



**VIA ELECTRONIC FILING**

March 27, 2018

Rosemary Chiavetta, Secretary  
PA Public Utility Commission  
P.O. Box 3265  
Harrisburg, PA 17105-3265

**RE: Tax Cuts and Jobs Act of 2017 -- PA PUC Docket No. M-2018-2641242 –  
Response of Frontier Communications**

Dear Secretary Chiavetta:

Frontier Communications respectfully requests this letter be accepted by the Pennsylvania Public Utility Commission (“Commission”) as its response to the interrogatories issued by Commission in the above-referenced matter.

Frontier Communications of Breezewood (Utility Code: 310400), Frontier Communications of Pennsylvania (Utility Code: 311250), Frontier Communications of Canton (Utility Code: 310550), Frontier Communications of Lakewood (Utility Code: 311750), Frontier Communications of Oswayo River (Utility Code: 312600), Frontier Communications Commonwealth Telephone Company (Utility Code: 310800), and Citizens Telecommunications Company of NY (Utility Code: 310174) are all wholly-owned subsidiaries of Frontier Communications, and as such participate in a consolidated federal income tax return. Frontier Communications last had a federal income tax liability in 2013 and in 2014 paid an alternative minimum tax, which can be used as a credit against a future regular tax liability. Frontier Communications has not been a cash tax payer for federal income taxes since that time, primarily due to existing Net Operating Losses (NOL) and the ability to deduct interest expense associated with Frontier’s corporate debt.

(Continued)

Letter to Secretary Chiavetta

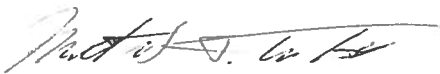
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Frontier Communications is continuing to evaluate the full impact of the complex changes in federal income tax law under the Tax Cuts and Jobs Act of 2017 (“TCJA”). While the decrease in the statutory rate is designed to reduce taxes corporate taxpayers pay, the TCJA also includes certain offsets that result in offsets to this new lower statutory rate, including a limitation on the deductibility of interest expense and certain NOLs. Due to the capital-intensive needs of its business, Frontier Communications has higher leverage which will have the effect of increasing its taxable income base due to the limitation on the full deductibility of interest expense included in the TCJA. While the full effects of the TCJA are unknown at this time for calendar year 2018 operations, Frontier anticipates that the net impact of the TCJA for Frontier Communications, associated with the limitations on interest deductibility and use of the NOL’s, will be an increase in its’ consolidated federal tax liability sooner than under the previous tax laws, negating any near-term benefit of the decrease in the statutory rate.

Please feel free to contact Carl Yastremski at (570) 631-3485 with any questions regarding this correspondence.

Respectfully submitted,



Michael Cicchetti  
Vice President Government and External Affairs  
Frontier Communications  
310 Orange Street  
New Haven, CT 06510-1719

## VERIFICATION

I, Michael Cicchetti, hereby state that the facts above set forth are true and correct to the best of my knowledge, information and belief, and that I expect to be able to prove the same at a hearing held in this matter. I understand that the statements herein are made subject to the penalties of 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities).



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Michael Cicchetti

3-27-18

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Date