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January 8, 2015

Dan Wolf
Executive Secretary
Minnesota Public Utilities Commission
121 East Seventh Place, Suite 350
St. Paul, MN 55101-2147

RE: In the Matter of a Petition by Frontier Communications of Minnesota, Inc. for
Approval of its Revised Alternative Form of Retail Regulation Plan
Docket No. P405/AR-14-735

Dear Mr. Wolf:

The attached Revised Alternative Form of Regulation Plan (Revised Plan or the Plan) for Frontier Communications of Minnesota, Inc. (Frontier) is submitted to the Minnesota Public Utilities Commission through a negotiated settlement between Frontier and the Minnesota Department of Commerce (Department) (collectively, the Parties).

Frontier previously solicited public input on its proposed AFOR plan through a bill message insert. No public comments were received by Frontier or the Department.

This settlement reflects the Parties' consideration of circumstances unique to Frontier, including Frontier's current service quality, current network, and Frontier's service offerings. The Revised Plan caps basic local exchange residential and business rates at their current levels for the first year of the Plan, and limits increases in the second and third years of the Plan to a total of \$2.00, except as specifically authorized by the Commission. Frontier will implement a rate increase to residential rates in years two and three of the plan only to the extent that the total rate (basic local residential rate plus the rate increase plus any applicable EAS additive) does not exceed the FCC-established rate floor in effect at that time.

The Plan maintains quality of service protections, and provides for a process to measure and report Frontier's performance in meeting the quality of service standards. With the exception of the investment plan (Part VI of the AFOR), the Parties have reached agreement on the provisions of the Revised Plan.

The Parties have not reached agreement on the specifics of the investment plan. While the Department recognizes the difficulty of planning in an uncertain regulatory and financial environment, and does not oppose approval of the investment plan as written, the Department believes that the investment plan could be more specific and

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substantive to meet the requirements of Minn. Stat. 237.761 subd.8. The Parties jointly urge the Commission to approve all other aspects of the Revised Plan.¹

The benefits of the Revised Plan are set forth in the Plan itself and will be effective on March 1, 2015, with Commission approval.

The Parties have negotiated a method for the pricing of line extensions that is fair to consumers and that provides Frontier with a reasonable expectation of revenue recovery, shown in Attachment B. Frontier will update its tariff to reflect the agreed-upon methodology, upon Commission acceptance of the Revised Plan.

Sincerely,

Frontier Communications of Minnesota, Inc.

By: 

Jack Phillips
Director- Gov't and External Affairs
Frontier Communications of Minnesota
14450 Burnhaven Drive
Burnsville, MN 55306

And

Minnesota Department of Commerce

By: 

Gregory J. Doyle
Manager, Telecommunications
Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55110

¹ The Commission specifically directed parties to address the 11 issues identified in pages 6 - 9 of the Commission staff's September 25, 2014, Briefing Papers. The issues identified by staff and the Parties' resolution of each issue are reflected in Attachment A.

STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

FRONTIER COMMUNICATIONS OF MINNESOTA, INC.

**ALTERNATIVE FORM OF RETAIL REGULATION
PLAN FOR THE STATE OF MINNESOTA**

AFOR Plan Effective Date:

March 1, 2015

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I. PREFACE

Frontier Communications of Minnesota, Inc. (“Frontier”) shall be subject to an alternative regulation plan in Minnesota as set forth in this AFOR Plan (“Plan” or “AFOR Plan”) on the AFOR Plan Effective Date. The elements of the Plan are set forth in detail in the following sections.

The Plan is intended to allow consumers to enjoy the benefits of the competitive marketplace at affordable and equitable rates and with a quality of service consistent with Commission rules; to facilitate telecommunications alternatives; and to provide a regulatory environment with greater pricing flexibility and more consistent with the competitive telecommunications market in which Frontier operates.

II. DEFINITIONS

- A. Commission.** Commission means the Minnesota Public Utilities Commission.
- B. Department.** Department means the Minnesota Department of Commerce.
- C. Flexibly-Priced Services.** Flexibly-priced services include retail services offered by Frontier that have not been classified as either price-regulated or non-price regulated. Specific services that are classified as flexibly-priced under this Revised Retail Plan are listed in Appendix A, Schedule 2.
- D. New Service(s).** New services are those functions, features, or capabilities that are not offered by Frontier in Minnesota on the Plan Effective Date.
- E. Non-Price-Regulated Services.** Non-price-regulated services are those retail services for which alternatives are competitively available. Specific services that are classified as non-price-regulated under this Plan are listed at Appendix A, Schedule 3.
- F. Price-Regulated Services.** Price-regulated services are those retail services that are listed in Appendix A, Schedule 1 and as specified in Minnesota Statutes section 237.761.
- G. Tariff or Price List.** Tariff means the schedule filed with the Commission that describes the rates, terms, and conditions of price-regulated services provided by Frontier. Price List means the schedule filed with the Commission that describes the rates, terms, and conditions of flexibly-priced or non-price-regulated services provided by Frontier.
- H. Total Service Long Run Incremental Cost or “TSLRIC.”** As used herein, Total Service Long Run Incremental Cost shall have the same meaning defined in Minn. Stat. 237.772,

subd. 1(a).

III. PRICE AND SERVICE QUALITY REGULATION

A. Alternative Regulation.

Frontier's retail services are not subject to rate of return regulation or earnings investigations pursuant to sections 237.075 or 237.081 of Minnesota Statutes during the term of the Plan. Similarly, except as otherwise specified in the Plan, Frontier is not subject to the provisions of sections 237.57 or 237.59 of Minnesota Statutes during the term of the Plan. Except as provided herein, the Commission retains its authority under section 237.081 to investigate matters other than rate of return and earnings and to issue appropriate orders, and the Department retains its authority under sections 216A.07 and 237.15 to investigate matters other than the rate of return and earnings of the Company. Nothing in this section limits the Commission's jurisdiction or authority over Frontier's wholesale services.

B. Effective Date.

This Plan is effective at 12:00 midnight on March 1, 2015 (the "Plan Effective Date").

C. Duration and Renewal.

The Plan shall be adopted pursuant to the requirements of Minn. Stat. § 237.766, subd. 2, and will continue for a period of three (3) years (36 consecutive months) from the Plan Effective Date.

Pursuant to Minn. Stat. 237.766, subd 1, within six months prior to the termination of the Plan, Frontier shall file with the Commission notice that it proposes a new plan, extend the existing plan, or revert to rate of return regulation.

IV. CLASSIFICATION, RATES AND PRICES FOR RETAIL SERVICES

A. General Provisions.

1. Initial Classification.

a. Specific telephone services that are subject to regulatory oversight are described in the Plan and listed in Appendix A, Schedules 1 and 2. Existing services that are not specifically identified in Appendix A, Schedules 1, 2, or 3, will be classified as price regulated if in Tariff #1, as flexibly priced if in Tariff #2, and as non-price-regulated if in Tariff #3.

b. All services offered by Frontier which are not telephone services and/or are not subject to regulation by the Commission are not subject to regulation under this Plan.

Such services include, but are not limited to, radio common carrier services, customer premise equipment, billing and collection services, inside wiring, and services tariffed in the Federal jurisdiction. Nothing in this Plan adds to or reduces in any way the authority of the Minnesota Public Utilities Commission, the Department of Commerce or the Office of the Attorney General.

2. The Introduction of New Services.

a. Filing.

As provided in Minn. Stat. § 237.761, subd. 7, at the time Frontier first offers a service, Frontier shall file a tariff or price list with the Commission, along with the proposed classification for the service and a written explanation of why the service classification is consistent with Minn. Stat. § 237.761. New services may be offered to customers one (1) day after filing.

b. Classification.

Any interested person may object to Frontier's proposed classification or the Commission may act on its own motion within thirty (30) days from the date of filing. Frontier shall have twenty (20) days to respond to any objections. After such further proceedings as may be appropriate the Commission shall make a final determination as to the appropriate classification within ninety (90) days from the date of the filing of the new service.

3. Tariffs and Price Lists.

Within 90 days of Commission approval of this Plan, Frontier shall update its tariffs and price lists consistent with the terms of this Plan.

B. Price-Regulated Services.

1. Permitted Changes and Procedures for Changes for Price-Regulated Services.

The "Regulated Price" of a service is the price of the service on the effective date of this Plan. Frontier may, on its own initiative, reduce the rate for a price-regulated service below the Regulated Price and may subsequently increase those prices of price-regulated services that had been reduced at Frontier's initiation up to the Regulated Price without Commission approval. The rates or prices may not be reduced below the Total Service Long Run Incremental Cost of providing service. Frontier may file for a rate change for price-regulated services under the following procedures. In the event Frontier proposes a price increase above the Regulated Price of

a Price-Regulated Service, the proposal shall be supported by affirmative evidence.

a. Price Caps for Certain Price-Regulated Services.

Frontier shall not increase the price of one-party basic local residential service (R1) or the installation or service restoration charges associated with one-party basic local residential service (R1) for the first year of this Plan. Frontier shall not increase the price of one-party basic business service (B1) for the first year of this Plan. After the first year of the Plan Frontier may increase the monthly rate for one-party basic local residential service (R1) and one-party basic business service (B1) up to a total of \$2 over the remaining term of the Plan and Frontier may increase the installation and service restoration charges associated with these services up to \$2 over the remaining term of the Plan. If Frontier implements the optional increase in years two and three of the Plan, Frontier will not increase the outstate prices for one-party basic local residential service by more than it increases the metro price of one party basic local residential service. Frontier will implement a rate increase to R1 rates in years two and three of the plan only to the extent that the total rate (R1 rate plus the rate increase plus any applicable EAS additive) does not exceed the FCC-established rate floor in effect at that time.

b. Rate Changes for Price-Regulated Services.

