual amount spent by June 30th was \$10,878,648.

The \$15 million held in the Account must be spent by July 1, 2013. Frontier is allowed to request, no more frequently than on a quarterly basis, the release of funds from the Account to the full control of Frontier. The balance of the Account, as of November 30, 2011, was \$15,027,136.97.

Frontier is specifically asking the Commission to release \$4,372,761 based upon Frontier's work on broadband projects through September 2011. This amount was confirmed in the third quarter 2011 Compliance Filing dated October 31, 2011. This is the company's first request for the release of funds from the Account.

Conclusion

Staff has reviewed the detailed Frontier Broadband Infrastructure Improvements quarterly reports. Requirements as set forth in Condition 14 were verified. Since Frontier has met the applicable requirements of Condition 14, and the amount of money requested is properly documented, Staff recommends approval of Frontier's request for the release of the escrow funds from the Account in the amount of \$4,372,761.

PROPOSED COMMISSION MOTION:

Frontier's petition to release funds in the amount of \$4,372,761 from the broadband escrow account be granted.

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