Frontier Telephone Companies
Tariffs FCC Nos. 5, 6, 11, and 14
Description and Justification
Transmittal No. 67
July 1, 2016

1. Introduction

Frontier Telephone Companies ("Frontier") submits herewith its Description and Justification ("D&J") in support of changes to certain Special Access plans, made under Transmittal No. 67. This filing is made on behalf of the exchange carriers issuing Frontier Telephone Companies Tariffs FCC Nos. 5, 6, 11, and 14.

On May 2, 2016, the Commission released a *Tariff Investigation Order and Further Notice of Proposed Rulemaking* in WC Docket No. 16-144, WC Docket No. 15-247, WC Docket No 05-25, and RM-10593, FCC 16-54 ("*Tariff Investigation Order*"). The *Tariff Investigation Order* directed Frontier to make changes to certain Special Access Plans within 60 days following the release of the *Order*, which required Frontier to file such changes by July 1, 2016.

Frontier has had discussions with the Commission's Staff about the changes Frontier plans to make. Staff has requested information related to how Frontier's proposed changes to the National

Discount Plan ("NDP") in its tariffs FCC Nos. 13 and 14 would affect existing and potential customers. Because this information will take some time to obtain, on June 28, 2016, Frontier applied for a limited extension of time to comply with the Tariff Investigation Order as it pertains to NDP. On June 30, 2016, the Commission released an *Order*, DA 16-746, ("*Extension Order*") granting an extension of time to July 15, 2016 to file revisions to NDP. Accordingly, this filing does not include changes to NDP in tariffs FCC 13 and FCC 14. Frontier will be filing revisions to NDP to comply with the *Tariff Investigation Order* no later than July 15, 2016, as allowed by the *Extension Order*.

2. Requirements of the Tariff Investigation Order

Carriers were directed to amend tariffs to address the issues of all-or-nothing provisions, shortfall penalty provisions, and early termination penalties.

The *Tariff Investigation Order* found that all-or-nothing provisions in various pricing plans are unjust and unreasonable practices. . . . [W]e direct these carriers to amend their tariffs by removing language requiring customers to aggregate all their purchases under a single plan.[1]." Frontier was direct to "amend the DS1 OPP, DS1 TPP, NDPs, and TVPs[2]" for this issue.

The *Tariff Investigation Order* found that certain shortfall penalty provisions are unjust and unreasonable, and directed carriers including Frontier to remove such tariff provisions. "On or after the removal date of these tariff provisions, [Frontier] may elect to include in [its] tariffs shortfall penalties or fees that are no greater than the amount of revenue that a customer would have paid had it met its minimum commitment.[3]" Not all plans were cited as having unreasonable shortfall provisions. Frontier was directed to "remove the shortfall provisions from the OPP and NDPs.[4]"

[1] *Tariff Investigation Order* at ¶110.
[2] *Tariff Investigation Order* at ¶540.
[3] *Tariff Investigation Order* at ¶115.
[4] *Tariff Investigation Order* at ¶541.

The Tariff Investigation Order found that certain early termination penalties penalties are unjust and unreasonable, and directed carriers including Frontier to remove such provisions. "On or after the effective date of removal of these tariff provisions . . . Frontier may elect to file tariff revisions with an early termination fee provision that results in fees that are not in excess of the incumbent LEC's expectation damages.[5]" Frontier was directed to "remove the early termination provisions from the OPP.[6]"

3. DS1 TPP in FCC 6

As described above, the *Tariff Investigation Order* directed Frontier to remove all-or-nothing tariff provisions from the DS1 TPP. The DS1 TPP is not an all-or-nothing plan, and has never had an all-or-nothing requirement. For the avoidance of any doubt, in this filing Frontier submits tariff language changes to the DS1 TPP clarifying

[5] *Tariff Investigation Order* at ¶141.
[6] *Tariff Investigation Order* at ¶542.

that customers are not required to commit all of their circuits to this plan.

