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State Bar No. 5991

December 18, 2020

## Via E-mail Delivery

Connie Graley, Director  
Executive Secretary Division  
Public Service Commission of West Virginia  
201 Brooks Street  
Charleston, West Virginia 25301

Re: Frontier Communications Corporation; Frontier West Virginia Inc.; Citizens Telecommunications Company of West Virginia d/b/a Frontier Communications of West Virginia; Frontier Communications of America, Inc. d/b/a Frontier Long Distance; and Frontier Communications Online and Long Distance Inc. d/b/a Frontier Communications of America West Virginia

Joint Petition for Expedited Approval of Certain  
Chapter 11-Related Reorganization Changes  
PSC Case No. 20-0400-T-PC

Dear Ms. Graley:

The Petitioners are pleased to report that their post-hearing negotiations with the Commission Staff, the CAD, and the CWA have resulted in a proposed resolution of this case for the Commission's consideration, as embodied in the enclosed Joint Stipulation and Agreement for Settlement.

The stipulating parties recommend that the Commission approve the Joint Petition and specifically find that the Restructuring transaction outlined therein satisfies the requirements of W. Va. Code §24-2-12 and should be approved, subject to the Petitioners' numerous service and financial commitments outlined in the Joint Stipulation. These include, among others, a commitment that Frontier's operations in West Virginia will be classified as "InvestCo" companies and will deploy fiber to the premises capable of supporting Gigabit broadband services to not fewer than 150,000 locations in West Virginia by the end of 2027. Petitioners also commit to invest a minimum of \$200 million in West Virginia over a three-year period ending on December 31, 2023.

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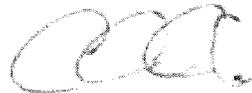
Connie Graley, Director  
December 18, 2020  
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The stipulating parties assert that the Joint Stipulation is adequately supported by the evidentiary record developed at the November 5-6, 2020 hearing. They respectfully request that the Commission accept the Joint Stipulation and adopt the various recommendations therein in their entirety as an integrated, complete resolution of the issues raised in this case.

Finally, it is important to note that paragraph 19 of the Joint Stipulation provides that it will be ineffective unless approved by the Commission, in all its material terms and without modification, by **January 19, 2021**. This provision reflects the fact that time is of the essence with respect to Frontier's ability to emerge from bankruptcy.

Please file this letter and its enclosure and provide copies to the appropriate parties at the Commission. We also ask that you date stamp the extra copy provided and return it with our messenger. As always, we appreciate your assistance in this matter.

Sincerely yours,



Christopher L. Callas

Enclosure

Cc:

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Allison M. Ellis ([AE4862@FTR.com](mailto:AE4862@FTR.com))

**PUBLIC SERVICE COMMISSION  
OF WEST VIRGINIA  
CHARLESTON**

**CASE NO. 20-0400-T-PC  
FRONTIER COMMUNICATIONS CORPORATION,  
FRONTIER WEST VIRGINIA INC.,  
CITIZENS TELECOMMUNICATIONS COMPANY OF WEST VIRGINIA d/b/a  
FRONTIER COMMUNICATIONS OF WEST VIRGINIA,  
FRONTIER COMMUNICATIONS OF AMERICA, INC. d/b/a  
FRONTIER LONG DISTANCE, and  
FRONTIER COMMUNICATIONS ONLINE AND LONG DISTANCE INC. d/b/a  
FRONTIER COMMUNICATIONS OF AMERICA WEST VIRGINIA**

**Joint Petition for Expedited Approval of  
Certain Chapter 11-Related Reorganization  
Changes.**

**JOINT STIPULATION AND SETTLEMENT AGREEMENT**

Pursuant to Rule 13.4 of the Commission's Rules of Practice and Procedure, this Joint Stipulation and Settlement Agreement ("Joint Stipulation") is made and entered into by the Staff of the Public Service Commission of West Virginia ("Staff"), the Consumer Advocate Division ("CAD"), the Communications Workers of America, AFL-CIO ("CWA") and Frontier Communications Corporation ("Frontier Communications Parent"), and its West Virginia local exchange service companies. Frontier West Virginia Inc. and Citizens Telecommunications Company of West Virginia d/b/a Frontier Communications of West Virginia (individually and collectively, "Frontier"), as well as Frontier Communications of America, Inc. d/b/a Frontier Long Distance, and Frontier Communications Online and Long Distance Inc. d/b/a Frontier Communications of America West Virginia (with Frontier, collectively the "West Virginia Operating Subsidiaries," and with Frontier Communications Parent and Frontier, collectively the

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“Frontier companies” all parties hereto are referred to herein collectively as the “Parties”).

