

**BEFORE THE ATTORNEY GENERAL OF WEST VIRGINIA
STATE CAPITOL
CHARLESTON, WEST VIRGINIA**

IN THE MATTER OF THE INVESTIGATION OF:

**FRONTIER WEST VIRGINIA INC.
CITIZENS TELECOMMUNICATIONS COMPANY OF
WEST VIRGINIA, d/b/a FRONTIER COMMUNICATIONS
OF WEST VIRGINIA**

ASSURANCE OF VOLUNTARY COMPLIANCE

The Attorney General of West Virginia ("Attorney General") has been investigating certain practices of Frontier West Virginia Inc. and Citizens Telecommunications Company of West Virginia d/b/a Frontier Communications of West Virginia (collectively "Frontier") concerning how it describes the Internet speeds available to consumers. In accordance with W. Va. Code § 46A-7-107, Frontier, without admitting that any of its prior practices are in violation of the West Virginia Consumer Credit and Protection Act, (the "Act"), W. Va. Code § 46A-1-101 *et seq.* or other applicable laws, has consented to observe the following terms, conditions, and agreements in the future conduct of its business from and after the date of this **ASSURANCE.**

**I.
BACKGROUND**

1. Frontier is a for-profit company and maintains a principal business office at 1500 MacCorkle Avenue, S.E., Charleston, West Virginia 25396.

2. Frontier is a telecommunications company providing telephone services, Internet access services, security services and other telecommunications services.

3. The Internet is a global communications network of computers and other devices that allow users to exchange information with each other. Individual consumers access the Internet network through Internet Service Providers (ISPs) such as Frontier.

4. The speed at which a consumer's computer connects to the Internet is important to the type of use that can be made of the computer.

5. The activities of Frontier are subject to the provisions set forth in the Consumer Credit and Protection Act, W. Va. Code §46A-1-101 *et seq.* (the "Act") which is regulated by the Attorney General pursuant to W. Va. Code § 46A-7-101 *et seq.*

6. Between 2013 and 2015, the Attorney General received complaints from some Frontier customers receiving Frontier's "up to" 6 Mbps service. Consumers complained that their Internet service was slow or failed entirely, and that they had not received the service they thought they were going to receive. In response the Attorney General initiated an investigation of Frontier's advertisements containing the term "up to 6 Mbps."

7. Following the Attorney General's investigation, the Attorney General has agreed, as grounds for approving this Assurance, to accept Frontier's commitments to lower certain consumer prices and make additional investments in its network in West Virginia for the purpose of improving Internet speeds in the State. Frontier's commitments are detailed below.

8. Frontier represents that it has entered into this **ASSURANCE** for the sole purpose of compromising disputed claims, without the necessity for protracted and expensive litigation. This **ASSURANCE** does not constitute an admission by Frontier of any violation of West Virginia law.

II.
AGREEMENT

9. Notwithstanding the foregoing and without admitting that it has committed any violations of West Virginia law, Frontier promises to take the following actions in order to resolve the concerns of the Attorney General. For purposes of this **ASSURANCE**, "West Virginia consumers" or "consumers" shall mean and include all persons who resided in West Virginia at the time of purchasing Internet access services from Frontier.

10. Frontier promises and voluntarily assures the Attorney General that it will comply with the Act, W. Va. Code § 46A-1-101, *et seq.*, and other applicable laws.

11. In light of Frontier Communications Corporation's pending acquisition of Verizon Communications, Inc.'s wireline businesses in California, Florida and Texas, and in light of the State of West Virginia's desire to participate in the upgrade of the nationwide Frontier Communications network, Frontier agrees to pay \$500,000.00 to the State of West Virginia on March 31, 2016 (which is the expected date of the Closing of such acquisition transaction), to help defray the costs of transitioning consumers to higher Internet service speeds and for costs incurred by the Attorney General related to his investigation. This amount will be made by wire transfer or be in the form of a check made payable to the State of West Virginia. At the discretion of the Attorney General, the payment shall be used by the Attorney General for any one or more of the following purposes: direct and indirect administrative, investigative, compliance, enforcement, or litigation costs and services incurred for consumer protection purposes; to be held for appropriation by the Legislature; and/or distribution to taxpayers and/or consumers.