Changes in tariffs for price-regulated services shall become effective under the following timelines: a) language changes and promotions, one day after filing the tariff; b) rate reductions, one day after filing the tariff, c) significant changes in the condition of service, 20 days after filing the tariff; and d) proposals to increase prices, 30 days after filing the tariff and providing notice to customers.

c. Procedures for Objection to Price Increases for Price-Regulated Services.

Any interested person may file an objection with the Commission, or the Commission on its own motion may act, within 30 days of the notice. In its objection, the interested person or the Commission shall specify the manner in which Frontier's proposal violates state law or Commission rules or is otherwise not in the public interest. The Commission may suspend a rate change for good cause pending a PUC determination. If, after receipt of a valid objection or upon its own motion, the Commission makes specific findings based on substantial evidence demonstrating that Frontier's proposal violates state law or Commission rules or is otherwise not in the public interest, it may disapprove the requested increase or approve a lesser increase. Frontier shall be permitted to institute rate changes as provided in Minnesota Statute section

237.762, subd. 5.

2. Discontinuance of Price-Regulated Service.

a. Frontier reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as a price-regulated service in accordance with the procedures set forth below.

b. At least 30 days prior to the proposed date of discontinuance, Frontier shall file with the Commission a petition to discontinue a price-regulated service. At the same time, Frontier shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have ten days from the date of the filing to file initial comments on the petition. Reply comments may be filed five days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Frontier.

3. Reclassification of Price Regulated Services to Flexibly-Priced Services.

Except for the services listed in Minn. Stat. § 237.761, subd. 3, when the Company presents documentation that any one of the following conditions is present, the Commission shall reclassify the price-regulated service as “flexibly-priced.”

(1) That the service is not essential for providing local telephone service or access to the local telephone network; or

(2) That the service is not integrally related to privacy, health or safety of the Company’s customers; or

(3) That a reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions.

C. Flexibly-Priced Services.

1. Permitted Price Changes and Procedures for Flexibly-Priced Services.

Specific services or categories of services that are classified as flexibly-priced services under this Plan are listed in Appendix A, schedule 2.

2. The following section sets forth the procedures for adjusting the price lists for flexibly priced services during the term of the Plan.

a. Price Decreases.

Frontier may file for price decreases at any time. Decreases will be effective on the day after the filing, unless a later time period is designated by Frontier. If Frontier has decreased a price, Frontier may subsequently increase that price back to the price level existing at the Plan Effective Date, notwithstanding the provisions of IV.C.1.c.

b. Price Increases.

Frontier may file for rate increases at any time. Frontier may implement price increases for flexibly priced services 20 days after filing with the Commission and the provision of notice to affected customers.

c. Procedures for Objection to Price Increases to Flexibly-Priced Services.

In the event Frontier proposes a price increase to a flexibly-priced service, any interested person may file an objection with the Commission or the Commission on its own motion may act within 20 days of the notice. In its objection, the interested person or the Commission shall include the manner in which Frontier's proposal violates state law or Commission rules or otherwise is not in the public interest. If, after receipt of a valid objection, the Commission within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Frontier's proposal violates state law, or Commission rules or is otherwise not in the public interest, it may disapprove the requested increase or approve a lesser increase.

d. Other Changes to the Price List.

All other changes to the price list shall be effective after filing, on the date designated by Frontier.

3. Reclassification of Flexibly-Priced Services to Non-Price Regulated Services.

The Commission shall reclassify a flexibly-priced service as a non-price regulated service pursuant to Minn. Stat. §237.761, subd. 5.

4. Discontinuance of a Flexibly-Priced Service.

a. Frontier reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as flexibly-priced in accordance with the procedures set forth below.

b. At least 30 days prior to the proposed date of discontinuance of flexibly- priced services, Frontier shall file with the Commission a petition to discontinue a flexibly-priced service. At the same time, Frontier shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have ten days from the date of the filing to file initial comments on the petition. Reply comments may be filed five days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Frontier.

D. Non-Price Regulated Services.

1. Permitted Price Changes and Procedures for Price Changes for Non- Price-Regulated Services.

a. Frontier may change its prices for non-price-regulated services pursuant to the procedure set forth below. Prices for these services may be increased or may be reduced.

b. Frontier may implement price changes and other miscellaneous changes for non-price-regulated services immediately upon notice to the Commission by filing a revised price list reflecting the change and the effective date of the change. Prices for these services are not subject to approval by the Commission except as expressly permitted by Minn. Stat. § 237.770 and § 237.771. Affected customers will be provided notice at least 20 days in advance of the change.

2. Discontinuance of a Non-Price-Regulated Service.

Commission approval to discontinue a non-price-regulated service is not required. Frontier will give its customers and the Commission 30 days notice prior to discontinuing a non-price-regulated service.

E. Customer Incentives.

Frontier may offer incentives to customers to purchase or continue to purchase services from Frontier including a waiver of non-recurring charges and a waiver of monthly rate(s) on selected services as determined by the Company.

If required by federal law, a customer incentive provided pursuant to this section will be made available for resale by qualified carriers reselling the Company's service.

F. Special Pricing Issues.

Frontier may offer special pricing arrangements on the same regulatory terms and conditions that apply to competitive local exchange carriers as set forth in Minnesota Rule 7812.2210, subpart 5, section (A) and (B), and other applicable law. The customer contracts for services priced with special pricing arrangements are not required to be routinely filed, but shall be provided to the Commission, the Department or the OAG upon request. Each service offering with special pricing arrangements must be identified in the tariff and contain the rules and conditions for which special pricing may be offered. To the extent prohibited by federal or state law or the Commission, Frontier shall not give preference or discriminate in providing services, products, or facilities to an affiliate or to its own or an affiliate's retail department that sells to consumers.

G. Cost Recovery.

To the extent that a lawful order or mandate of a governmental authority requires investments that impose network, facility relocation or infrastructure-related costs on Frontier, Frontier has the right to recover those costs from its customers. Frontier shall propose rate changes pursuant to this Plan to recover those costs. If the Commission disapproves Frontier's proposed rates, it must approve an alternative that allows for full recovery of the imposed cost. The Commission may not impose a cost recovery mechanism with which Frontier does not concur.

H. Exogenous Costs.

If the Commission, Legislature or other government entities with appropriate jurisdiction impose new costs on Frontier or changes in Frontier's revenues (collectively referred to as "Exogenous Changes") incurred after the effective date of the Plan and during the effective period of this AFOR, Frontier may petition to recover Exogenous Changes, including but not limited to changes in the intrastate financial impact of: changes in EAS routes and/or compensation, including changes in intercarrier compensation; comprehensive local service rate restructuring; rate deaveraging; changes in state or federal universal service or funding payments; changes in local, state or federal taxes; changes in the Commission's application of jurisdictional separations, the Uniform System of Accounts or other mandatory Financial

Accounting Standards Board accounting standards; assessments related to the use of telephone numbers, including mandated number conservation efforts; financial impacts of government mandates to construct specific telecommunications infrastructure or develop systems beyond that contemplated by this Plan, and for which Frontier would not otherwise be compensated through some other manner under the plan.

The Commission may, upon petition, grant recovery of any Exogenous Change through the associated rate including price-regulated rates. Nothing in the Plan alters legal rights Frontier may have related to revenue neutrality set forth by law. Frontier shall have the right to recover federally authorized rates or charges during the term of this Plan. All changes related to local service provider long-term number portability (LNP) are treated in this Plan as federally authorized rates or charges.

Any costs to Frontier resulting from any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Frontier under the plan may be recovered through a separate line item on Frontier's bill and recovered only from customers living within the jurisdiction that imposed the surcharge and who subscribe to the service upon which the surcharge is imposed.

Prior to imposing a surcharge on customer bills, Frontier shall file a tariff with the Commission identifying the surcharge amount to be added on the customer bill. The filing shall provide any necessary supporting calculations for determining the surcharge amount and the basis upon which the underlying costs qualify as Exogenous Costs under the Plan. The tariff will become effective 60 days after filing and after notice to the local or regional government unit, unless the Commission receives an objection within the 60 day period to treating the costs as Exogenous Costs under the Plan. If the Commission receives any such objection, it shall determine whether or not the costs qualify as Exogenous Costs within 120 days of the original tariff filing. Frontier shall have the burden to demonstrate that the costs qualify as Exogenous Costs and qualify for recovery under this Plan.

Frontier may petition the Commission for recovery of any Exogenous Change at any time. Frontier shall be allowed to implement approved increases to its Regulated Prices to recover the financial impacts of Exogenous Changes.

I. Changes Related to Access Charge Reductions.

In the event the Minnesota Public Utilities Commission or Federal Communications Commission mandates a reduction in the access charges Frontier may petition the Commission with a proposal to offset the revenue losses.

Nothing in this AFOR plan precludes Frontier from implementing any federally mandated or authorized changes related to access charges.

V. Service Quality

A. Standards and Customer Remedies

Frontier will be governed by the Commission's service quality standards appearing in Chapter 7810 of the Commission's Rules, except as specifically modified in this Plan. If the Commission modifies those service quality standard rules during the term of the Plan, Frontier and the Department will jointly revise this Plan to reflect the modified service quality rules. In addition, the specific individual customer remedies will apply.

B. Applies to Normal Operating Conditions

The service quality standards and customer remedies apply only to normal operating conditions and do not establish a level of performance to be achieved where circumstances are beyond Frontier's control. Frontier is exempted from the otherwise applicable individual customer remedies if it is prevented from meeting a quality of service standard because of conditions caused by persons, things, or events outside the reasonable control of Frontier, that Frontier could not have reasonably anticipated and prevented, or circumstances that endanger the safety of Frontier employees or members of the public, including: (1) delays of a local government unit in granting approval for obtaining easements, permits or access to rights-of-way; where Frontier has made a timely application for any permits; (2) the customer, including but not limited to, no access to customer's premises, delays caused by the customer's construction project or lack of facilities or the customer choosing a later appointment than offered; (3) delays caused by a vendor in the delivery of equipment where Frontier has made a timely order or request; (4) other delays outside the control of Frontier, including, but not limited to, acts of God, explosions or fires, floods, frozen ground, tornadoes, severe weather, epidemics, injunction, war, acts of terrorism, strikes or work stoppages, or negligent or willful misconduct by customers or third parties including outages originating from the introduction of a computer virus onto the provider's network. Events caused by Frontier employees or contractors are not outside Frontier's control for the purpose of the Plan.