### **BACKGROUND**

a. On May 21, 2020, the Frontier companies filed a Joint Petition for Expedited Approval of Certain Chapter 11-Related Reorganization Changes pursuant to W.Va. Code §24-2-12 (the Petition), seeking approval of reorganizational changes to effectuate their plan of reorganization under Chapter 11 of Title 11 of the United States Code (the Bankruptcy Code).

b. On August 27, 2020, the Frontier companies filed a copy of the Order of the United States Bankruptcy Court for the Southern District of New York, confirming a plan of reorganization for Frontier. In their cover letter, the Frontier companies stated that regulatory approvals are the only remaining prerequisite to Frontier’s ability to conclude its Chapter 11 process.

c. The Parties conducted extensive discovery throughout this proceeding, made various procedural filings and the Commission entered certain procedural Orders, all as more specifically stated in the Commission’s docket on this proceeding.

d. The Frontier companies filed testimony on October 21, 2020, and Staff filed testimony on November 2, 2020.

e. On November 5 and 6, 2020, the Commission held an evidentiary hearing by video conference. In live rebuttal testimony at the hearing, the Frontier companies directly responded to the Staff’s recommendations. Tr. (November 5, 2020), pp. 26-45.

f. The Parties have negotiated the resolution of this case on the terms and conditions set for below.

## **JOINT STIPULATION AND SETTLEMENT AGREEMENT TERMS**

1. Subject to the terms and conditions herein, the Parties agree and recommend that the Commission approve Frontier's Joint Petition in Case No. 20-0400-T-PC. Without necessarily limiting the foregoing, the Parties specifically agree that the transaction that is the subject of this proceeding satisfies the requirements of W. Va. Code §24-2-12, namely: (i) the terms of the transaction are reasonable; (ii) neither party to the transaction has an undue advantage over the other; and (iii) the transaction does not adversely affect the public in this state.

2. The Frontier companies represent and affirm that the "state operations" in West Virginia will be classified as "InvestCo" where the reorganized Frontier will conduct fiber deployments consistent with Article IX.A.10 of the Plan of Reorganization approved by the Bankruptcy Court on August 27, 2020 and the Restructuring Term Sheet. Frontier's fulfillment of the conditions specified herein is not contingent on the classification of the West Virginia state operations as "InvestCo." Frontier shall notify the Commission within ten (10) days if it discontinues the use of the "InvestCo" classification for its West Virginia state operations.

3. In furtherance of its commitment to designate its West Virginia operations as "InvestCo," the Frontier companies commit to voluntarily deploy fiber to the premises ("FTTP")<sup>1</sup> capable of supporting Gigabit ("Gig") broadband services to no fewer than one hundred and fifty thousand (150,000) locations in West Virginia by December 31,

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<sup>1</sup> For purposes of this Joint Stipulation, fiber to the premises ("FTTP") means Frontier will deploy fiber-optic facilities in an optical distribution network from its central offices to the public right of way, utility pole or easement immediately adjacent to the potential subscriber's premises, including residential, multi-dwelling unit and commercial location. If a consumer subscribes to service, the fiber and optical distribution network will be connected with fiber-optic cable to the customer location demarcation point or optical network terminal.

2027. Frontier will annually report to Staff, with a copy to the other Parties no later than January 31<sup>st</sup>, on a confidential basis, the expected deployment locations for the coming year and a report documenting the number and location of deployment locations completed in the previous year along with service speeds available. Frontier shall complete FTTP deployment to no fewer than 75,000 locations within three years of emerging from Chapter 11 and Frontier shall complete all 150,000 locations no later than December 31, 2027.<sup>2</sup> The FTTP locations to fulfill this commitment may include any locations awarded to Frontier pursuant to the Federal Communications Commission's ("FCC") Rural Digital Opportunity Fund ("RDOF"). Frontier shall provide semiannual status reports to the Commission, with copies to the other Parties, beginning March 1, 2022 for a period of six (6) years, or until Frontier completes FTTP to all 150,000 locations, on the progress of its broadband deployment specified in this Agreement.