12. Frontier agrees that, within a reasonable period of time after the date hereof, it will lower to \$9.99 per month the rate charged to all Frontier Internet Max (up to 6 Mbps) customers who are currently provisioned at 1.5 Mbps or lower download speeds, until such time as their download provisioned speeds can be raised to at least 6 Mbps – the top of the Max range, subject to all other terms and conditions currently applicable to those Max customers. This is a savings of \$10-\$20 per month, or more, for the affected customers. At such time as a Max customer's provisioned speed reaches at least 6 Mbps, his or her monthly charge would be set at the otherwise applicable price tier, thereby giving Frontier a strong incentive to raise speeds for these customers. Frontier estimates that there are approximately 28,000 customers who will benefit from this rate reduction. Frontier also will offer the same \$9.99 per month rate to new Max customers provisioned at 1.5 Mbps or lower, until their download provisioned speeds reach at least 6 Mbps.

13. If additional Frontier customers are identified who are in the Max tier or a higher tier and who are provisioned at 1.5 Mbps download speed, or lower, beyond the 28,000 estimated by Frontier, Frontier will work with the Attorney General, in good faith, to address the service needs of the newly identified consumers.

14. Frontier agrees to make a total of at least \$150 million in capital expenditures in West Virginia over a period of three years, in addition to the investments during this period from the \$180 million Frontier expects to expend from the Connect America Fund II. This \$150 million in capital expenditures will, inter alia, allow Frontier to further expand and build out its existing Internet network in West Virginia to deliver Internet access services at the rate of at least 6 Mbps download/1 Mbps upload, and to improve the Internet speed and reliability for Frontier

customers currently receiving download speeds of 1.5 Mbps or lower. Frontier also agrees that it will not seek to recover these costs through any regulated proceeding. Any amounts identified in this paragraph are over and above all other sums in other parts of this **ASSURANCE**.

15. Frontier agrees that it will not attempt to recover the monetary obligations of this **ASSURANCE** or indirectly transfer the same to West Virginia consumers through any rate proceeding for any services regulated by the West Virginia Public Service Commission or any other regulatory authority.

III. **MONITORING FOR COMPLIANCE**

16. For a period of three years from the execution date of this **ASSURANCE**, Frontier agrees to provide certified reports to the Attorney General, on a quarterly basis, detailing the progress of Frontier's compliance efforts including, but not limited to, the number of new residences connected to the Internet, the number of customers receiving upgraded services, the sums spent on such work, the numbers of customers receiving discounted service, and such other information reasonably requested by the Attorney General, in addition to detailing the continuing actions Frontier is taking to comply with this **ASSURANCE**. Frontier agrees to provide supporting information, as necessary, to reasonably assure the Attorney General that Frontier is meeting its commitments under the terms of this **ASSURANCE**. This provision shall not limit the Attorney General's right to obtain documents, records, testimony or other information pursuant to any state statute or rule.

17. As consideration for the relief agreed to herein, if the Attorney General determines that Frontier has failed to comply with any of the terms and conditions of this

ASSURANCE, and if the Attorney General determines, in his sole discretion, that the failure to comply does not threaten the health or safety of the citizens of the State or does not create an emergency requiring immediate action, the Attorney General shall notify Frontier in writing of its failure to comply. Frontier shall then have fifteen (15) business days after receipt of the written notice to provide a written response to the Attorney General. The response shall be signed by one of Frontier's senior executive officers and contain, at a minimum, one of the following:

- A. A statement explaining why Frontier believes it is in compliance with the **ASSURANCE**;
- B. A statement explaining how the alleged breach occurred, and how it will be or has been corrected; or
- C. A statement explaining that the alleged breach cannot be reasonably corrected within fifteen (15) business days from receipt of the notice but that:
 - i. Frontier has begun to take action to correct the alleged breach (with an explanation of the corrective action it is taking);
 - ii. Frontier is pursuing corrective action with reasonable and due diligence; and
 - iii. Frontier has provided the Attorney General with a detailed and reasonable time frame for correcting the alleged breach.

18. Upon request by Frontier, a representative of the Attorney General shall meet with Frontier, at Frontier's expense (if outside of Charleston, West Virginia), to discuss the alleged failure to comply or Frontier's response thereto. In considering whether a violation

occurred, the Attorney General agrees to take into consideration any information presented by Frontier. The Attorney General will consider the information presented by Frontier, but is not bound to accept or agree with this information. Unless prohibited by State law, no corrective action by Frontier shall prevent the Attorney General from taking any available legal action to compel Frontier's compliance with this **ASSURANCE** nor shall said corrective action release Frontier from liability for any violations prior to the notice or during the time of consideration by the Attorney General. Nothing in this ASSURANCE waives Frontier's rights to defend itself or take such legal action as it deems necessary against any allegations that it is in violation of this **ASSURANCE**.