4. DS1 TVPs in FCC 5 and FCC 14

As described above, the *Tariff Investigation Order* directed Frontier to remove all-or-nothing tariff provisions from the TVPs. The DS1 TVPs in FCC 5 and FCC 14 have substantially identical terms and conditions, which come in two varieties. The One-, Two-, Three-, Five-, and Seven-Year Term Volume Plans ("TVP") do not contain all-or-nothing provisions and contemplate a commitment level as low as 2 Special Access Lines (SALs). The Eight- and Ten-Year Term Volume Plans (ETTVP) require 4000 or more SALs and require a minimum commitment level of 90% of the existing SALs at time of enrollment, as well as requiring a minimum of 90% of existing SALS at the time of the annual review. In this filing, Frontier removes this 90% requirement to comply with the direction of the *Tariff Investigation Order*. Customers are still required to have a minimum 4000 SALs, but that minimum does not need to be any specific percentage of the customer's existing SALs.

5. DS3 TVP in FCC 5 and FCC 14

As described above, the *Tariff Investigation Order* directed Frontier to remove all-or-nothing tariff provisions from the TVPs. Frontier believes this requirement includes removing all-or-nothing from the DS3 TVPs. The DS3 TVPs do not specify that the customer must commit all its SALs at time of enrollment, but does specify that all SALs are billed at the DS3 TVP rate and that total SALs in service are used to measure the plan. In order to comply with the requirements of the Tariff Investigation Order, Frontier amends DS3 TVP tariff language to specify that the customer must issue ASRs to indicate which SALs are to be included in the plan, and the plan will be measured by SALs in-plan rather than SALs in-service. SALs that are not in-plan may be ordered as month to month or as part of any other plan that may be available to the customer now or in the future.

6. DS1 OPP in FCC 11

As described above, the *Tariff Investigation Order* directed Frontier to remove all-or-nothing tariff provisions from the OPP, to remove the shortfall provisions, and to remove the early termination provisions.

The OPP comes in two varieties. The base OPP is simply a circuit-specific term discount plan, and does not appear to violate any provision of the Tariff Investigation Order. The DS1 OPP Portability Commitment (hereafter, "OPP") is an optional provision allowing the customer to commit a volume of Channel Terminations (CTs) in order to get circuit portability.

The existing OPP language requires the customer to commit all of its DS1 CTs to the Portability Commitment, an also requires a minimum of the greater of 40 CTs or 80% of the Commitment Level (CL) throughout the plan. To comply with the Tariff Investigation Order, Frontier amends the OPP tariff language to specify that the customer must issue ASRs to indicate which CTs are to be included in the Portability Commitment. Instead of requiring all CTs to be in the plan, Frontier amends the language to require a minimum of 50 CTs to initiate the plan, while retaining language requiring a minimum of 40 CTs or 80% of the CL throughout the plan.

Frontier adds language requiring the customer to submit ASRs indicating which CTs are to be included in the OPP Portability Commitment, and amends language to measure compliance by CTs in-plan rather than in-service.

The current tariff language for the OPP Portability Commitment computes a shortfall penalty uing a nonrecurring charge per channel termination. That *Tariff Investigation Order* specified that "a rate no higher than the discounted monthly rate for the term selected by the customer must be used in computing the shortfall penalty.[7]" In this filing, Frontier amends the computation of the shortfall penalty to use the lowest monthly Channel Termination rate for the term selected by the customer. While the *Tariff Investigation Order* did "not take action on . . . upper percentage commitments,[8]" Frontier also changes the computation of the penalty for exceeding the threshold from the use of a nonrecurring charge to the use of the lowest monthly Channel Termination rate for the term selected by the customer. Frontier believes that this will be more favorable for the customers and that it will be easier to administer a plan with consistently computed penalties.

The current language governing the early termination liability for the OPP Portability Commitment calls for computing the liability using the lowest prevailing Zone 1 Month to Month DS1 Channel Termination rate. The Tariff Investigation Order found that this "would assess undiscounted month-to-month rates for those circuits

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[7] *Tariff Investigation Order* at footnote 356.
[8] *Tariff Investigation Order* at ¶88.

. . . and the incumbent LEC would receive a fee that far exceeds the revenue expectations it had.[9]" In this filing Frontier changes the computation of the early termination liability to use the lowest monthly DS1 Channel Termination rate for the term selected by the customer, to limit the penalty to the revenue expected if the customer had met its commitment.

[9] *Tariff Investigation Order* at ¶147.