



Federal Regulatory Affairs  
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June 20, 2013

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

Re: *Connect America Fund*, WC Docket No. 10-90; *High Cost Universal Service Support*,  
WC Docket No. 05-337;

Dear Ms. Dortch:

On June 24, 2013, Kathleen Abernathy, Executive Vice President, External Affairs, for Frontier Communications sent the attached email (Attachment A) to Rebekah Goodheart, Wireline Legal Advisor to Chairwoman Clyburn, and Carol Matthey, Deputy Bureau Chief, Wireline Competition Bureau. On the same day, I spoke by phone with Priscilla Delgado Argeris, Legal Advisor to Commissioner Rosenworcel. In that conversation I reviewed the same substantive points contained in the email from Ms. Abernathy to Ms. Goodheart and Ms. Matthey. All correspondence involved Frontier's pending petition for relief from the Commission's local rate floor rules as applied to the unique local rate plans found in West Virginia.<sup>1</sup>

Pursuant to Section 1.1206(b) of the Commission's rules, 47 C.F.R. §1.1206(b), this letter is being filed electronically with your office today.

Please feel free to contact me with any further questions.

Sincerely,

A handwritten signature in blue ink that reads "Michael Saperstein, Jr." in a cursive script.

Michael D. Saperstein, Jr.  
Vice President of Federal Regulatory Affairs

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<sup>1</sup> Frontier Communications, Petition for Waiver of Sections 54.313(a)(10) and 54.318(i) of the Commission's Rules, or Petition for Rulemaking to Modify Section 54.318(i) of the Commission's Rules, WC Dkt. Nos.10-90, 05-337 (filed Dec. 7, 2012).

Frontier Communications  
(202) 223-6807

cc: Rebekah Goodheart  
Carol Matthey  
Priscilla Delgado Argeris

**ATTACHMENT A: Email from Kathleen Abernathy to Rebekah Goodheart and Carol Matthey**

Dear Carol and Rebekah,

Given the ongoing discussions regarding the Petition filed by Frontier and other carriers in West Virginia, I thought it might be helpful to provide some additional clarification about the existing rate structure in West Virginia and the reasons for the requested waiver.

1. West Virginia engaged in local rate restructuring a number of years ago, at which time it opted for four different local rate plans. The least expensive plan offers a \$7 monthly recurring rate that allows a customer to have a connected phone in their home. Local measured service charges apply to every call. This plan was designed to allow customers who generally do not qualify for lifeline service, but are also somewhat economically challenged, to keep a landline phone as a lifeline and then pay per call for its use whenever necessary. Approximately 13% of Frontier's customers subscribe to this service. The flat rate local calling plan, which provides unlimited local calling to the entire local calling area, is \$29/month.
2. The FCC Order, designed to ensure that customers in areas receiving high-cost support are making a reasonable contribution to the support of the local network serving them, does not take into consideration the unique local rate structures in West Virginia. The FCC's desire to ensure that USF high-cost support does not subsidize artificially low rates in areas determined to be high-cost is entirely consistent with the overall per customer charges in West Virginia but does not match up with one of the four rate plans in West Virginia. Frontier's average rate is approximately \$25 -- well above the \$14 floor. The FCC decision to **obligate states to share responsibility of ensuring universal service** has clearly been met.
3. Despite complete consistency with the FCC's policy goals that states must share responsibility for ensuring universal service, the decision made years ago by the West Virginia Public Service Commission to also include a \$7 measured local rate service results in failure to comply with the specific requirements of the FCC Order. The unintended consequence of the FCC Order is to prevent the state from permitting a \$7 measured, local calling rate, or forcing the reduction of \$1.5M in high-cost loop support in West Virginia. In addition, Frontier and other incumbents in West Virginia would need to file and get approval from the West Virginia Public Service Commission in order to raise rates to avoid losing this high cost support.
4. With regard to considering this a rate for FCC Lifeline customers, the majority of those customers are on the \$29 flat rate local calling plan (as are the majority of all West Virginia customers) because the \$7 plan is really designed as a backup program for low income, yet not Lifeline qualifying, rural consumers. While the FCC may disagree about the benefits of a low, measured rate to serve some rural customers, this rate is not distorting the state's obligation to share responsibility for universal service and therefore is not inconsistent with the intent and goals outlined in the FCC's Order.

5. Perhaps most importantly, **no parties filed objections to this petition and, to the best of our knowledge, no other states find themselves in a similar position.** (We know that out of the 27 states served by Frontier, this is the only instance of such an anomaly, and based on conversations with other carriers, we believe there are no other states similarly situated).

I am happy to discuss this issue further. We will, of course, file an ex parte on this communication. Thanks

Kathleen