19. If the Attorney General receives a request or demand for any documents, materials, reports or information that Frontier provided relating to this **ASSURANCE** or the negotiations resulting in this **ASSURANCE**, or for any documents, materials, reports or information specified by or required herein, the Attorney General shall promptly notify Frontier in writing of the request. The Attorney General will refrain from producing any such documents, materials, reports or information until the expiration of ten (10) days following such written notice to Frontier so that Frontier may take any actions it deems appropriate.

20. Frontier further promises not to represent directly or indirectly, or in any manner whatsoever, that the Attorney General has sanctioned, condoned or approved, any part or aspect of its business operation, unless written authorization is obtained from the Attorney General, and then only to the extent of said written authorization. It is agreed and understood that the contents of this **ASSURANCE** are and shall be public information.

21. It is further agreed and understood that, while the parties to this **ASSURANCE** presently intend to cooperate in securing and obtaining compliance with the terms of this **ASSURANCE**, the matters settled by this agreement may be reopened at any time by the Attorney General of West Virginia for further proceedings in the public interest, including such actions as may be necessary to monitor compliance with this **ASSURANCE**.

22. The parties understand and agree that this is a compromise settlement of disputed issues and that the consideration for this **ASSURANCE** shall not be deemed or construed as: (a) an admission of the truth or falsity of any claims or allegations made against Frontier; or (b) an admission by Frontier that it has violated or breached any law, statute, regulation, term, provision, or obligation of any agreement. This **ASSURANCE** does not constitute a finding of law or fact, or any evidence supporting any such finding that Frontier has engaged in any act or practice declared unlawful by any laws, rules, or regulations of any state. Frontier denies any liability or violation of law and enters into this **ASSURANCE** without any admission of liability.

23. No part of this **ASSURANCE** constitutes or shall constitute evidence or liability against Frontier in any action brought by any person(s) or entity or other party of any violation of any federal or state statute or regulation or the common law except in an action brought to enforce the terms of this **ASSURANCE**.

24. In the event the Attorney General brings an action to enforce the terms of this **ASSURANCE**, Frontier agrees not to challenge the jurisdiction of any court of competent jurisdiction in West Virginia. In the event the Attorney General substantially prevails in such an enforcement proceeding, Frontier agrees to pay civil penalties, appropriate restitution and the reasonable costs and attorneys' fees, if any, as may be lawfully ordered by the court.

25. Any written notice to Frontier required by this ASSURANCE shall be sent by first-class mail and e-mail to:

Associate General Counsel
Frontier Communications
1500 MacCorkle Avenue, S.E.
Charleston WV 25314
joseph.starsick@ftr.com

26. This ASSURANCE memorializes the entire agreement by and between Frontier and the Attorney General regarding the subject matter addressed by this ASSURANCE.

[Remainder of this page intentionally left blank. Signature pages follow.]

IN WITNESS WHEREOF, Frontier has caused this **ASSURANCE** to be executed and represents that the persons whose signatures appear below are authorized to bind Frontier to the terms and conditions set forth herein. The Attorney General of West Virginia or his designate has approved this **ASSURANCE**.

November 25, 2015
DATE

Frontier West Virginia, Inc.
BY: Mark D. Nielson
(Signature)
Its: Vice President

STATE OF Connecticut,
COUNTY OF Fairfield, TO-WIT:

Taken, subscribed, and sworn to before me in the County and State aforesaid this
25 day of November, 2015.

My commission expires _____.

Heather Thompson
NOTARY PUBLIC
COMMISSION EXPIRES SEP. 30, 2020

Heather Thompson
NOTARY PUBLIC

November 25, 2015

DATE

Citizens Telecommunications Company of
West Virginia d/b/a Frontier Communications of
West Virginia

BY: Mark D. Nielson
(Signature)

Its: Vice President

STATE OF Connecticut,

COUNTY OF Fairfield, TO-WIT:

Taken, subscribed, and sworn to before me in the County and State aforesaid this
25 day of November, 2015.

My commission expires _____.

HEATHER THOMPSON
NOTARY PUBLIC
MY COMMISSION EXPIRES SEP. 30, 2020

Heather E. Thompson
NOTARY PUBLIC

APPROVED BY:

Jonathan T Osborne
JONATHAN T. OSBORNE
ASSISTANT ATTORNEY GENERAL

DATED: 2 December 2015

STATE OF WEST VIRGINIA,
COUNTY OF KANAWHA, TO-WIT:

Taken, subscribed, and sworn to before me in the County and State aforesaid this
2nd day of December, 2015.

My commission expires October 2, 2019.

Leigh Brawley

NOTARY PUBLIC

