Thank you Chairman Horn and the Committee for opportunity to talk with you today. My name is Bob Stewart and work for Frontier Communications as the State Director of Governmental Affairs for Michigan and Indiana. Frontier Communications is the largest pure rural landline telephone company is the U.S. Frontier completed a transformational acquisition of Verizon's landline properties in 14 states in July 2010 including Michigan, Indiana, Ohio, Illinois, and Wisconsin. While Frontier Communications maybe new to some of you, Frontier has operated in Michigan, prior to the acquisition, for over 30 years.

Today, I hope to highlight Frontier's business in Michigan in the context of the Michigan Telecommunications Act and the impact of HB 4314.

Frontier is considered an Incumbent Local Exchange Carrier. Frontier serves over 200 exchanges in MI and serves nearly 50% of the land mass of the Lower Peninsula. Frontier currently has nearly 500 union and management employees in Michigan and maintains six regional offices in Alpena, Adrian, Three Rivers, Mt. Pleasant, Imlay City, and Muskegon.

Frontier Communications has committed to the FCC for 85% address coverage for High Speed Internet for its entire service area by the end of 2012. In July 2010, the coverage in Michigan was 32% addresses past. Since October 2010, Frontier has offered new High Speed Internet to an additional 25,000 addresses in Michigan. Frontier Communications has also enabled the revolution in wireless broadband in rural Michigan. Frontier Communications has constructed hundreds of miles of new fiber optic cable connecting rural cell sites to wireless providers. Without the Fiber To The Cell (FTTC) site investment by the landline telephone company, the 3G, 4G, and LTE products of the wireless providers would not be possible.

The Michigan Telecommunications Act, rewritten last in 2005, primarily addresses three facets regulating landline providers. First, consumer protection. This includes things like PBLES and Quality of Service. Second, interconnection between providers. And third, competition.

CONSUMER PROTECTION

Frontier had 9,800 PBLES customers in August 2010 on a basis of 303,000 residential lines or just over 3%. Frontier has not increased PBLES rates since their inception in 2006. Since January of 2005, only 13 formal consumer complaints where filed against Frontier or the previous owners; only 6 involved landline operations currently under Frontier's current control or only one per year. All formal complaints where dismissed

with prejudice. Since the 2005 rewrite, Frontier Communications has lost over 50% of its residential access lines and over 45% of its total access lines. Specific industry regulation of consumer protection rules exists, in addition to general business consumer protection, when an industry has specific monopoly pricing power over consumers. Frontier has no pricing power to raise rates as demand decreases and therefore by definition has no monopoly power. Competition in the marketplace is the best regulator and we are in a perfectly competitive market.

INTERCONNECTION BETWEEN PROVIDERS

In its December 29, 2006 report on the Status of Interconnection of Telecommunications Providers in Michigan to the House of Representatives, pursuant to Section 353, the MPSC stated "The FTA (Section 251 and 252) and FCC Order have set forth the rules for interconnection. The MTA requires consistency with the FTA." The MPSC derives its total authority and power to resolve matters of law from the FTA, not the MTA. There is NO risk to other providers, whether a rural provider or competitive provider, that any changes to the MTA will have any impact on the ability of the industry to "get along" and continue to provide a seamless telecommunications network infrastructure to consumers. Frontier has over 100 interconnection agreements in effect with rural providers, VOIP providers, wireless providers, and competitive providers.

COMPETITION

Frontier faces perfect and extreme competition. In its February 8, 2011 Order in docket U-16183, the MPSC changes the contribution percentage from .431% to .620% or an increase of 44%. The MPSC states "Since 2008, contributing providers have experienced decreased revenues on average, in part due to general economic conditions and in part due to migration of customers from contributing providers to providers that are exempted under MCL 484.2310(12) from contributing to the restructuring mechanism." In other words, traditional wireline companies have lost at least 44% of their intrastate revenues since 2008. This seems to track with Frontiers access line loss. Frontier has over 150 licensed competitive local exchange carriers registered to compete and use my facilities for intramodal competition. This does not include VOIP and wireless providers who compete on an intermodal basis.

The telecommunications industry in Michigan has moved to a highly competitive environment where monopoly powers even in rural areas do not exist. Unneeded and outdated regulations in the Michigan Telecommunications Act are cleaned up by HB 4314. Michigan needs to celebrate the success of the MTA by declaring victory; not over regulating simply for the sake of regulation. Frontier supports HB 4314.

Thank you again. I can take questions if the Chairman wishes.

Exhibit 1

Frontier Communications				
Access Line Counts				
For Year Ending	Residential	Business	Payphone	Total Access Lines
2010	261,257	117,783	1,038	380,078
2009	303,751	129,311	1,237	434,299
2008	365,783	142,058	1,939	509,780
2007	443,923	151,848	2,702	598,473
2006	505,071	159,767	3,292	668,130
2005	530,396	159,771	3,680	693,847
2004	570,349	171,065	3,950	745,364
2003	597,241	190,775	2,517	790,533
2002	615,020	198,076	2,754	815,850
2001	626,809	198,596	3,723	829,128
2000	634,034	193,103	6,958	834,095

Annual Percentage Line Growth/Line Loss				
For Year Ending	Residential	Business	Payphone	Total Access Lines
2010	-14.0%	-8.9%	-16.1%	-12.5%
2009	-17.0%	-9.0%	-36.2%	-14.8%
2008	-17.6%	-6.4%	-28.2%	-14.8%
2007	-12.1%	-5.0%	-17.9%	-10.4%
2006	-4.8%	0.0%	-10.5%	-3.7%
2005	-7.0%	-6.6%	-6.8%	-6.9%
2004	-4.5%	-10.3%	56.9%	-5.7%
2003	-2.9%	-3.7%	-8.6%	-3.1%
2002	-1.9%	-0.3%	-26.0%	-1.6%
2001	-1.1%	2.8%	-46.5%	-0.6%

5 year Percentage Line Growth/Line Loss				
For Year Ending	Residential	Business	Payphone	Total Access Lines
Years 2000 - 2004	-10.0%	-11.4%	-43.2%	-10.6%
Years 2005 - 2010	-50.7%	-26.3%	-71.8%	-45.2%