4. Within thirty (30) days of completion of the Virtual Separation Report described in the Plan of Reorganization<sup>3</sup>, the final version of which is expected to be delivered by March 31, 2021, Frontier will provide a confidential copy of the Virtual Separation Report to the Commission, with confidential copies to the other Parties. Frontier will agree to meet with Staff and CAD within 30 days of providing the Report, or as mutually agreed, to discuss the Virtual Separation Report and answer questions. Any information supplied to the CWA regarding the Virtual Separation Report shall be

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<sup>2</sup> Frontier's commitment to expand FTTP to support broadband services is being made voluntarily and Frontier does not consent to or otherwise confer Commission jurisdiction over Frontier broadband or Internet deployment or services although Frontier acknowledges and accepts that the Commission has the power and authority to enforce this Agreement.

<sup>3</sup> The Plan references a "detailed report regarding a virtual separation under the same ownership structure of select state operations where the Reorganized Debtors will conduct fiber deployments from those state operations where the Reorganized Debtors will perform broadband upgrades and operational improvements." Plan of Reorganization, Section IX, Conditions Precedent, at paragraph 10.

governed by a separate confidentiality agreement to be entered into between the CWA and Frontier.

5. Frontier will expend a minimum of \$200 million<sup>4</sup> in total capital expenditures over a three-year period ending on December 31, 2023, with a minimum expenditure of \$50 million annually, commencing with its emergence from Chapter 11.

6. Within ninety (90) days after providing the Virtual Separation Report, the Frontier Companies agree to provide pro forma Fiscal Year 2020 financial statements (i.e., Income Statement and Balance Sheet) using the current accounting practices and expense allocation methodologies and comparing the revised accounting practices and expense allocation methodologies developed in the Virtual Separation Report.

7. For a period of three (3) years following its emergence from Chapter 11, Frontier agrees to provide on a confidential basis annual budget(s) for capital expenditures with detail for the two Frontier West Virginia companies and to report quarterly deviations from the annual budget(s).

8. The Frontier companies agree to notify the Commission when the Frontier companies emerge from Chapter 11 bankruptcy.

9. As soon as practicable after February 1, 2021 but subject to Federal Communications Commission (FCC) disclosure limitations, Frontier agrees to provide its West Virginia RDOF bidding information to the Parties on a confidential basis.

10. Within ninety (90) days after emerging from Chapter 11 bankruptcy, Frontier agrees to provide a report describing Frontier's actions to address the customer

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<sup>4</sup> This represents an increase of approximately \$50 million in capital expenditures over the prior three years (2017-2019). Frontier received federal support funding for broadband deployment in the amount of \$38 million annually over this period and expects to receive reduced federal support funding during the period of this capital expenditure commitment.

service performance issues identified in Frontier's "Modernization Report." This condition shall expire upon the completion of the obligations under this Paragraph.

11. For a period of three (3) years following its emergence from Chapter 11, Frontier agrees to provide information regarding dividends declared by its Board and a copy of its written dividend policy, if any, adopted by its Board of Directors after the Effective Date of the Chapter 11 bankruptcy. Such information shall be subject to Security Exchange Commission (SEC) disclosure limitations.

12. For a period of five (5) years following its emergence from Chapter 11, Frontier agrees to annually report on March 1<sup>st</sup> of each year to the Commission any negative change in the number or location of business offices or other employee reporting locations in West Virginia.<sup>5</sup> To the extent Frontier discontinues operations at any location with fifteen (15) or more employees it will provide written notice of the discontinuance to the Commission within 30 days along with a detailed reason for the discontinuance.