C. Standards

Frontier will monitor and report annually on five service quality standards.

i) Time intervals for installation of service.

The objective will be to install primary service within three business days, or on the requested installation date, if later.

ii) Time intervals for restoration or repair of service

Pursuant to Rule 7810.5800, the objective will be to clear 95% of all out-of-service troubles within 24 hours of the time such troubles are reported, or by appointment date, if later.

iii) Trouble rates

Pursuant to Rule 7810.5900, the objective will be to maintain service that the average rate of all customer trouble reports in an exchange is no greater than 6.5 per 100 telephones per month.

iv) Held orders

Frontier shall not exceed a daily average of more than 4 held orders for primary line service. A held order is defined as a primary line service not provided: a) in 30 days when the customer requested service within 30 days; or b) on the date requested when requested for more than 30 days in the future. Results shall be determined by a 12-month annual statewide average of the performance for the measure.

v) Answer time

Calls to the Service Center will be on hold no more than 60 seconds on the average after the last menu option is selected before being answered by a live service representative. The service representative will accept the information needed to begin processing the call and direct the caller to the appropriate specialized personnel, as appropriate. Results shall be determined by a 12-month annual statewide average of the performance for the measure for combined customer, business and repair calls.

Frontier shall report annually on its performance in meeting the quality of the five service standards for the previous year to the Commission and the Department. The filing will include monthly results on an exchange basis for the Time intervals for installation of service, Time intervals for restoration or repair of service, and Trouble rates measures. For other measures, monthly results will be provided on a state-wide basis.

D. Substantial Compliance

Substantial compliance with retail service quality standards is satisfied if Frontier meets 4 out of 5 of its individual service quality standards each year. For purposes of determining substantial compliance, compliance with the individual service quality standards will be measured on an annual statewide basis. Frontier will not be in substantial compliance with the

service quality standards if it fails to meet the same individual service quality standards for two consecutive years. Failure to substantially comply with the service quality standards for two consecutive years will require Frontier to meet and confer with the Department and OAG to negotiate a voluntary resolution to the matters. If successful resolution of the matter cannot be negotiated, Frontier will present the Department and OAG with a plan to bring service quality into compliance including specific actions the Company will take to remedy the situation. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the Commission for the purpose of determining whether reasonable additional customer remedies or other actions are warranted. Frontier shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

E. Customer Remedies

1. Installation

If Frontier is unable to provide primary local exchange service (that is, the first access line to the customer providing local dial tone and local usage necessary to receive a call to a customer) within three business days, or on the requested installation date, if later, for Company reasons, Frontier shall waive the one-time installation charge for primary line connections, and shall also offer the customer free of charge a telephone number, a directory assistance listing, and the customer's choice of either:

- 1) Free remote call forwarding of that number until service is provisioned; or
- 2) A free voice mailbox to which the customer's calls may be directed until service is provisioned.

The company shall give priority installation commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life-threatening emergencies. If the delay is due to customer actions or other force majeure conditions, then no remedy will be required.

2. Out of Service

If Frontier fails to reinstate basic primary residential service within 48 hours and basic primary business service within 24 hours of the outage or a later date requested by the customer for the repair to be made, for Company reasons, Frontier will provide the customer a pro rata adjustment (i.e., 1/30th) of the monthly recurring charge for the first two days (Residential) and one day (Business) that there is a service outage. Frontier shall provide the customer \$5 for each day thereafter that the Residential customer is out-of-service and \$10 for each day the Business customer is out-of-service.

The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life-threatening emergencies. If the missed restoration of service is due to events beyond Frontier's reasonable control (e.g. force majeure), then no remedy will be required.

3. Repeat Trouble

For instances of the same trouble for voice service reported on the same access line within 30 days, Frontier will credit individual residential customer(s) \$5 for each like-occurrence and business customer(s) \$10 for each like-occurrence.

The company shall give priority repair commitments to customers who identify critical medical situations, such as infants on monitor systems, life support systems, or other life-threatening emergencies.

4. Repair Appointments

If the company misses a repair ticket commitment date for voice service, and the customer is required to be at the premises, Frontier will provide a remedy to the customer which will include a credit on the bill of the affected customer in the amount of \$10 for a residential customer or \$20 for a business customer for each trouble report. If the missed commitment is due to events beyond Frontier's reasonable control (e.g., the customer's failure to provide Frontier with adequate or correct information or failure to arrange for access to the premises, or force majeure events, etc.), then no remedy will be required.

VI. INVESTMENT PLAN

Requirements Under AFOR Statute

Minn. Stat. §237.761. Subd. 8. requires that a proposed AFOR plan include an outline of infrastructure improvement plans. The investment plan must include the following: 1) a description of the planned level of investment in technological or infrastructure improvements; 2) a description of the extent to which the investment plan will make new technology available to customers or will expand availability of current technology to customers; 3) a description of the planned deployment of broadband capabilities or fiber optic facilities to schools, libraries, technical colleges, hospitals, colleges and universities, and local governments; and 4) a description of planned investment and deployment of higher speed telecommunications services and increased

capacity for voice, video, and data transmission, in both the metropolitan and outstate portions of the company's service area.

A. Voice Services

Frontier will continue to deploy a network designed to meet the future needs of its telecommunications customers. Frontier has built a network that includes thousands of miles of fiber and copper cable linking homes and businesses. Maintaining, preserving, and rehabilitating this expansive network will remain a significant portion of Frontier's annual capital budget for the state of Minnesota. Frontier will continue to invest significant resources to maintain network reliability. This includes deploying backup systems that are designed to detect and repair system problems — often before customers ever experience any impacts to their service. These investments increase network redundancy, network diversity, and disaster recovery capabilities. Examples of network improvements associated with network reliability/survivability and disaster recovery include: digital switching systems, self-healing network services, special metallic access systems and SONET technology.

Frontier's investment in the deployment of fiber optics throughout the interoffice trunking and feeder networks is an important component not only of a long-term network design but an ongoing necessity for greater efficiency, greater capacity, higher transmission quality and speeds, and better customer service. Copper network enhancements, fiber optics and associated next generation electronics are expected future investments to establish a future network that will meet the needs of customers.

B. Broadband Services

Frontier has invested significantly in the deployment of broadband service and provides broadband service to all of its wire centers. Frontier will continue to expand its provisioning of advanced service offerings where reasonable customer demand exists. In addition to facility investment that will provide for growth and offer advanced network services, Frontier's investment will be directed toward network preservation and rehabilitation initiatives to continue to improve and maintain service quality.

Digital Subscriber Line (DSL) and Ethernet-based technologies have allowed Frontier to efficiently and quickly deploy high-speed data and voice service to end users over the existing infrastructure of traditional copper telephone lines. Downstream speeds reach up to 24 Mbps, depending in part upon the distance from the central office. Customers include residential

consumers, small and large businesses. DSL and Ethernet-based technologies are utilized by businesses, residences, schools, libraries and healthcare providers for Telecommuting, Internet Access, Computer Telephony Integration, Distance Learning, Remote LAN Access, video conferencing, video streaming and E-mail access. Frontier will continue to invest and expand the availability of broadband in Minnesota.

Consistent with Frontier's deployment of broadband services, Frontier will continue its commitment to link schools, libraries, technical colleges, hospitals, colleges and universities, and local governments together with technology. Frontier will actively respond to requests from schools, libraries, technical colleges, hospitals, colleges and universities, and local governments in its service area.

Frontier recognizes the State goal for broadband deployment identified in Minn. Stat. §237.012: "all state residents and businesses have access to high-speed broadband that provides minimum download speeds of ten to 20 megabits per second and minimum upload speeds of five to ten megabits per second." As the State and the Commission endeavor to advance toward this goal, Frontier also intends to continue its expansion of broadband service, both into unserved areas and increasing the speed available in its service areas. Just as important, Frontier is expanding its transport infrastructure to support greater speed and capacity to meet the demands of retail and wholesale customers. Investment will be directed to both expand the geographic reach of broadband availability as well as to provide increased speed and capacity.

During 2015, Frontier intends to upgrade DSLAMs in the Balaton, Belle Plaine, Elysian, Henderson, and Janesville exchanges. These upgrades will allow for the provision of faster internet speeds.

The FCC is implementing changes in the federal support mechanisms for broadband deployment. Frontier will actively seek to obtain any additional federal funding that may become available for broadband deployment. The FCC is implementing changes in the federal support mechanisms, aimed at encouraging broadband deployment. The Connect America Fund ("CAF") will provide funding to carriers to support broadband network investment. The FCC is now developing Phase II of its CAF mechanism, with the goal of identifying geographic areas that lack broadband, modeling the network facilities needed to bring broadband to those areas, and then providing appropriate funding amounts to carriers to build the necessary facilities. At this point, the FCC has not finalized its CAF Phase II procedures. Thus, it is not certain what localities within Frontier's Minnesota service footprint may qualify for CAF II funding, or how

much funding might eventually be provided. Frontier will actively consider any CAF funding that the FCC does make available for areas within the company's service footprint. Frontier will report to the Commission: 1) the areas eligible for CAF funding, 2) the CAF funding amounts that Frontier is eligible to receive, 3) the CAF funding amounts that Frontier accepts, and 4) Frontier's plans for the investment of any CAF funding received in Minnesota, as that information becomes available.

