



Teresa R. Rosenberger
State President - NH
900 Elm Street, Suite 1611
Manchester, NH 03101

September 9, 2011

Debra Howland
Executive Director and Secretary
State of New Hampshire
Public Utilities Commission
21 South Fruit Street
Concord, NH 03301



RE: Grandfathering the FairPoint Business Extra Rewards Plan

Dear Ms. Howland:

We are filing the following tariff material for effect October 11, 2011 consisting of:

NH PUC No. 1

Part/Section	Revision of Page	Original of Pages
A/10	35 & 36	

In this filing FairPoint Communications – NNE is grandfathering the FairPoint Business Extra Rewards Plan.

Business Link Optional Calling Plan (“Business Link”) was introduced by FairPoint (then Bell Atlantic) and approved by the New Hampshire Public Utilities Commission. Business Link is an optional calling plan for business customers that provides per minute/per second discounts and volume discounts on qualifying toll usage.

The FairPoint Business Extra Rewards Plan (“Rewards Plan”) was introduced and approved by the Public Utilities Commission. The Rewards Plan program qualifying customers could receive bonus credits based on the amount of qualifying monthly charges they incurred. One bonus credit is awarded for every dollar of discounted qualifying charges and when applied as a direct credit to a customer's telephone bill, has a redemption value of one cent. In addition to bill credits, other redemption choices are available to the customer. Restrictions to the Rewards Plan do apply and the customers have to maintain a monthly minimum spending qualification.

When the Rewards Plan was originally launched in the Bell Atlantic footprint, it was solely linked to Business Link (now called FairPoint Business Extra Optional Plan) and provided a reward in the form of bonus credits directly related to the amount of qualifying toll usage the customer had on their account. The more toll calls the customer made, the more bonus credits they earned. Later, the Rewards Plan was expanded to provide rewards on total qualified spending rather than toll usage only. In recent years, FairPoint (or its predecessor companies) has introduced a variety of packages that include unlimited toll calling in addition to the dial tone line and certain features.

Many of our business customers have these packages because they are less costly and more economical, however due to the lower monthly qualified spending amounts without the billed usage component, customers do not accrue as many points as previously and it takes longer to reach the threshold for redemption. Customers must reach a minimum of \$25.00 in bonus credits (equivalent to \$2500.00 in spending) in order to redeem their credits. Points not redeemed within two years are forfeited so a customer with a monthly spend of \$100.00 will not reach the minimum they need for redemption within the allotted two years. The purpose of the Rewards Plan was to provide a credit reward to customers with higher monthly bills and to incent them to stay with the company. The program is no longer fulfilling this purpose.

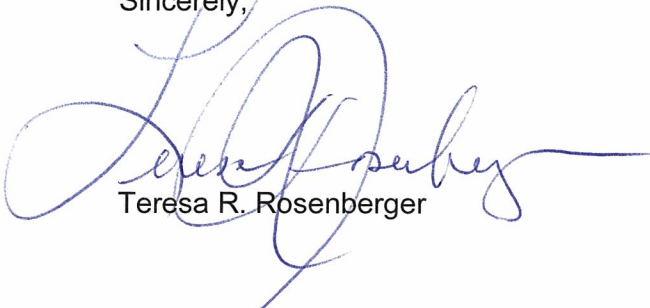
Existing Rewards Plan customers have a very low redemption rate of approximately 17% to date. Even though FairPoint has offered customers an on-line account capability to review their account and redeem their bonus credits, the current participation rate is only 21.8% of the members. The Rewards Plan is less rewarding for the majority of the customers as the low participation rate validates.

There are currently 15,447 customers in the Rewards Plan across FairPoint and 6,078 in New Hampshire. Only 1,325 New Hampshire customers have actively participated in the Rewards Plan during the last few months. The Rewards Plan's cost to FairPoint is approximately \$750,000 per year for program administration costs, maintenance and IT support costs, statement production and mailing costs and redemption processing costs. The low participation rate and the high administration costs no longer make this an attractive or effective service offering.

FairPoint proposes to grandfather the Rewards Plan redemption for existing customers and allow them to continue in the program and keep their existing point balances. The terms of the tariff will apply to these existing customers and they must still meet the monthly spend requirement to maintain eligibility and they must redeem their bonus credits within two years after the month in which the credits are posted or the credits will be forfeited. FairPoint proposes to no longer offer new customers the Rewards Plan.

The grandfathering of the Rewards Plan will have no impact on the FairPoint Business Extra Optional Plan. Existing customers, as well as any new customers, who subscribe to the FairPoint Business Extra Optional Plan will still continue to receive the per minute/per second rate and toll volume usage discounts as described in the tariff. Please acknowledge receipt of this letter and its enclosures by signing or stamping and dating the receipt copy of this letter.

Sincerely,



Teresa R. Rosenberger

cc: Office of Consumer Advocate