



STATE OF NEW HAMPSHIRE  
PUBLIC UTILITIES COMMISSION

Docket No. DT 16-872  
Consolidated Communications Holdings, Inc.

Joint Petition for Findings in Furtherance of the Acquisition of FairPoint  
Communications, Inc. and its New Hampshire Operating Subsidiaries by  
Consolidated Communications Holdings, Inc.

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**PRE-FILED DIRECT TESTIMONY OF STEVEN W. SOULE**  
**ON BEHALF OF LABOR INTERVENORS**

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**April 19, 2017**

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1 **Introduction**

2 **Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.**

3 A. My name is Steven W. Soule, and my business address is IBEW Local 2320, 46 Third  
4 Street, Manchester, New Hampshire 03102.

5 **Q. BY WHOM AND IN WHAT CAPACITY ARE YOU EMPLOYED?**

6 A. I am currently the Business Manager for the International Brotherhood of Electrical  
7 Workers (IBEW) Local 2320 in Manchester, New Hampshire. I also serve as the  
8 Secretary/Treasurer of the IBEW System Council T-9 (SCT-9), which is the collective  
9 bargaining body of IBEW Locals 2320, 2326 and 2327. The SCT-9 represents telephone  
10 workers across the 3 northern states of Maine, New Hampshire and Vermont.

11 **Q. PLEASE OUTLINE YOUR HISTORY AND EXPERIENCE WORKING AS A**  
12 **TELEPHONE-COMPANY EMPLOYEE.**

13 A. I was hired by NYNEX in September of 1997, I worked as a Splice Service Technician  
14 (SST) “garaged” out of the location at 100 Gay Street, Manchester, New Hampshire. I  
15 received my Journeyman’s License in 2001 and attended advanced training through a  
16 company program called Next Step. During my tenure as an SST, I served as a member  
17 of the state safety committee and the Journeyman’s examination board, and carried out  
18 the function of proactive maintenance technician. Over the years, the name of the  
19 company I worked for has changed several times -- starting with NYNEX, and changing  
20 in succession to Bell Atlantic, Verizon, and finally to FairPoint Communications.

1 **Q. WHEN DID YOU START WORKING FOR THE UNION, AND WHAT**  
2 **POSITIONS HAVE YOU HELD WITH THE UNION?**

3 A. I became active in the union in 2002 after being appointed as a steward. Since then I  
4 have held numerous positions, including: Financial Secretary, Election Judge, Assistant  
5 Business Manager, and Mobilization Coordinator. Since the most recent union election in  
6 2015, I serve as Business Manager. In 2008 Verizon sold the northern states of Maine,  
7 New Hampshire and Vermont operations to FairPoint Communications. Also in 2008,  
8 the IBEW System Council T-9 was formed as a collective bargaining body for IBEW  
9 Locals 2320, 2326, and 2327, and represents telephone workers across the three northern  
10 states. I serve as Secretary/Treasurer of that Council.

11 **Q. DO YOU HAVE SPECIFIC EXPERIENCE, EXPERTISE AND KNOWLEDGE**  
12 **CONCERNING THE SUBJECTS THAT ARE CONTAINED IN YOUR**  
13 **TESTIMONY?**

14 A. Yes. In the ordinary course of my work as an SST for New Hampshire's various  
15 telephone companies, in my work as Assistant Business Manager and as Business  
16 Manager, I have been in ongoing communications with all levels of management and  
17 employees of NYNEX, Bell Atlantic, Verizon, and FairPoint Communications  
18 concerning the organization and re-organization of the operations of those companies.

19 In some places in my testimony, I have relied on the Pre-filed Direct Testimony of Peter  
20 McLaughlin, which was filed before the Maine Public Utilities Commission (Maine  
21 PUC) on March 14, 2017, in the Maine PUC proceeding (Docket No. 2016-00307), in  
22 which FairPoint and Consolidated are requesting approval for their proposed merger and

1 reorganization. Also, in places in my testimony, I have relied on the Pre-filed Direct  
2 Testimony of Michael Spillane, which was filed before the Vermont Public Service  
3 Board (Vermont PSB) on March 29, 2017, in the Vermont PSB proceeding (Vermont  
4 PSB Docket No. 8881), in which FairPoint and Consolidated are requesting approval for  
5 their proposed merger and reorganization. At various places in my testimony, I am  
6 adopting portions of Mr. McLaughlin's Testimony and portions of Mr. Spillane's  
7 Testimony that discuss topics such as the overall possibility that Consolidated can (or  
8 cannot) achieve certain synergies and efficiencies across FairPoint's operations and its  
9 three-state NNE service territories.

