

**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

In the Matter of the Complaint and)	
Investigation of Staff of the Public)	
Utilities Commission of Ohio,)	
)	Case No. 19-1582-TP-COC
Complainant,)	
)	
v.)	
)	
Frontier North Inc,)	
)	
Respondent.)	

DIRECT TESTIMONY

OF

ROBERT STEWART

ON BEHALF OF

FRONTIER NORTH INC.

IN SUPPORT OF THE STIPULATION AND RECOMMENDATION

Direct Testimony of
Robert Stewart
in Support of the Stipulation and Recommendation

1 **I. BACKGROUND AND QUALIFICATIONS**

2 **Q1. Please state your name and business address.**

3 A. My name is Robert Stewart and my business address is 224 W. Exchange, Owosso, MI
4 48867.

5 **Q2. What position do you hold with Applicant Frontier North Inc. (“Frontier” or the**
6 **“Company”)?**

7 A. I am the State Director, Government and External Affairs. My position covers Ohio,
8 Michigan and Indiana government and external affairs.

9 **Q3. Please describe your educational background.**

10 A. I am a 1985 graduate of Michigan State University with a Bachelor of Arts Degree in
11 Accounting, and a 1999 graduate of the University of North Texas with a Master of
12 Business Administration. I am a non-practicing Certified Public Accountant.

13 **Q4. Please describe your professional experience.**

14 A. From 1985 to 1999, I was employed by GTE Corporation in various positions including
15 Assistant Vice President – Revenue and Cost Management. From 2000 to 2003, I was
16 employed by McCartney and Co., a CPA firm, specializing in consulting, accounting, and
17 audit services for telecommunications companies. From 2004 to 2007, I was employed
18 by CTS Communications as the Chief Financial Officer. From 2007 to 2010, I was
19 employed by Verizon as Sr. Consultant – Government Affairs. Since 2010, I have been
20 employed with Frontier in my current position.

Direct Testimony of
Robert Stewart
in Support of the Stipulation and Recommendation

1 **Q5. What are your present duties and responsibilities?**

2 A. I am responsible for the regulatory, legislative, and external matters for Ohio, Michigan,
3 and Indiana involving utility regulatory commissions and legislative matters. I also have
4 responsibility in these states for the implementation of all regulatory, legislative, and
5 other external initiatives of Frontier, as well as the preparation of exhibits submitted in
6 various regulatory proceedings including the exhibits, discovery requests, and data
7 requests in this Complaint.

8 **Q6. Have you previously testified before this Commission?**

9 A. No.

10 **Q7. What is the purpose of your testimony in this proceeding?**

11 A. My testimony is intended to provide certain facts showing that the Commission should
12 approve the Stipulation and Recommendation (“Stipulation”) filed in this matter on June
13 24, 2020. The Stipulation is the product of serious negotiations among knowledgeable
14 parties. In addition, it is beneficial to customers and the public interest. Finally, it does
15 not violate any important regulatory principles or practices.

16
17 **II. THE STIPULATION AND RECOMMENDATION**

18 **Q8. Please provide an overview of the Stipulation.**

19 A. The Stipulation was entered into by and among Frontier and the Staff of the Public
20 Utilities Commission of Ohio (“Staff”), (collectively, “Signatory Parties”). It resolves
21 all issues raised in this proceeding by the Staff. The Stipulation in this proceeding

Direct Testimony of
Robert Stewart
in Support of the Stipulation and Recommendation

1 addresses comprehensively the quality of service issues raised in the Staff's Complaint.
2 Among other things, the Stipulation requires Frontier to make specific capital
3 investments in years 2021, 2022 and 2023. The Stipulation also requires Frontier to
4 make specific capital investments in defective plant and battery replacements.

5 In addition, the Stipulation requires ongoing service metrics for the next five
6 years for repairing and restoring Out-of-Service outages and Service-Affecting problems,
7 with reporting requirements to both Staff and OCC. The Stipulation also addresses
8 customer education and notices to customers of their rights under BLES requirements,
9 the Staff's ability to conduct field inspections and responding to any Staff filed
10 inspections, selling practices of maintenance plans and other services, and customer out-
11 of-service credits for all customers having single line residence or business telephone
12 service.

13 Further, although the Staff's Complaint did not specifically mention 911 service
14 issues, the Stipulation includes provisions designed to improve 911 service issues. The
15 Stipulation requires Frontier to effectuate and complete a plan to improve service and
16 reduce outages to Frontier's Public Service Answering Points ("PSAP") that Frontier
17 serves.

18 Finally, the Stipulation includes forfeiture penalties and increased investment
19 penalties over the term of the Stipulation for not meeting the terms of the Stipulation.

Direct Testimony of
Robert Stewart
in Support of the Stipulation and Recommendation

1 **Q9. Please describe how Frontier’s pending bankruptcy impacts the Stipulation.**

2 The Stipulation requires approval from the United States Bankruptcy Court for the
3 Southern District of New York (the “Bankruptcy Court”) pursuant to an *Order*
4 *Authorizing and Establishing Procedures for the Compromise and Settlement of De*
5 *Minimis Claims* (“Settlement Approval Order”) entered by the Bankruptcy Court.
6 Pursuant to the Settlement Approval Order, Frontier filed a Notice of Settlement,
7 attaching the Stipulation to the Notice with the Bankruptcy Court on June 27, 2020.
8 Under the Settlement Approval Order, objections to the Stipulation must be filed with the
9 Bankruptcy Court within fourteen calendar days of the Notice.

