



September 28, 2009

Ms. Darlene Standley, Chief – Utilities Division
c/o Ms. Sharla Dillon, Document Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

RE: Docket No 09-00096, Docket to Study Merits of Rural Affordability Fund

Dear Ms. Standley:

The letter dated September 24 inadvertently omitted questions 12, 13, and 14. Included with this letter is Frontier's complete response to the above referenced data request, including the omitted questions. Frontier feels there is much additional research needed before any type of state USF fund can be developed and offers these responses as assistance to starting that dialogue.

- 1. Please discuss in detail the financial impact of reducing your company's access rates to the interstate level as proposed in the legislation.**

The per line financial impacts of reducing our intrastate access rates in Tennessee to parity with interstate access rate levels as proposed in the TRAF legislation is significant. If necessary, that information can be compiled, in aggregate for the industry and submitted under proprietary and confidential treatment.

- 2. Please discuss the merits of the TRAF as proposed and any changes/modification that you believe would be necessary in establishing this fund.**

The FCC has opened a docket regarding Intercarrier Compensation to handle issues pertaining to Access Reform. The FCC docket will establish policy, which will be consistent across all states.

However, if Tennessee develops its own Access Reform policy, then issues such as how will the lost revenue be replaced, the impact on end user rates and the time frame to implement the changes are all issues that would need to be clarified as part of the TRAF implementation.

3. What should be the determining factors and criteria in determining whether to establish a TRAF?

There are many factors to consider, however Frontier's position is that the key factors that need to be taken into account are: 1) Affordability, 2) Competitive environment, and 3) Impact of rate increases on end users.

4. Please discuss whether prices and service offerings should be comparable between all rural and urban areas, and how this determination should be made?

It is Frontier's position that companies should be allowed to offer services and price them in response to the competitive environment and according to market conditions.

5. Should the earnings of incumbent local exchange companies (ILECs) operating under rate-of-return regulation be examined prior to receiving TRAF funds?

No. Frontier does not agree the earnings of the incumbent LECs should be examined prior to receiving TRAF funds.

6. Should the TRAF target funds for expanding a recipient company's broadband deployment?

Frontier's position at this point is the target funds should not be used for expanding a recipient company's broadband deployment.

7. Should the TRAF be expanded to replace other sources of implicit funding used to support universal service?

Frontier feels additional information as to what is being asked are required before any comment could be provided on this question.

8. Should TRAF disbursements be portable to Eligible Telecommunications Carriers ("ETCs") for customers they serve in these rural areas?

To the extent that ETCs are contributors to the fund, and are willing to agree to the same requirements as ILEC contributors, then TRAF disbursements should be portable to all full contributors.

9. Should the TRA establish a state-wide local residential benchmark rate for universal service and determine necessary universal funding based upon the benchmark; i.e., a company could draw money out of a universal fund if its rates are below the benchmark?

While benchmarks are an option to be considered, the important tenet is that any end user increases would be capped to minimize end user rate shock.

10. Please provide your thoughts/suggestions on whether there should be a phase out or reduction in the amount of TRAF funding once carriers elect Market Regulation.

No. The method of regulation under which a carrier resides should not dictate the funding of that carrier.

11. What factors and procedures should be considered in determining the per line support amount for rural carriers?

To the extent a fund is established for replacement of access revenue, the per-line support calculation would be determined by the amount of reduction in access revenues less and end user recovery.

12. Which companies should contribute to the TRAF, and state why or why not?

Frontier's position is all entities that contribute to Federal USF should be contributors to TRAF.

13. What method should be used to determine the TRAF contribution per company?

While the issues need more review, Frontier feels contributions should be based on a percentage of Interstate revenues.

14. If intrastate access rates are reduced in Tennessee, should language be incorporated into the proposed legislation to ensure that companies subscribing o intrastate access do not receive windfall profits, but rather return the access savings to their customers.

Frontier's position is this is an item that needs further investigation as part of this proceeding.

If you have any questions, please don't hesitate to contact me at 304-325-1688.

Sincerely,



Angela McCall
Manager – Government & External Affairs