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BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

Applications of E Fiber Moab, LLC)	
and E Fiber San Juan, LLC for Certificates)	
of Public Convenience and Necessity)	Docket No. 20-2618-01
to Provide Facilities-Based Local)	
Exchange Service and Be Designated as Carriers)	
Of Last Resort in Certain Rural Exchanges)	

**SURREBUTTAL TESTIMONY OF DOUGLAS MEREDITH
ON BEHALF OF THE
UTAH RURAL TELECOM ASSOCIATION - INTERVENOR**

October 26, 2020

1 **Q. Are you the same Douglas Duncan Meredith that provided Direct Testimony**
2 **and Rebuttal Testimony on behalf of the Utah Rural Telecom Association in**
3 **this proceeding?**

4 A. Yes.

5 **Q. What is the purpose of your surrebuttal testimony?**

6 A. I have reviewed the Rebuttal Testimony filed by Citizens Telecommunications
7 Company of Utah d/b/a Frontier Communications (“Frontier”), the Division of
8 Public Utilities, and the Office of Consumers Services. The purpose of this
9 Surrebuttal Testimony is to address parts of the Rebuttal Testimony offered by Mr.
10 Erhart. I believe Mr. Erhart misstates my testimony and deflects the main point
11 about my testimony about its bankruptcy. I seek to correct the record and
12 recommend the Commission focus on the Local Exchanges that are the subject of
13 this proceeding.

14 **Q. Mr. Erhart in lines 34-37 of his Rebuttal Testimony, refers the Commission to**
15 **the approved Plan of Reorganization, as well as other information and**
16 **documents concerning Frontier’s financial restructuring. Have you reviewed**
17 **the Plan of Reorganization and other documents concerning Frontier’s**
18 **financial restructuring?**

19 A. Yes.

20 **Q. In your Direct Testimony lines 400-413, you indicated that the Frontier**
21 **Bankruptcy documents demonstrate that Frontier’s proceeding may be**
22 **converted to a Chapter 7 proceeding. In his Rebuttal Testimony, Mr. Erhart**
23 **takes exception to that statement saying that you failed to note that on August**

24 **27, 2020 the Bankruptcy court confirmed the Plan of Reorganization proposed**
25 **by Frontier, paving the way for Frontier to complete the financial**
26 **restructuring process and emerge from Chapter 11 once the remaining**
27 **regulatory approvals are complete. How do you respond?**

28 **A.** In lines 400-413 of my Direct Testimony, I alerted the Commission to the
29 Statements in Frontier’s Bankruptcy Disclosure Statements to make the point that
30 improvements or advancements in services in the Local Exchanges are not occurring
31 and not likely to be occurring in the near future given Frontier’s bankruptcy status.
32 From the Direct and Rebuttal Testimony offered by Mr. Erhart, the Commission can
33 conclude that Frontier does not have a plan to improve service quality in the Local
34 Exchanges. This is confirmed in the Frontier Bankruptcy Disclosure Statement
35 dated May 15th and the subsequent June 29th revision.¹

36 Contrary to the Mr. Erhart’s allegation, I never stated that Frontier is “subject to
37 liquidation in the bankruptcy proceeding.”² Instead, I noted from Frontier’s own
38 disclosure that it is not finally determined how its bankruptcy will proceed.
39 Bankruptcy would most certainly affect the Local Exchanges. In my Direct
40 Testimony, I stated:

41 Furthermore, Frontier notes that its Chapter 11 Bankruptcy may evolve into
42 a Chapter 7 Bankruptcy if “the court finds this would be in the best interest
43 of creditors and/or the debtor.” Chapter 7 would involve liquidation of the

¹ Disclosure Statement Relating to the Joint Plan of Reorganization of Frontier Communications Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Doc No. 282], May 15, 2020; Disclosure Statement Relating to the Third Amended Joint Plan of Reorganization of Frontier Communications Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code [Doc No. 648], Solicitation Version, Jun. 29, 2020 (“Disclosure Statement”).

² Rebuttal Testimony of Carl E. Erhart on Behalf of Citizens Telecommunications Company of Utah d/b/a Frontier Communications, Frontier Exhibit 3.0, Oct. 16. 2020, lines 34-35.

44 debtors' assets for distribution. Even the possibility of Frontier facing
45 Chapter 7 liquidation suggests to me that **no effort is being undertaken to**
46 **ensure that high quality services are being offered in the Local**
47 **Exchanges and moreover, it strongly suggests that improvements or**
48 **advancements in services are not occurring.**³

49 While Judge Robert Drain has approved the Frontier Disclosure Statement on June
50 30, 2020, and Chapter 11 plan on August 27, 2020,⁴ only 10 state regulatory
51 authorities in 25 states where Frontier operates have approved the plan.⁵ Even Mr.
52 Erhart admits that Frontier has not received all the regulatory approvals for its plan
53 to wipe off more than \$10B in debt.⁶ While Frontier will most likely be allowed to
54 proceed with its Chapter 11 bankruptcy, avoiding the possibility of Chapter 7
55 liquidation, all state approvals have not been obtained.

56 Importantly, I alerted the Commission to what Frontier's management says about
57 the future: The Disclosure statements do not suggest that Utah is being considered
58 for future investment. In the Financial Projections attachment to the Disclosure
59 Plan, Frontier states its desire is to grow the business by "tactically deploying capital
60 on attractive investment opportunities" by among other things "upgrading select

³ Direct Testimony of Douglas Meredith on Behalf of the Utah Rural Telecom Association – Intervenor, Sep. 25, 2020, lines 406-413 (Emphasis Supplied).