C. Reporting

Beginning in 2016, Frontier will submit a report to the Commission that identifies the investments, including any investments supported by CAF funding, in technological and infrastructure enhancement, it has made during the previous calendar year. The report will be filed by March 1 of each year.

PRICE-REGULATED SERVICES

Tariff #1

Section 3	<u>Local Service</u>	
	- Business One Party	- Residence One Party
	- Business Key Trunk	- School One Party
	- Business PBX Trunk	- School Key Trunk
	- Semi-public	- School PBX Trunk
	- Payphone	
	<u>Extended Area Service</u>	
	- Business One Party	- Residence One Party
	- Business Key Trunk	- School One Party
	- Business PBX Trunk	- School Key Trunk
	- Semi-public	- School PBX Trunk
	- Payphone	
	Rotary Hunt Service	
	Emergency Connect	
	Versaline (basic local service component only)	
	FrontierWorks ABC Solutions (basic local service component only)	
Section 4	Service Ordering Charge	
	Line Connection Charges	
	Semi-Public Paystation Handling	
	Maintenance Visit Charge	
	Restoration Charge	
	Returned Check Charge	
Section 5	Private Listing Service	
	Semi-private Listing Service	
	Operator Services	
Section 6	Foreign Exchange Service	
	Adjacent Exchange Service	
Section 7	Extension, PBX Station, and Tie Line Mileage	
	Bridged Line Services	
	Direct Inward Dialing Services	
	Direct Inward-Outward Dialing (DIOD) Service	
	Toll Restriction Service	
	Central Office Blocking Caller	
	ID Blocking – Per Call	
	Call Tracing	
Section 8	911 Emergency Trunks	
	Enhanced 911 Emergency Services	
	Emergency Transport Backup	
	E911 Surcharge	
Section 9	Interconnection of Cellular Mobile Carriers	
Section 10	Access Service	
Section 11	N11 Services	
Section 12	Line Extension Charges	

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

PRICE-REGULATED SERVICES

State Access Tariff

- Section 4 Switched Access Services
 -Local Transport
 -End Office Switching
 -800 Data Base Access Service
 -Abbreviated Dialing Arrangement
- Section 6 Billing and Collection Services
- Section 8 Additional Engineering, Additional Labor, and Miscellaneous Charges for Price
 Regulated Services
- Section 9 Facility Access Order Charges for Switched Access Service
- Section 11 Special Facilities Routing of Switched Access Service
- Section 14 Carrier Common Line Access Service

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FLEXIBLY PRICED SERVICESTariff #2

Section 3	Customer Calling Services Advanced Customer Calling Services Service Packages
Section 4	Directory Assistance Call Service Additional Listings
Section 5	Private Line Service 768 Kbps Symmetric 10BaseT Ethernet Transmission Service Intrawirecenter Digital Special Access Service
Section 6	VersaLine Service Bundle Frontier Choices Tier Bundle FrontierWorks Small BusinessSolutions FrontierWorks Business Connections Frontier Small Business Advantage Frontier Digital Phone Service Frontier Business Unlimited Service Frontier Digital Phone Essentials Frontier Business Essentials Frontier Digital Phone Plus Service Frontier Business Metro Stay Connected Seasonal Service Frontier Digital Phone Essentials 1 – 2010 Frontier Digital Phone Essentials 3 – 2010 Frontier Digital Phone Nationwide Unlimited with Essentials 1 - 2010 Frontier Digital Phone Nationwide Unlimited with Essentials 3 - 2010 Frontier Digital Phone Nationwide Unlimited Plus with Essentials 1 - 2010 Frontier Digital Phone Nationwide Unlimited Plus with Essentials 3 – 2010 Frontier Business Nationwide Unlimited Service I and II Frontier Business Local Unlimited I and II ISDN – Primary Rate Interface Bundle Frontier Digital Phone Essentials Frontier Digital Phone Unlimited (Leader) Frontier Digital Phone Unlimited Plus (Leader) Frontier Digital Phone Unlimited (Challenger) Frontier Digital Phone Unlimited Plus (Challenger) Frontier Simply Unlimited Service – Leader Frontier Simply Unlimited Service - Challenger
Section 7	Personal Paging
Section 9	Fire Bar Equipment
Section 10	Business Traffic Study Service
Section 11	Customer Transfer Service Toll Terminal Service Simplified Message Desk Interface

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	Message Waiting Indication
	Call Transfer Service
	Customized/ Same Number Service
	Selective Ringing Service
Section 13	Integrated Services Digital Network Services
	Basic Rate Interface (BRI) Integrated Services Digital Network Service
	Primary Rate Interface (PRI) Integrated Services Digital Network Service
Section 14	Switched 56 Digital Service
	Switched DS1 Service
	Frontier T-Advantage Digital Service

State Access Tariff

Section 5	Special Access Services
	- Analog Services
	- Voice Grade Service
	- Video Service
	- Digital Services
	- Digital Data Access Service
	- Narrowband Service
	- Program Audio Service
	- Wideband Analog Service
	- Wideband Digital Service
	- High Capacity Service
Section 7	Specialized Service or Arrangements
Section 8	Additional Engineering, Additional Labor, and Miscellaneous Charges for Flexibly Priced Services
Section 9	Facility Access Order Charges for Special Access Services
Section 10	Special Construction
Section 11	Special Facilities Routing of Special Access Service

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NON-PRICE-REGULATED SERVICES

Tariff #3

Section 3	Centrex Programming Charge Digital Centrex Service Automatic Call Distribution Service
Section 4	Billing and Collection Service
Section 5	Public Telephone Service Semi-Public Telephone Service Booths
N/A	Yellow Page Directory Advertising
N/A	White Page Directory Advertising

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

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	Direct Inward-Outward Dialing (DIOD) Service	
	Toll Restriction Service	
	Central Office Blocking	
	Caller ID Blocking – Per Call	
	Call Tracing	
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	- High Capacity Service
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STATE OF MINNESOTA
BEFORE THE PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
Dan Lipschultz
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

FRONTIER COMMUNICATIONS OF MINNESOTA, INC.

**ALTERNATIVE FORM OF RETAIL REGULATION
PLAN FOR THE STATE OF MINNESOTA**

AFOR Plan Effective Date:

March 1, 2015

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I. PREFACE

Frontier Communications of Minnesota, Inc. (“Frontier”) shall be subject to an alternative regulation plan in Minnesota as set forth in this AFOR Plan (“Plan” or “AFOR Plan”) on the AFOR Plan Effective Date. The elements of the Plan are set forth in detail in the following sections.

The Plan is intended to allow consumers to enjoy the benefits of the competitive marketplace at affordable and equitable rates and with a quality of service consistent with Commission rules; to facilitate telecommunications alternatives; and to provide a regulatory environment with greater pricing flexibility and more consistent with the competitive telecommunications market in which Frontier operates.

II. DEFINITIONS

A. Commission. Commission means the Minnesota Public Utilities Commission.

B. Department. Department means the Minnesota Department of Commerce.

C. Flexibly-Priced Services. Flexibly-priced services include retail services offered by Frontier that have not been classified as either price-regulated or non-price regulated. Specific services that are classified as flexibly-priced under this Revised Retail Plan are listed in Appendix A, Schedule 2.

D. New Service(s). New services are those functions, features, or capabilities that are not offered by Frontier in Minnesota on the Plan Effective Date.

E. Non-Price-Regulated Services. Non-price-regulated services are those retail services for which alternatives are competitively available. Specific services that are classified as non-price-regulated under this Plan are listed at Appendix A, Schedule 3.

F. Price-Regulated Services. Price-regulated services are those retail services that are listed in Appendix A, Schedule 1 and as specified in Minnesota Statutes section 237.761.

G. Tariff or Price List. Tariff means the schedule filed with the Commission that describes the rates, terms, and conditions of price-regulated services provided by Frontier. Price List means the schedule filed with the Commission that describes the rates, terms, and conditions of flexibly-priced or non-price-regulated services provided by Frontier.

H. Total Service Long Run Incremental Cost or “TSLRIC.” As used herein, Total Service Long Run Incremental Cost shall have the same meaning defined in Minn. Stat. 237.772, subd. 1(a).

III. PRICE AND SERVICE QUALITY REGULATION

A. Alternative Regulation.

Frontier’s retail services are not subject to rate of return regulation or earnings investigations pursuant to sections 237.075 or 237.081 of Minnesota Statutes during the term of the Plan. Similarly, except as otherwise specified in the Plan, Frontier is not subject to the provisions of sections 237.57 or 237.59 of Minnesota Statutes during the term of the Plan. Except as provided herein, the Commission retains its authority under section 237.081 to investigate matters other than rate of return and earnings and to issue appropriate orders, and the Department retains its authority under sections 216A.07 and 237.15 to investigate matters other than the rate of return and earnings of the Company. Nothing in this section limits the Commission’s jurisdiction or authority over Frontier’s wholesale services.

B. Effective Date.

This Plan is effective at 12:00 midnight on March 1, 2015 (the “Plan Effective Date”).

C. Duration and Renewal.

The Plan shall be adopted pursuant to the requirements of Minn. Stat. § 237.766, subd. 2, and will continue for a period of three (3) years (36 consecutive months) from the Plan Effective Date.

Pursuant to Minn. Stat. 237.766, subd 1, within six months prior to the termination of the Plan, Frontier shall file with the Commission notice that it proposes a new plan, extend the existing plan, or revert to rate of return regulation.