13. For a period of five (5) years following its emergence from Chapter 11, Frontier agrees to annually file on March 1<sup>st</sup> of each year to the Commission a report identifying the number of employees in West Virginia, the number of open positions and any changes in the number of employees or employee positions. This information shall be broken down and provided by job title. With respect to any voluntary or involuntary reduction in force in West Virginia with the potential to be greater than 15 employees at the time the change is made, Frontier shall report on a confidential basis within 30 days of the close of a voluntary or involuntary reduction in forces, the actual number of employees impacted.

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<sup>5</sup> Frontier currently maintains 145 reporting locations in the State of West Virginia.

14. Frontier shall comply with any lawful, final, non-appealable order of the Commission in any case in which it is a party. For purposes of clarification, this provision does not expire unless and until otherwise ordered by the Commission or a court of competent jurisdiction.

15. The Parties support this Joint Stipulation and represent that each of its provisions acceptably resolves all issues raised in this case. Based on the record, the Parties recommend that the Commission accept this Joint Stipulation in resolution of this case.

16. The Parties represent that the Parties' testimony and exhibits are adequate to support the Joint Stipulation.

17. The Parties acknowledge that they are not agreeing implicitly or explicitly that any document, information, or material referenced or produced in this proceeding (20-0400-T-PC) or in accordance with this Joint Stipulation is, in fact or in law, privileged, proprietary, a trade secret, or confidential and should receive permanent protective treatment. Nothing herein shall be construed as a waiver by any of the Parties of any legal position which they may assert regarding the confidentiality of information referenced or produced.

18. This Joint Stipulation results from a review of all evidence and filings in these cases, the Parties' analyses of the Petition, exhibits, and testimony, the existing statutory and regulatory framework, and good faith negotiation. The Joint Stipulation is proposed to expedite and simplify the resolution of this case in the context of an overall settlement. The Parties recommend that the Commission adopt this Joint Stipulation as not adverse to the public interest. Each component of the Joint Stipulation (including this

paragraph) is integral to and inseparable from the others, and no Party advocates the Commission's resolution of any issue proposed in this Joint Stipulation other than in the context of its support for the Joint Stipulation as a whole.

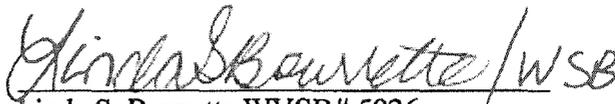
19. This Joint Stipulation is subject to the Commission's acceptance and approval by January 19, 2021. It will be ineffective until and unless approved by the Commission in all of its material terms and without modification. If the Commission does not grant that approval by January 19, 2021, without modifications, then this Joint Stipulation is null and void and the Parties reserve their rights to fully advocate their positions, unlimited by the terms of the Joint Stipulation.

20. This Joint Stipulation may be executed by counterpart or duplicate, by fax copy, or by electronic signature.

[signature page follows]

STAFF OF THE PUBLIC SERVICE  
COMMISSION OF WEST VIRGINIA

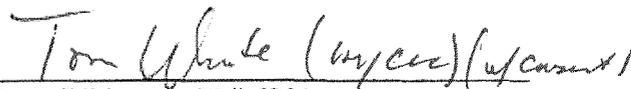
By counsel

 Linda S. Bouvette / WSB

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By counsel

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Charleston, WV 25301

THE COMMUNICATIONS WORKERS OF  
AMERICA, AFL-CIO

By counsel

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Vince Trivelli WWSB# 8015\_

STAFF OF THE PUBLIC SERVICE  
COMMISSION OF WEST VIRGINIA

By counsel

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AMERICA, AFL-CIO

By counsel



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Vince Trivelli WWSB# 8015\_

FRONTIER WEST VIRGINIA INC. AND  
CITIZENS TELECOMMUNICATIONS  
COMPANY OF WEST VIRGINIA D/B/A  
FRONTIER COMMUNICATIONS OF  
WEST VIRGINIA

By counsel

  
Kevin Saville

Senior Vice President & General Counsel  
Pro Hac Vice Admission Granted

Joseph J. Starsick, Jr., SB# 3576  
1500 MacCorkle Ave., S.E.  
Charleston WV 25396

Dated: December 18, 2020

**CERTIFICATE OF SERVICE**

I certify service of the foregoing pleading on December 18, 2020, by electronic mail, as follows:

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Christopher L. Callas