⁴ Order Approving (I) The Adequacy of the Disclosure Statement, (II) The solicitation and Notice Procedures, (III) The Forms of Ballots and Notices in Connection Therewith, and (IV) Certain Dates with Respect Thereto, United States Bankruptcy Court, Southern District of New York, Judge Robert Drain, Jun. 30, 2020. Findings of Fact, Conclusions of Law, and Order Confirming the Fifth Amended Joint Plan of Reorganization of Frontier Communications and its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, Aug 27, 2020.

⁵ Frontier Communications, "New York Public Service Commission Approves Frontier's Chapter 11 Restructuring," Press Release, Oct. 16, 2020. "Frontier offers a variety of services to residential and business customers over its fiber-optic and copper networks in 25 states," "Frontier now has regulatory approvals, or favorable determinations, for its required change-in-control applications related to its court-supervised restructuring process from ten states." "We now await approval in just a few states, including our home State of Connecticut."

⁶ Erhart Rebuttal, lines 28-30.

61 copper areas to provider fiber based services.”⁷ To see whether Frontier’s tactical
62 deployment of fiber includes the Local Exchanges, I looked further at the Disclosure
63 Plan document itself. Sadly, Frontier does not mention Utah in the body of the
64 document, but does refence the California, Texas, and Florida territories. “The CTF
65 Transaction provided an opportunity for the Company, which had historically
66 operated largely in rural areas of the United States, to expand its service territory to
67 residential, commercial, and wholesale customers in more urban, albeit more
68 competitive markets, with a fiber-centric network in those states.”⁸ Frontier also
69 states that “In summer 2019, the Debtors identified several investment opportunities
70 to expand their fiber network to increase competitiveness and market share. Fiber
71 provides faster broadband network services to customers than copper cables. The
72 Debtors [Frontier] recognized a number of opportunities to invest in fiber network
73 within its existing copper broadband markets, rural lower speed markets, and
74 adjacent expansion markets. However, the Debtors’ capital structure constrained
75 their ability to execute such initiatives.”⁹ Frontier states in its Plan that “To focus
76 investment and better respond to ongoing technological changes, the Company
77 requires capital to potentially upgrade to it copper network to fiber **in key locations**
78 **across the current service territories** to increase its competitiveness for consumer,
79 commercial, and wholesale customers, including mobile network operators.”¹⁰
80 Frontier remains silent and has not confirmed that the Local Exchanges were part
81 of this strategic and tactical effort to increase market share. There is no mention in

⁷ Frontier Communications, Notice of Filing of Exhibits D, E, and F to the Disclosure Statement Relating to the Joint Plan of Reorganization of Frontier Communications Corporation and Its Debtor Affiliates Pursuant to Chapter 11 of the Bankruptcy Code, [Doc 524], Jun. 17, 2020, page 25

⁸ Disclosure Statement, 38.

⁹ Disclosure Statement, 40-41.

¹⁰ Disclosure Statement, 44 (Emphasis Supplied).

82 the Disclosure Statement nor in Frontier’s testimony that the Local Exchanges in
83 Utah are identified as “key locations” where Frontier’s focus resides. My testimony
84 that informed the Commission that Frontier’s corporate focus is not on Utah is still
85 valid. There are no corporate statements about investment in the Local Exchanges.

86 **Q. Does Frontier’s Disclosure Statement describe a reasonable plan for providing**
87 **high quality telecommunications services in the Local Exchanges?**

88 **A.** No. From my review, the Disclosure makes no mention of spending to specifically
89 improve services in the Local Exchanges. Tellingly, Mr. Erhart, still offers no
90 specific testimony on what facilities, if any, Frontier intends to install and provide
91 in the Local Exchanges.

92 Furthermore, as stated in Ms. Anderson’s Rebuttal Testimony, according to Frontier,
93 they have no current plan to invest in widescale infrastructure improvement in
94 Utah.¹¹ Specifically, Mr. Erhart stated that “until Frontier emerges from bankruptcy
95 and obtains all the required regulatory approvals it cannot fully develop its future
96 investment plans.”¹² It is clear that Frontier has no plan to make the capital
97 investment needed to improve service in the Local Exchanges. While emerging from
98 bankruptcy Frontier claims it will be a “stronger, financially sound
99 telecommunications service provider,”¹³ Frontier has made no commitment that its
100 post-bankruptcy capital investments will be for improving service in the Local
101 Exchanges.

¹¹ Rebuttal Testimony of Alyson Anderson on Behalf of the Office of Consumer Services, Oct. 16, 2020, lines 153-163.

¹² Direct Testimony of Carl Erhart, lines 775-776.

¹³ Rebuttal Testimony of Carl Erhart, lines 33-34.

102 **Q. Does this conclude your Surrebuttal Testimony?**

103 A. Yes, but I request the ability to amend and/or supplement this testimony during this
104 proceeding.

CERTIFICATE OF SERVICE

I hereby certify that on the 26th day of October, 2020, I served a true and correct copy of the Surrebuttal Testimony of Douglas Meredith in Docket 20-2618-01 via e-mail transmission to following persons at the e-mail addresses listed below:

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