IV. CLASSIFICATION, RATES AND PRICES FOR RETAIL SERVICES

A. General Provisions.

1. Initial Classification.

a. Specific telephone services that are subject to regulatory oversight are described in the Plan and listed in Appendix A, Schedules 1 and 2. Existing services that are not

specifically identified in Appendix A, Schedules 1, 2, or 3, will be classified as price regulated if in Tariff #1, as flexibly priced if in Tariff #2, and as non-price-regulated if in Tariff #3.

b. All services offered by Frontier which are not telephone services and/or are not subject to regulation by the Commission are not subject to regulation under this Plan. Such services include, but are not limited to, radio common carrier services, customer premise equipment, billing and collection services, inside wiring, ~~broadband services~~, and services tariffed in the Federal jurisdiction. Nothing in this Plan adds to or reduces in any way the authority of the Minnesota Public Utilities Commission, the Department of Commerce or the Office of the Attorney General.

2. The Introduction of New Services.

a. Filing.

As provided in Minn. Stat. § 237.761, subd. 7, at the time Frontier first offers a service, Frontier shall file a tariff or price list with the Commission, along with the proposed classification for the service and a written explanation of why the service classification is consistent with Minn. Stat. § 237.761. New services may be offered to customers one (1) day after filing.

b. Classification.

~~If no interested party or the Commission objects to Frontier's classification~~Any interested person may object to Frontier's proposed classification or the Commission may act on its own motion within thirty (30) days from the date of filing, ~~Frontier's proposed classification is approved.~~ Frontier shall have twenty (20) days to respond to any objections. After such further proceedings as may be appropriate the Commission shall make a final determination as to the appropriate classification within ~~one hundred twenty (120)~~ninety (90) days from the date of the filing of the new service. ~~If the Commission does not act within one hundred twenty (120) days, the classification is approved as filed.~~

3. Tariffs and Price Lists.

Within 90 days of Commission approval of this Plan, Frontier shall update its tariffs and price lists consistent with the terms of this Plan.

B. Price-Regulated Services.

1. Permitted Changes and Procedures for Changes for Price-Regulated Services.

The “Regulated Price” of a service is the price of the service on the effective date of this Plan. Frontier may, on its own initiative, reduce the rate for a price-regulated service below the Regulated Price and may subsequently increase those prices of price-regulated services that had been reduced at Frontier’s initiation up to the Regulated Price without Commission approval.

The rates or prices may not be reduced below the Total Service Long Run Incremental Cost of providing service.

Frontier may file for a rate change for price-regulated services under the following procedures. In the event Frontier proposes a price increase above the Regulated Price of a Price-Regulated Service, the proposal shall be supported by affirmative evidence.

a. Price Caps for Certain Price-Regulated Services.

Frontier shall not increase the price of one-party basic local residential service (R1) or the installation or service restoration charges associated with one-party basic local residential service (R1) for the first year of this Plan. Frontier shall not increase the price of one-party basic business service (B1) for the first year of this Plan. After the first year of the Plan Frontier may increase the monthly rate for one-party basic local residential service (R1) and one-party basic business service (B1) up to a total of \$2 over the remaining term of the Plan and Frontier may increase the installation and service restoration charges associated with these services up to \$2 over the remaining term of the Plan. If Frontier implements the optional increase in years two and three of the Plan, Frontier will not increase the outstate prices for one-party basic local residential service by more than it increases the metro price of one-party basic local residential service. Frontier will implement a rate increase to R1 rates in years two and three of the plan only to the extent that the total rate (R1 rate plus the rate increase plus any applicable EAS additive) does not exceed the FCC-established rate floor in effect at that time.

b. Rate Changes for Price-Regulated Services.

Changes in tariffs for price-regulated services shall become effective under the following timelines: a) language changes and promotions, one day after filing the tariff; b) rate reductions, one day after filing the tariff, c) significant changes in the condition of service, 20 days after filing the tariff; and d) proposals to increase prices, 30 days after filing the tariff and providing notice to customers.

c. Procedures for Objection to Price Increases for Price-Regulated Services.

Any interested person may file an objection with the Commission, or the Commission on its own motion may act within 30 days of the notice. In its objection, the interested person or the Commission shall specify the manner in which Frontier’s proposal violates state law or Commission rules or is otherwise not in the public interest. The Commission may suspend a rate change for good cause pending a PUC determination. If, after receipt of a valid objection or upon its own motion, the Commission ~~within 120 days of the date of notice~~ makes specific findings based on substantial evidence demonstrating that Frontier’s proposal violates state law or Commission rules or is otherwise not in the public interest, it may disapprove the requested increase or approve a lesser increase. ~~If the Commission does not make such a determination within 120 days, the proposal shall be deemed approved. If no objection is filed or the Commission on its own motion does not act within 30 days of Frontier’s filing, the price increase(s) shall be deemed approved.~~

Frontier shall be permitted to institute rate changes as provided in Minnesota Statute section 237.762, subd. 5.

2. Discontinuance of Price-Regulated Service.

a. Frontier reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as a price-regulated service in accordance with the procedures set forth below.

b. At least 30 days prior to the proposed date of discontinuance, Frontier shall file with the Commission a petition to discontinue a price-regulated service. At the same time, Frontier shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have ten days from the date of the filing to file initial comments on the petition. Reply comments may be filed five days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Frontier.

3. Reclassification of Price Regulated Services to Flexibly-Priced Services.

Except for the services listed in Minn. Stat. § 237.761, subd. 3, when the Company presents documentation that any one of the following conditions is present, the Commission shall reclassify the price-regulated service as “flexibly-priced.”

- (1) That the service is not essential for providing local telephone service or access to the local telephone network; or
- (2) That the service is not integrally related to privacy, health or safety of the Company’s customers; or
- (3) That a reasonable alternative exists within the relevant market or geographic area on reasonably comparable terms and conditions.

C. Flexibly-Priced Services.

1. Permitted Price Changes and Procedures for Flexibly-Priced Services.

Specific services or categories of services that are classified as flexibly-priced services under this Plan are listed in Appendix A, schedule 2.

2. The following section sets forth the procedures for adjusting the price lists for flexibly priced services during the term of the Plan.

a. Price Decreases.

Frontier may file for price decreases at any time. Decreases will be effective on the day after the filing, unless a later time period is designated by Frontier. If Frontier has decreased a price, Frontier may subsequently increase that price back to the price level existing at the Plan Effective Date, notwithstanding the provisions of IV.C.1.c.

b. Price Increases.

Frontier may file for rate increases at any time. Frontier may implement price increases for flexibly priced services 20 days after filing with the Commission and the provision of notice to affected customers.

c. Procedures for Objection to Price Increases to Flexibly-Priced Services.

In the event Frontier proposes a price increase to a flexibly-priced service, any interested person may file an objection with the Commission or the Commission on its own motion may act within 20 days of the notice. In its objection, the interested person or the Commission shall include the manner in which Frontier’s proposal violates state law or Commission rules or otherwise is not in the public interest. If, after receipt of a valid objection, the Commission

within 120 days of the date of notice makes specific findings based on substantial evidence demonstrating that Frontier's proposal violates state law, or Commission rules or is otherwise not in the public interest, it may disapprove the requested increase or approve a lesser increase. ~~If the Commission does not make such a determination within 120 days, the proposal shall be considered approved. If no objection is filed within 20 days of Frontier's filing, the price increase(s) shall be deemed approved.~~

d. Other Changes to the Price List.

All other changes to the price list shall be effective after filing, on the date designated by Frontier.

3. Reclassification of Flexibly-Priced Services to Non-Price Regulated Services.

The Commission shall reclassify a flexibly-priced service as a non-price regulated service pursuant to Minn. Stat. §237.761, subd. 5.

4. Discontinuance of a Flexibly-Priced Service.

a. Frontier reserves the right, pursuant to Minn. Stat. § 237.767, to seek approval from the Commission to discontinue the provision of a service that has been classified as flexibly-priced in accordance with the procedures set forth below.

b. At least 30 days prior to the proposed date of discontinuance of flexibly-priced services, Frontier shall file with the Commission a petition to discontinue a flexibly-priced service. At the same time, Frontier shall provide notice of such filing to the affected customers of its intent to discontinue the service. Parties shall have ten days from the date of the filing to file initial comments on the petition. Reply comments may be filed five days after the initial comments. If no comments are filed, the proposed changes shall go into effect on the date specified by the Company. If comments are filed, or issues raised by the Commission, the Commission shall hold such hearings as it deems appropriate and issue its final order within 120 days of the filing of the petition by Frontier.

D. Non-Price Regulated Services.

1. Permitted Price Changes and Procedures for Price Changes for Non-Price-Regulated Services.

a. Frontier may change its prices for non-price-regulated services pursuant to the procedure set forth below. Prices for these services may be increased or may be reduced.

b. Frontier may implement price changes and other miscellaneous changes for non-price-regulated services immediately upon notice to the Commission by filing a revised price list reflecting the change and the effective date of the change. Prices for these services are not subject to approval or investigation by the Commission except as expressly permitted by Minn. Stat. § 237.770 and § 237.771. Affected customers will be provided notice at least 20 days in advance of the change.

2. Discontinuance of a Non-Price-Regulated Service.

Commission approval to discontinue a non-price-regulated service is not required. Frontier will give its customers and the Commission 30 days notice prior to discontinuing a non-price-regulated service.

E. Customer Incentives.

Frontier may offer incentives to customers to purchase or continue to purchase services from Frontier including a waiver of non-recurring charges and a waiver of monthly rate(s) on selected services as determined by the Company.

If required by federal law, a customer incentive provided pursuant to this section will be made available for resale by qualified carriers reselling the Company's service.

F. Special Pricing Issues.

Frontier may offer special pricing arrangements on the same regulatory terms and conditions that apply to competitive local exchange carriers as set forth in Minnesota Rule 7812.2210, subpart 5, section (A) and (B), and other applicable law. The customer contracts for services priced with special pricing arrangements are not required to be routinely filed, but shall be provided to the Commission, the Department or the OAG upon request. Each service offering with special pricing arrangements must be identified in the tariff and contain the rules and conditions for which special pricing may be offered. To the extent prohibited by federal or state law or the Commission, Frontier shall not give preference or discriminate in providing services, products, or facilities to an affiliate or to its own or an affiliate's retail department that sells to consumers.