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. The purpose of my testimony is to review some of the operations of FairPoint  
12 Communications in New Hampshire as well as to address the suggestion by Consolidated  
13 Communications that, two years after the close of the merger proposed in this  
14 proceeding, Consolidated can achieve \$55 million in synergies and efficiencies by  
15 making changes in operations in various parts of company's management, network, and  
16 operations systems.

17 **Potential for Synergies from Union-Represented Workforce**

18 *Overview of Synergies*

19 **Q. PLEASE SUMMARIZE YOUR UNDERSTANDING OF THE PUBLIC**  
20 **STATEMENTS CONSOLIDATED HAS MADE ABOUT THE SYNERGIES**  
21 **THAT IT CLAIMS IT CAN ACHIEVE AS IT INTEGRATES THE FAIRPOINT**  
22 **AND CONSOLIDATED COMPANIES.**

1 A. Consolidated has stated that it expects to generate annual operating synergies of  
2 approximately \$55.0 million by the end of the second year after closing. In the response  
3 to data request Staff 3-12 (attached to Randy Barber's testimony as Schedule RB-6),  
4 Consolidated stated that it expects to achieve \$24.4 million of those savings by reducing  
5 the Labor (that is, union-represented) headcount, \$23.2 million by reducing Management  
6 headcount, and \$10.5 million from non-personnel operating costs (such as software).

7 **Q. CAN YOU PROVIDE SOME PERSPECTIVE ON WHAT A \$24.4 MILLION CUT**  
8 **IN UNION-REPRESENTED LABOR COSTS WOULD MEAN?**

9 A. Cutting non-management workforce costs by \$24.4 million would mean that more than  
10 200 people would lose their jobs. As Labor witness Randy Barber testified, at year-end  
11 2016, FairPoint had 1,500 union-represented employees on its payroll company-wide. So  
12 Consolidated thinks it can cut roughly one out of every seven union jobs at FairPoint.

13 **Q. DO YOU HAVE AN OPINION ABOUT THE EXTENT OF SYNERGIES THAT**  
14 **CONSOLIDATED IS SUGGESTING CAN BE ACHIEVED?**

15 A. Yes. My opinion is that it is unlikely that Consolidated can achieve synergies in  
16 operating expenses in the amounts it is projecting without reducing the quality of  
17 telephone service that it provides to New Hampshire telephone customers. It appears that  
18 Consolidated has not taken the time to develop a detailed understanding of FairPoint's  
19 actual operations in its central offices, customer service centers, and in the field in New  
20 Hampshire, other than in the limited ways in which those operations may be reflected in  
21 its or FairPoint's financial analyses. I am not sure whether Consolidated understands the  
22 extent of the cuts that FairPoint already has made to its operations in New Hampshire and

1 across its NNE service territories. This is especially true since it seems that  
2 Consolidated's synergies estimate was made without meeting with anyone at FairPoint  
3 below the executive level.<sup>1</sup> That is, it appears that Consolidated has been making its  
4 estimates of the amount of synergies that it can generate in New Hampshire without  
5 visiting worksites in the state – such as the Network Operations Center (NOC), the  
6 Repair Center, or the various garages and central offices located around the state. I am  
7 also concerned that Consolidated has been making its projections of possible “synergies”  
8 before having any meaningful discussions with me or my counterparts who represent the  
9 people in the field who do the work each day for FairPoint.

10 More specifically, I am not confident that Consolidated is aware that, since FairPoint  
11 took over NNE operations, FairPoint has already consolidated several of the company's  
12 key operations. For instance, the dispatch function for New Hampshire, Vermont, and  
13 Maine is now centralized in Maine. The Customer Service Center is centralized in Dover  
14 New Hampshire. Hence, further efficiencies in those two areas of operations may be  
15 difficult to achieve. Given the consolidations of those two areas of NNE operations, I  
16 wonder whether Consolidated can realistically assume that it will now be able to generate  
17 synergies by further changes to those areas of operations.

18  
19 Over the past eight years FairPoint has also made a series of continuing cuts in its  
20 operations and employees. As a result, in its NNE areas of operations FairPoint is now  
21 running a “bare-bones” operation. For instance, since 2015 FairPoint has reduced key

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<sup>1</sup> Transcript of 2/21/2017 Maine Technical Conference, pp. 90-91, attached to Mr. Barber's testimony as Schedule RB-3.