10 **III. THE CRITERIA FOR EVALUATING STIPULATIONS**

11 **Q10. What criteria does the Commission use to decide whether to approve a Stipulation?**

12 A. The Commission has applied the following three criteria: First, is the Stipulation a
13 product of serious bargaining among capable, knowledgeable parties? Second, taken as a
14 package, does the Stipulation benefit customers and the public interest? Third, does the
15 Stipulation violate any important regulatory principle or practice?

16 **A. THE STIPULATION IS THE PRODUCT OF SERIOUS BARGAINING.**

17
18 **Q11. Is the Stipulation supported by parties representing a range of interests?**

19 A. Yes. The Stipulation is supported by all Signatory Parties in the proceeding representing
20 a wide range of interests. The Signatory Parties are Frontier and the Commission’s Staff.
21 The OCC, which represents Frontier’s customers, was involved in the Stipulation
22 discussions and is not opposing the Stipulation.

Direct Testimony of

Robert Stewart

in Support of the Stipulation and Recommendation

1 **Q12. Was the Stipulation the product of serious bargaining among capable,**
2 **knowledgeable parties?**

3 A. Yes. Frontier, the Staff and the OCC actively participated in and the negotiations. Due to
4 the breadth and diversity of the issues in this proceeding and resulting Stipulation, a large
5 cross section of the Staff personnel was involved in the negotiations representing their
6 functional area. Discussions with the parties started in mid-2019 and continued through
7 the date of filing the Stipulation, June 24, 2020. As the COVID-19 crisis reached its peak
8 in early April 2020, the Company continued dialogue with the parties to evaluate
9 potential opportunities for expedited resolution of the uncontested issues. All parties in
10 the case were invited to participate in settlement negotiations and did in fact do so.
11 All the negotiations were at arm's length. The negotiations were premised on a thorough
12 analysis of the Complaint by the Staff and by the parties via discovery and informal data
13 requests.

14 **Q13. Were the parties represented by capable, knowledgeable persons?**

15 A. Yes. All the parties were represented by attorneys, most if not all of whom have years of
16 experience in regulatory matters before this Commission and who possess extensive
17 information.

18 **B. THE STIPULATION BENEFITS CUSTOMERS AND IS IN THE PUBLIC**
19 **INTEREST.**
20

21 **Q14. What facts support that the Stipulation benefits customers and is in the public**
22 **interest?**

23 A. The Stipulation benefits Frontier's customers and the public interest by
24 resolving all the issues raised within the Complaint, without engaging in litigation to

Direct Testimony of
Robert Stewart
in Support of the Stipulation and Recommendation

1 delay the timely implementation of the benefits to customers. The Stipulation provides a
2 guaranteed minimum capital expenditure for 2021-2023 along with 5 years of service
3 quality metrics, reporting and penalties for failing to meet metrics to ensure that
4 Frontier's telephone customers receive quality service quality.

5 **C. THE STIPULATION DOES NOT VIOLATE ANY IMPORTANT**
6 **REGULATORY PRINCIPLE OR PRACTICE.**

7
8 **Q15. Does the Stipulation violate any important regulatory principle or practice?**

9 A. No. The Stipulation does not violate any important regulatory principle or practice. On
10 the contrary, it encourages compromise as an alternative to litigation and allows Frontier
11 to address the issues raised in the Complaint in a way that will benefit Ohio customers.
12 All the positive benefits described above, to both customers and the public interest,
13 confirm that the Stipulation does not violate any important regulatory principles or
14 practices.

15 **IV. CONCLUSION**

16 **Q16. Does this conclude your direct testimony in support of the Stipulation?**

17 A. Yes, it does. However, I reserve the right to supplement my testimony or file
18 rebuttal testimony, as new information becomes subsequently available or in
19 response to positions taken by other parties.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the Testimony of Robert Stewart in Support of the Stipulation has been served upon the below-named counsel via electronic mail, this 8th day of July 2020.

/s/ Michele L Noble

Michele L Noble

Parties of Record:

Angela O'Brien
Counsel of Record
David Bergman
Assistant Consumers' Counsel
Office of the Ohio Consumers' Counsel
65 East State Street, 7th Floor
Columbus, Ohio 43215
angela.obrien@occ.ohio.gov
david.bergmann@occ.ohio.gov

*Counsels for the Office of the Ohio
Consumers' Counsel*

Robert Eubanks
Assistant Attorneys General
Public Utilities Section
30 East Broad St, 16th Floor
Columbus, OH 43215
Robert.eubanks@ohioattorneygeneral.gov

*Counsel for the Staff of the Public Utilities
Commission of Ohio*

Kimberly W. Bojko
Carpenter Lipps & Leland LLP
280 Plaza, Suite 1300
280 N. High Street
Columbus, Ohio 43215
Telephone: (614) 365-4124
bojko@carpenterlipps.com

*Counsel for the Office of the Ohio
Consumers' Counsel*

This foregoing document was electronically filed with the Public Utilities

Commission of Ohio Docketing Information System on

7/8/2020 1:38:44 PM

in

Case No(s). 19-1582-TP-COC

Summary: Testimony of Robert Stewart in Support of Stipulation electronically filed by Michele L Noble on behalf of Frontier North Inc.