G. Cost Recovery.

To the extent that a lawful order or mandate of a governmental authority requires investments that impose network, facility relocation or infrastructure-related costs on Frontier, Frontier has the right to recover those costs from its customers. Frontier shall propose rate

changes pursuant to this Plan to recover those costs. If the Commission disapproves Frontier's proposed rates, it must approve an alternative that allows for full recovery of the imposed cost. The Commission may not impose a cost recovery mechanism with which Frontier does not concur.

H. Exogenous Costs.

If the Commission, Legislature or other government entities with appropriate jurisdiction impose new costs on Frontier or changes in Frontier's revenues (collectively referred to as "Exogenous Changes") incurred after the effective date of the Plan and during the effective period of this AFOR, Frontier may petition to recover Exogenous Changes, including but not limited to changes in the intrastate financial impact of: changes in EAS routes and/or compensation, including changes in intercarrier compensation; comprehensive local service rate restructuring; rate deaveraging; changes in state or federal universal service or funding payments; changes in local, state or federal taxes; changes in the Commission's application of jurisdictional separations, the Uniform System of Accounts or other mandatory Financial Accounting Standards Board accounting standards; assessments related to the use of telephone numbers, including mandated number conservation efforts; financial impacts of government mandates to construct specific telecommunications infrastructure or develop systems beyond that contemplated by this Plan, and for which Frontier would not otherwise be compensated through some other manner under the plan.

The Commission may, upon petition, grant recovery of any Exogenous Change through the associated rate including price-regulated rates. Nothing in the Plan alters legal rights Frontier may have related to revenue neutrality set forth by law. Frontier shall have the right to recover federally authorized rates or charges during the term of this Plan. All changes related to local service provider long-term number portability (LNP) are treated in this Plan as federally authorized rates or charges.

Any costs to Frontier resulting from any legislatively authorized local taxes, franchise fees, or special surcharges imposed by local or regional governmental units on the services provided by Frontier under the plan may be recovered through a separate line items on Frontier's bill and recovered only from customers living within the jurisdiction that imposed the surcharge and who subscribe to the service upon which the surcharge is imposed.

Prior to imposing a surcharge on customer bills, Frontier shall file a tariff with the Commission identifying the surcharge amount to be added on the customer bill. The filing shall provide any necessary supporting calculations for determining the surcharge amount and the basis upon which the underlying costs qualify as Exogenous Costs under the Plan. The tariff will become effective 60 days after filing and after notice to the local or regional government unit, unless the Commission receives an objection within the 60 day period to treating the costs as Exogenous Costs under the Plan. If the Commission receives any such objection, it shall determine whether or not the costs qualify as Exogenous Costs within 120 days of the original tariff filing. Frontier shall have the burden to demonstrate that the costs qualify as Exogenous Costs and qualify for recovery under this Plan.

Frontier may petition the Commission for recovery of any Exogenous Change at any time. Frontier shall be allowed to implement approved increases to its Regulated Prices to recover the financial impacts of Exogenous Changes.

I. Changes Related to Access Charge Reductions.

In the event the Minnesota Public Utilities Commission or Federal Communications Commission mandates a reduction in the access charges Frontier may petition the Commission with a proposal to offset the revenue losses.

Nothing in this AFOR plan precludes Frontier from implementing any federally mandated or authorized changes related to access charges.

~~**J. Required Commission Action.**~~

~~Where this Plan requires Commission action within a specified period, if the Commission fails to act, the filing or proposal submitted by Frontier is deemed accepted and approved.~~

V. SERVICE QUALITY

A. Standards and Customer Remedies

Frontier will be governed by the Commission’s service quality standards, appearing in Chapter 7810 of the Commission’s Rules, except as specifically modified in this Plan. If the Commission modifies those service quality standard rules during the term of the Plan, Frontier and the Department will jointly revise this Plan to reflect the modified service quality rules. In addition, the certain specific individual customer remedies will apply.

B. Applies to Normal Operating Conditions

The service quality standards and customer remedies apply only to normal operating conditions and do not establish a level of performance to be achieved where circumstances are beyond Frontier’s control. Frontier is exempted from the otherwise applicable individual customer remedies if it is prevented from meeting a quality of service standard because of conditions caused by persons, things, or events outside the reasonable control of Frontier, that Frontier could not have reasonably anticipated and prevented, or circumstances that endanger the safety of Frontier employees or members of the public, including: (1) delays of a local government unit in granting approval for obtaining easements, permits or access to rights-of-way; where Frontier has made a timely application for any permits; (2) the customer, including but not limited to, no access to customer’s premises, delays caused by the customer’s construction project or lack of facilities or the customer choosing a later appointment than offered; (3) delays caused by a vendor in the delivery of equipment where Frontier has made a timely order or request; (4) other delays outside the control of Frontier, including, but not limited to, acts of God, explosions or fires, floods, frozen ground, tornadoes, severe weather, epidemics, injunction, war, acts of terrorism, strikes or work stoppages, or negligent or willful misconduct by customers or third parties including outages originating from the introduction of a computer virus onto the provider’s network. Events caused by Frontier employees or contractors are not outside Frontier’s control for the purpose of the Plan.

C. Standards

Frontier will monitor and report annually on five service quality standards.

i) Time intervals for installation of service.

The objective will be to install primary service within three business days, or on the requested installation date, if later.

ii) Time intervals for restoration or repair of service

Pursuant to Rule 7810.5800, the objective will be to clear 95% of all out-of-service troubles within 24 hours of the time such troubles are reported, or by appointment date, if later.

iii) Trouble rates

Pursuant to Rule 7810.5900, the objective will be to maintain service that the average rate of all customer trouble reports in an exchange is no greater than 6.5 per 100 telephones per month.

iv) Held orders

Frontier shall not exceed a daily average of more than 4 held orders for primary line service. A held order is defined as a primary line service not provided: a) in 30 days when the customer requested service within 30 days; or b) on the date requested when requested for more than 30 days in the future. Results shall be determined by a 12-month annual statewide average of the performance for the measure.

v) Answer time

Calls to the Service Center will be on hold no more than 60 seconds on the average after the last menu option is selected before being answered by a live service representative. The service representative will accept the information needed to begin processing the call and direct the caller to the appropriate specialized personnel, as appropriate. Results shall be determined by a 12-month annual statewide average of the performance for the measure for combined customer, business and repair calls.

Frontier shall report annually on its performance in meeting the quality of the five service standards for the previous year to the Commission and the Department. The filing will include monthly results on an exchange basis for the Time intervals for installation of service, Time intervals for restoration or repair of service, and Trouble rates measures. For other measures, monthly results will be provided on a state-wide basis.

D. Substantial Compliance

Substantial compliance with retail service quality standards is satisfied if Frontier meets 4 out of 5 of its individual service quality standards each year. For purposes of determining substantial compliance, compliance with the individual service quality standards will be measured on an annual statewide basis. Frontier will not be in substantial compliance with the service quality standards if it fails to meet the same

individual service quality standards for two consecutive years. Failure to substantially comply with the service quality standards for two consecutive years will require Frontier to meet and confer with the Department and OAG to negotiate a voluntary resolution to the matters. If successful resolution of the matter cannot be negotiated, Frontier will present the Department and OAG with a plan to bring service quality into compliance including specific actions the Company will take to remedy the situation. If the plan is not acceptable to the Department or OAG, the Department or OAG may file a complaint with the Commission for the purpose of determining whether reasonable additional customer remedies or other actions are warranted. Frontier shall not be deemed to be out of substantial compliance if failure to meet a standard is the result of circumstances as set forth in Section B.

E. Customer Remedies

1. Installation

If Frontier is unable to provide primary local exchange service (that is, the first access line to the customer providing local dial tone and local usage necessary to receive a call to a customer) within three business days, or on the requested installation date, if later, for Company reasons, Frontier shall waive the one-time installation charge for primary line connections, and shall also offer the customer free of charge a telephone number, a directory assistance listing, and the customer's choice of either:

- 1) Free remote call forwarding of that number until service is provisioned; or
- 2) A free voice mailbox to which the customer's calls may be directed until service is provisioned.

The company shall give priority installation commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life-threatening emergencies. If the delay is due to customer actions or other force majeure conditions, then no remedy will be required.

2. Out of Service

If Frontier fails to reinstate basic primary residential service within 48 hours and basic primary business service within 24 hours of the outage or a later date requested by the customer for the repair to be made, for Company reasons, Frontier will provide the customer a pro rata

adjustment (i.e., 1/30th) of the monthly recurring charge for the first two days (Residential) and one day (Business) that there is a service outage. Frontier shall provide the customer \$5 for each day thereafter that the Residential customer is out-of-service and \$10 for each day the Business customer is out-of-service.

The company shall give priority repair commitments to customers who identify critical medical situations. Critical medical situations are identified as infants on monitoring systems, individuals on life support systems, or other life-threatening emergencies. If the missed restoration of service is due to events beyond Frontier's reasonable control (e.g. force majeure), then no remedy will be required.

3. Repeat Trouble

For instances of the same trouble for voice service reported on the same access line within 30 days, Frontier will credit individual residential customer(s) \$5 for each like-occurrence and business customer(s) \$10 for each like-occurrence.

The company shall give priority repair commitments to customers who identify critical medical situations, such as infants on monitor systems, life support systems, or other life-threatening emergencies.

4. Repair Appointments

If the company misses a repair ticket commitment date for voice service, and the customer is required to be at the premises, Frontier will provide a remedy to the customer which may include a credit on the bill of the affected customer in the amount of \$10 for a residential customer or \$20 for a business customer for each trouble report. However, if the missed commitment is due to events beyond Frontier's reasonable control (e.g., the customer's failure to provide Frontier with adequate or correct information or failure to arrange for access to the premises, or force majeure events, etc.), then no remedy will be required.

