



October 25, 2010

VIA ELECTRONIC MAIL AND U.S. MAIL

Filing Center
Oregon Public Utility Commission
550 Capitol Street N.E. Suite 215
Salem, OR 97301-2551

RE: UM 1481 – Opening Comments of Frontier Communications Northwest Inc.

Dear Filing Center,

Enclosed are the Opening Comments of Frontier Communications Northwest Inc. in Docket UM 1481. Please contact me at (503) 645-7909 if you have any questions.

Sincerely,

A handwritten signature in black ink that reads "Renee M. Willer". The signature is written in a cursive, flowing style.

Renee M. Willer
Frontier Communications Northwest Inc.
renee.willer@ftr.com

cc: Service List

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1481

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF) OPENING COMMENTS OF
OREGON) FRONTIER COMMUNICATIONS
) NORTHWEST INC.
Staff Investigation of the Oregon)
Universal Service Fund)

Frontier Communications Northwest Inc. offers the following comments in response to the Commission’s request for input on maintaining the current Oregon Universal Service Fund (OUSF), the possibility of transitioning the fund to support broadband service, and access reform.

Frontier supports the goals of universal service – both for the continued availability of voice services at affordable rates and the affordable availability of broadband services in high-cost areas of Oregon. Frontier also recognizes that these goals present the challenge of balancing affordable voice and broadband services in high-cost areas without creating either market distortions or an onerous burden on other customers in the state.

Incumbent local exchange carriers (“ILECs”) are unique from other carriers. ILECs have both wholesale requirements and retail carrier of last resort obligations that require investment in and maintenance of network facilities that may not be economically justified without universal service support. Universal service support provides a key role in making certain network infrastructure is available in high-cost areas and is an essential public policy goal for the State of Oregon.

Access reform has also been a key topic of discussion in this inquiry. Intrastate switched access revenues have been a key source of funding for recovery of costs but are declining and will likely continue to do so for the foreseeable future. Therefore, from the perspective of maintaining universal service in the state, it is appropriate to explore ways

to stabilize these revenues while we also consider transitioning the state universal fund to support broadband as well as changes in federal support mechanisms.

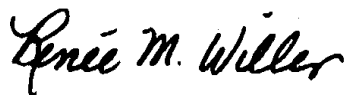
The Federal Communications Commission (“FCC”) is exploring access reform which may ultimately impact not only interstate access rates but may also affect state oversight of intrastate access rates. In the interim, a practical approach for carriers to stabilize revenues would be to give carriers the option of rebalancing switched access charges and basic service rates. Such actions should not be mandated for all ILECs. Those companies can determine for themselves whether rebalancing would be helpful. The Commission should develop a streamlined process for considering and acting on such proposals – a process not including a time consuming traditional rate case or “earnings review.”

Frontier believes that OUSF reform should be based on the following principles:

1. The OUSF should continue to support basic service in rural parts of the state.
2. In general, Frontier supports transitioning the OUSF to support broadband and looks forward to providing additional input in a future proceeding.
3. Access reform, if not addressed in a separate proceeding, should not be mandated but should be a condition of receiving OUSF support.
4. Carrier of last resort obligations should be a condition to be eligible for OUSF support.
5. The OUSF surcharge should be broadly applied to all voice services; including wireless, Voice over Internet-Protocol (“VoIP”) and CATV voice; to establish a reasonable surcharge level and maintain competitive neutrality among all forms of voice communications service providers.

Frontier looks forward to continued participation in Commission proceedings that address these important issues.

Respectfully submitted this 25th day of October, 2010



Renee M. Willer
Authorized Representative
Frontier Communications Northwest Inc.

CERTIFICATE OF SERVICE
UM 1481

I certify that on the 25th day of October 2010, I served the foregoing OPENING COMMENTS OF FRONTIER COMMUNICATIONS NORTHWEST INC. in the above entitled docket on the following persons via e-mail and U.S. Mail.

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