VI. INVESTMENT PLAN

Requirements Under AFOR Statute

Minn. Stat. §237.761. Subd. 8. requires that a proposed AFOR plan include an outline of infrastructure improvement plans. The investment plan must include the following: 1) a description of the planned level of investment in technological or infrastructure improvements;

2) a description of the extent to which the investment plan will make new technology available to customers or will expand availability of current technology to customers; 3) a description of the planned deployment of broadband capabilities or fiber optic facilities to schools, libraries, technical colleges, hospitals, colleges and universities, and local governments; and 4) a description of planned investment and deployment of higher speed telecommunications services and increased capacity for voice, video, and data transmission, in both the metropolitan and outstate portions of the company's service area.

A. Voice Services

Frontier will continue to deploy a network designed to meet the future needs of its telecommunications customers. Frontier has built a network that includes thousands of miles of fiber and copper cable linking homes and businesses ~~that is maintained and enhanced as market demands require~~. Maintaining, preserving, and rehabilitating this expansive network will remain a significant portion of Frontier's annual capital budget for the state of Minnesota. Frontier will continue to invest significant resources to maintain network reliability. This includes deploying backup systems that are designed to detect and repair system problems — often before customers ever experience any impacts to their service. These investments increase network redundancy, network diversity, and disaster recovery capabilities. ~~Frontier has a history of extraordinary performance in times of crisis or natural disasters.~~ Examples of network improvements associated with network reliability/survivability and disaster recovery include: digital switching systems, self-healing network services, special metallic access systems and SONET technology.

Frontier's investment in the deployment of fiber optics throughout the interoffice trunking and feeder networks is an important component not only of a long-term network design but an ongoing necessity for greater efficiency, greater capacity, higher transmission quality and speeds, and better customer service. Copper network enhancements, fiber optics and associated next generation electronics are expected future investments to establish a future network that will meet the needs of customers.

~~Customer Local Area Signaling Service (CLASS) offerings are available to all of Frontier's Minnesota customers. CLASS is a group of features that use the SS7 overlay network to forward line and call-specific information between offices on interoffice calls. CLASS services available to Frontier's customers include: Caller ID (including Calling Name), Call Waiting ID, Automatic Busy Redial, Automatic Call Return, Special Call Forwarding, Special~~

~~Call Acceptance, Call Block, Call Trace, Anonymous Call Block. Frontier's investment plan will ensure the continued availability of CLASS features to its customers.~~

~~Voice Mail is currently available to all of Frontier's customers. Frontier's investment will incorporate additional availability of voice messaging and the implementation of unified messaging platforms.~~

B. Broadband Services

~~While the Commission does not have regulatory jurisdiction over broadband services, encouraging the availability and enhancement of broadband service is a matter of public policy.~~ Frontier has invested significantly in the deployment of broadband service and provides broadband service to all of its wire centers. Frontier will continue to expand its provisioning of advanced service offerings where reasonable customer demand exists. In addition to facility investment that will provide for growth and offer advanced network services, Frontier's investment will be directed toward network preservation and rehabilitation initiatives to continue to improve and maintain service quality.

Digital Subscriber Line (DSL) and Ethernet-based technologies have allowed Frontier to efficiently and quickly deploy high-speed data and voice service to end users over the existing infrastructure of traditional copper telephone lines. Downstream speeds reach up to 24 Mbps, depending in part upon the distance from the central office. Customers include residential consumers, small and large businesses. DSL and Ethernet-based technologies are utilized by businesses, residences, schools, libraries and healthcare providers for Telecommuting, Internet Access, Computer Telephony Integration, Distance Learning, Remote LAN Access, video conferencing, video streaming and E-mail access. Frontier will continue to invest and expand the availability of broadband in Minnesota.

Consistent with Frontier's deployment of broadband services, Frontier will continue its commitment to link schools, libraries, technical colleges, hospitals, colleges and universities, and local governments together with technology. Frontier will actively respond to ~~demands requests~~ from schools, libraries, technical colleges, hospitals, colleges and universities, and local governments in its service area.

Frontier recognizes the State goal for broadband deployment identified in Minn. Stat. §237.012: "all state residents and businesses have access to high-speed broadband that provides minimum download speeds of ten to 20 megabits per second and minimum upload speeds of five

to ten megabits per second.” As the State and the Commission endeavor to advance toward this goal, Frontier also intends to continue its expansion of broadband service, both into unserved areas and increasing the speed available in its service areas. Just as important, Frontier is expanding its transport infrastructure to support greater speed and capacity to meet the demands of retail and wholesale customers. Investment will be directed to both expand the geographic reach of broadband availability as well as to provide increased speed and capacity. ~~These efforts may be addressed through the expansion of the current DSL facilities as well as the employment of other advanced technologies. As the statute recognizes, the service speeds it identifies are goals. Ubiquitous provision of these service goals is not economically viable presently, nor is it clear when it may become so. Given that the particular marketplace, consumer demand, and cost considerations drive the sustainability of service, progress toward this state goal will necessarily be incremental and will vary by geographic location and availability of state and federal support programs targeted to deployment of high-speed services.~~

During 2015, Frontier intends to upgrade DSLAMs in the Balaton, Belle Plaine, Elysian, Henderson, and Janesville exchanges. These upgrades will allow for the provision of faster internet speeds.

The FCC is implementing changes in the federal support mechanisms for broadband deployment. Frontier will actively seek to obtain any additional federal funding that may become available for broadband deployment. The FCC is implementing changes in the federal support mechanisms, aimed at encouraging broadband deployment. The Connect America Fund (“CAF”) will provide funding to carriers to support broadband network investment. The FCC is now developing Phase II of its CAF mechanism, with the goal of identifying geographic areas that lack broadband, modeling the network facilities needed to bring broadband to those areas, and then providing appropriate funding amounts to carriers to build the necessary facilities. At this point, the FCC has not finalized its CAF Phase II procedures. Thus, it is not certain what localities within Frontier’s Minnesota service footprint may qualify for CAF II funding, or how much funding might eventually be provided. Frontier will actively consider any CAF funding that the FCC does make available for areas within the company’s service footprint. Frontier will report to the Commission: 1) the areas eligible for CAF funding, 2) the CAF funding amounts that Frontier is eligible to receive, 3) the CAF funding amounts that Frontier accepts, and 4) Frontier’s plans for the investment of any CAF funding received in Minnesota, as that information becomes available.

~~Expansion of broadband service and keeping pace with growing network usage from applications such as streaming video require significant capital investments and resources for ongoing operational support, the availability of which largely depends upon the revenues Frontier is able to generate. Thus, changes which reduce Frontier’s revenue will have an adverse~~

~~impact upon the ability of the company to support broadband expansion. In particular, government mandated reductions in Frontier's access revenues without mechanisms to offset the lost revenues would hinder the expansion of broadband.~~

C. Reporting

Beginning in 2016, Frontier will submit a report to the Commission that identifies the investments in technological and infrastructure enhancements it has made during the previous calendar year. The report will be filed by March 1 of each year.

PRICE-REGULATED SERVICES

Tariff #1

Section 3

Local Service

- Business One Party
- Business Key Trunk
- Business PBX Trunk
- Semi-public
- Payphone
- Residence One Party
- School One Party
- School Key Trunk
- School PBX Trunk

Extended Area Service

- Business One Party
- Business Key Trunk
- Business PBX Trunk
- Semi-public
- Payphone
- Residence One Party
- School One Party
- School Key Trunk
- School PBX Trunk

Rotary Hunt Service

Emergency Connect Service

Versaline (basic local service component only)

FrontierWorks ABC Solutions (basic local service component only)

Section 4

- Service Ordering Charge
- Line Connection Charges
- Semi-Public Paystation Handling
- Maintenance Visit Charge
- Restoration Charge
- Returned Check Charge

Section 5

- Private Listing Service
- Semi-private Listing Service
- Operator Services

Section 6

- Foreign Exchange Service
- Adjacent Exchange Service

Section 7

- Extension, PBX Station, and Tie Line Mileage
- Bridged Line Services
- Direct Inward Dialing Services
- Direct Inward-Outward Dialing (DIOD) Service
- Toll Restriction Service
- Central Office Blocking
- Caller ID Blocking – Per Call
- Call Tracing

Section 8

- 911 Emergency Trunks
- Enhanced 911 Emergency Services
- Emergency Transport Backup
- E911 Surcharge

Section 9

Interconnection of Cellular Mobile Carriers

Section 11

N11 Services

Section 12

Line Extensions

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

PRICE-REGULATED SERVICES

State Access Tariff

- Section 4 Switched Access Services
 - Local Transport
 - End Office Switching
 - 800 Data Base Access Service
 - Abbreviated Dialing Arrangement
- Section 6 Billing and Collection Services
- Section 8 Additional Engineering, Additional Labor, and Miscellaneous Charges for Price Regulated Services
- Section 9 Facility Access Order Charges for Switched Access Service
- Section 11 Special Facilities Routing of Switched Access Service
- Section 14 Carrier Common Line Access Service

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

FLEXIBLY PRICED SERVICESTariff #2

Section 3	Customer Calling Services Advanced Customer Calling Services Service Packages
Section 4	Directory Assistance Call Service Additional Listings
Section 5	Private Line Service 768 Kbps Symmetric 10BaseT Ethernet Transmission Service Intrawirecenter Digital Special Access Service
Section 6	VersaLine Service Bundle Frontier Choices Tier Bundle FrontierWorks Small BusinessSolutions FrontierWorks Business Connections Frontier Small Business Advantage Frontier Digital Phone Service Frontier Business Unlimited Service Frontier Digital Phone Essentials Frontier Business Essentials Frontier Digital Phone Plus Service Frontier Business Metro Stay Connected Seasonal Service Frontier Digital Phone Essentials 1 – 2010 Frontier Digital Phone Essentials 3 – 2010 Frontier Digital Phone Nationwide Unlimited with Essentials 1 - 2010 Frontier Digital Phone Nationwide Unlimited with Essentials 3 - 2010 Frontier Digital Phone Nationwide Unlimited Plus with Essentials 1 - 2010 Frontier Digital Phone Nationwide Unlimited Plus with Essentials 3 – 2010 Frontier Business Nationwide Unlimited Service I and II Frontier Business Local Unlimited I and II ISDN – Primary Rate Interface Bundle Frontier Digital Phone Essentials Frontier Digital Phone Unlimited (Leader) Frontier Digital Phone Unlimited Plus (Leader) Frontier Digital Phone Unlimited (Challenger) Frontier Digital Phone Unlimited Plus (Challenger) Frontier Simply Unlimited Service – Leader Frontier Simply Unlimited Service - Challenger
Section 7	Personal Paging
Section 9	Fire Bar Equipment
Section 10	Line Extension Charges Construction Charges Business Traffic Study Service
Section 11	Customer Transfer Service Toll Terminal Service Simplified Message Desk Interface

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

	Message Waiting Indication
	Call Transfer Service
	Customized/ Same Number Service
	Selective Ringing Service
Section 13	Integrated Services Digital Network Services
	Basic Rate Interface (BRI) Integrated Services Digital Network Service
	Primary Rate Interface (PRI) Integrated Services Digital Network Service
Section 14	Switched 56 Digital Service
	Switched DS1 Service
	Frontier T-Advantage Digital Service

State Access Tariff

Section 5	Special Access Services
	- Analog Services
	- Voice Grade Service
	- Video Service
	- Digital Services
	- Digital Data Access Service
	- Narrowband Service
	- Program Audio Service
	- Wideband Analog Service
	- Wideband Digital Service
	- High Capacity Service
Section 7	Specialized Service or Arrangements
Section 8	Additional Engineering, Additional Labor, and Miscellaneous Charges for Flexibly Priced Services
Section 9	Facility Access Order Charges for Special Access Services
Section 10	Special Construction
Section 11	Special Facilities Routing of Special Access Service

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

NON-PRICE-REGULATED SERVICESTariff #3

Section 3	Centrex Programming Charge Digital Centrex Service Automatic Call Distribution Service
Section 4	Billing and Collection Service
Section 5	Public Telephone Service Semi-Public Telephone Service Booths
N/A	Yellow Page Directory Advertising
N/A	White Page Directory Advertising

Note. The rates, prices, tariffs, or charges to a business customer subscribing to four or more business lines in a competitive area as defined in Minn. Stat. 237.411 are only subject to sections 237.07, subdivision 1; 237.66; and 237.663, and are not subject to any rules imposing rate or price restrictions beyond those sections, to other orders or investigation of local rates under section 237.081 or other rate and price requirements of this Plan.

ATTACHMENT A

Issue	Resolution
1. Frontier’s proposal to add “broadband services” to the list of services classified as “non-telephone” services.	Eliminated “broadband services” from the list of services in Section IV(A)(1)(b) that are not subject to Commission oversight.
2. Concerns about how Frontier classifies certain services.	Re-classified Line Extension Charges from a flexibly-priced to a price-regulated service, and established methodology for line extension pricing. Classified Emergency Connect 911- Only Service as a Price Regulated Service.
3. Limits to Commission’s authority to act within a specified period of time	Removed all provisions that allow for automatic approval of a Frontier proposal if no Commission action is taken within a specified period of time. Changed time allowed for Commission to act in certain circumstances to 90 days, to be consistent with statute.
4. Frontier’s proposal to increase rates for one-party basic local and business services after the first year of the plan.	<p>Minn. Stat. 237.766 subd. 2 states that a new plan proposed by a company must be reviewed by the commission and, with the consent of the company, revised or approved consistent with sections <u>237.76</u> to <u>237.774</u>, except that the justification of earnings levels in section <u>237.764</u>, <u>subdivision 1</u>, paragraph (c), if required, and <i>the provisions prohibiting rate increases at the initiation of or during the first three years of a plan contained in section <u>237.762</u>, shall not apply to a new plan. Any new plan must be approved by the commission and shall contain a mechanism under which a telephone company may reduce the rates for price-regulated services below the initial rates or prices or increase the rates or prices during the term of the plan.</i></p> <p>Frontier’s plan maintains existing rates for one-party basic local residential and one-party basic business service for the first year of the plan. Frontier is permitted to increase those rates up to a total of \$2.00 over the remaining two years of the plan.</p>
5. As proposed there is no provision predicated any rate increases to price-regulated services on a showing that	The provision, “Frontier may not increase the price of a price regulated service if it has not demonstrated substantial compliance with the

ATTACHMENT A

<p>Frontier is in substantial compliance with the quality of service standards set forth in the plan.</p>	<p>quality of service set forth in the plan” has been restored in Section IV (B)(1)(c) of the plan.</p>
<p>6. Outstate/Metro rate parity</p>	<p>The provision “<i>If Frontier implements the optional increase in years two and three of the Plan, Frontier will not increase the outstate prices for one-party basic local residential service by more than it increases the metro price of one-party basic local residential service,</i>” has been added to Section IV(B)(1)(a).</p>
<p>7. Frontier’s plan is not clear about the impact of the open Rulemaking docket on Possible Changes to Minn. Rules Chapter 7810 on its Service Quality Plan.</p>	<p>Section V(A) of the plan has been clarified to reflect that, “Frontier will be governed by the Commission’s service quality standards, appearing in Chapter 7810 of the Commission’s Rules, except as specifically modified in this Plan. <i>If the Commission modifies those service quality standard rules during the term of the Plan, Frontier and the Department will jointly revise this Plan to reflect the modified service quality rules. In addition, certain specific individual customer remedies will apply.</i>”</p>
<p>8. Substantial Compliance definition</p>	<p>Provisions addressing substantial compliance with service quality standards have been added in Section V(D).</p>
<p>9. The Plan contains no provisions for measuring and reporting service quality metrics.</p>	<p>The Plan includes provisions for monitoring and reporting of service quality results.</p>
<p>10. The Plan does not contain the specific service quality metrics as required Minn. Stat. 237.765</p>	<p>The plan has been revised to include statewide standards for measuring the quality of price-regulated and flexibly priced services provided by the company, including, (i) time intervals for installation, (ii) time intervals for restoration or repair of service, (iii) trouble rates, (iv) exchange access line held orders, and (v) customer service answer time;</p>
<p>11. Investment Plan</p>	<p>The Parties have not reached agreement on the specifics of the investment plan.</p>

ATTACHMENT B

LINE EXTENSIONS

I. Applicability

- A. This section applies to requests for residential local exchange service in locations within Frontier's Minnesota service area where company facilities currently do not exist, such that a line extension is required. The Company will determine the location and type of plant facilities required to provide the service unless other arrangements have been agreed upon.

II. Construction Allowance

- A. Upon receipt of a customer request for residential local service that requires a line extension, Frontier will calculate a Construction Allowance (CA) equal to the revenue that the line extension may reasonably be expected to generate (taking into account demand, expected per household revenue and average time a residential household retains service at a location). The CA will be applied to offset the total line extension costs in determining the charges for which the applicant is responsible.

B. The CA will be based on the following factors:

1. Average Frontier residential monthly per-household billing amount (AFB), calculated on a statewide basis, including the subscriber line charge and all regulated and unregulated Frontier services and features billed by Frontier or billed on behalf of Frontier. The AFB does not include taxes or other fees that are not retained by Frontier, such as TAP/TAM/911 charges.
2. The number of households that the line extension is estimated to serve. (H)
3. Average residential service location life in months, calculated on a statewide basis. (LL)
 - C. The CA will be calculated as follows: $AFB \times H \times LL = CA$. The CA is capped at the total incremental cost of the line extension.

III. Line Extension Charges

- A. Line extension charges may be assessed for the incremental costs¹ of a line extension that exceed the Construction Allowance (CA).
- B. Incremental Line extension costs include placement of facilities, engineering costs, labor and material costs, and costs of securing right-of-way. Facilities include the distribution cable and feeder cable.
- C. A service drop wire measuring not more than 250 feet will be provided without construction charge to each customer that will be served by the line extension. To the extent that a requested service drop exceeds 250 feet, facilities charges may apply, and will be the responsibility of the applicant requesting the service drop.
- D. Frontier will provide each applicant with a preliminary sketch, a detailed estimate of the total incremental construction costs associated with the requested line extension, and a line extension charge estimate that details the incremental costs above the construction allowance (CA) for which the applicant is responsible.
- E. Frontier may require all customers receiving the benefit of the CA to agree to retain Frontier service for a three year term. If a customer discontinues service prior to the three year period, the customer will be responsible for reimbursing Frontier for a portion of the unrecovered CA. The payable amount will be calculated by multiplying the AFB by the number of months remaining in the term.
- F. The Line Extension Charge payment is due prior to the commencement of construction. Alternatively, if agreed to by both Frontier and the customer, alternative payment arrangements may be established. To the extent that, prior to the completion of the line extension, or within twelve months after completion, customers in addition to those included in the original design make application for service which can be accommodated with no additional construction cost in distribution or feeder cable, the Line Extension Charge will be divided among all customers served by the line extension, and Line Extension Charge payments already made will be trued up through refunds or revised payment arrangements when appropriate.

¹ Incremental costs are defined as those additional costs that will be incurred if the line extension is made.

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Settlement Agreement**

Docket No. P405/AR-14-735

Dated this 8th day of January 2015

/s/Sharon Ferguson

First Name	Last Name	Email	Company Name	Address	Delivery Method	View Trade Secret	Service List Name
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