1 staff in New Hampshire, some of the most critical of whom worked in its Network  
2 Operations Center (NOC). As employees of the telephone company, I and my fellow  
3 technicians want to make sure that the company's ability to provide safe, reasonable, and  
4 adequate service is not impaired. Additional cuts in the equipment and operations  
5 dedicated to installation, maintenance, and repair, or further reductions in the workforce  
6 will weaken Consolidated's ability to provide the telephone service that New Hampshire  
7 customers deserve.

8 *Network Operations Center & Central Office Technicians (COTs).*

9 **Q. PLEASE DESCRIBE THE NETWORK OPERATIONS CENTER AND EXPLAIN**  
10 **THE GENERAL ROLE THAT IT AND ITS CENTRAL OFFICE TECHNICIANS**  
11 **PLAY IN PROVIDING TELEPHONE SERVICE.**

12 A. A network operations center (NOC) is a physical space from which a large  
13 telecommunications network -- such as that of FairPoint NNE -- is managed, monitored  
14 maintained, and supervised. It is a room containing visualizations of the network that is  
15 being monitored, workstations at which the status of the network can be observed, and  
16 the necessary software to manage the networks. A NOC is capable of analyzing network  
17 problems, performing troubleshooting, communicating with site technicians and tracking  
18 problems until the problems are resolved. In short, the NOC plays a vital role because it  
19 is the focal point for network troubleshooting, software distribution and updating,  
20 performance monitoring, and coordination with any affiliated networks.

21 Overall, the NOC has responsibility for monitoring power failures, communication line  
22 alarms (such as bit errors, framing errors, line-coding errors, and circuits down) and other



1 performance issues that may affect the telecommunications network. A NOC will also  
2 track details about the call flow. The managers and central office technicians (COTs)  
3 that work in a network operations center (NOC) perform several duties in order to ensure  
4 the smooth running of the network. They surveil network elements -- such as network  
5 usage and temperatures -- respond to alarms and outages within the network, and are  
6 engaged in proactive network systems monitoring. They also deal with matters such as  
7 power outages, network failures, and routing problems. They also provide direct  
8 customer service for critical elements such as 911, T-1s, T-3s, Carrier Ethernet, Fiber,  
9 and other High Capacity services. Overall, the NOC technicians ensure that the core  
10 network is stable. Generally, this is done by configuring hardware and software in a way  
11 that makes the network more secure, but still has optimal performance.

12 **Q. WHAT SORT OF CHANGES HAS FAIRPOINT MADE INVOLVING THE**  
13 **NETWORK OPERATIONS CENTER (NOC) AND THE TECHNICIANS THAT**  
14 **WORK THERE?**

15 A. Prior to 2008, the Network Operations Center (NOC) located in Manchester, New  
16 Hampshire, was responsible for monitoring and maintaining networks in some of  
17 Verizon's other New England states -- in addition to the Verizon NNE networks in  
18 Maine, New Hampshire, and Vermont. In 2008, when FairPoint took over Verizon's  
19 NNE operations, that NOC became responsible for surveillance and management of the  
20 FairPoint network in the three NNE states.

21 In recent years FairPoint has been reducing the number of employees that staff the NOC  
22 in Manchester, leaving critical positions at the NOC either understaffed or unstaffed. I

1 am not sure whether Consolidated understands the extent of the cuts that FairPoint  
2 already has made to the numbers of technicians that work at the NOC. If Consolidated is  
3 counting on generating savings by further reductions in the COTs working there, it  
4 certainly needs to study NNE operations more closely. I wonder whether Consolidated  
5 has actually visited the NOC or reviewed the NOC staffing in order to assess the extent to  
6 which further cuts are either likely or unlikely to generate “synergies.” My concern is  
7 that, at this point, further cuts will cause the NOC to operate less reliably.

8 If a team from Consolidated were to visit FairPoint’s NOC in Manchester, the team  
9 would see that there are two sides to the network operations center. One side is  
10 responsible for monitoring and maintaining FairPoint’s network and equipment in NNE;  
11 it does not work directly with the company’s customers. In 2013, there were 71 central  
12 office technicians (COTs) working there. By January 2017, FairPoint had reduced the  
13 number of COTs there to 54 – a reduction of 24%. That reduction in NOC staff means  
14 that FairPoint is no longer able to monitor its network as thoroughly and consistently as it  
15 did in the past. If the NOC were responsible for monitoring only ten or fifteen central  
16 offices, those recent reductions in staff might be sustainable. However, the the  
17 company’s NOC is responsible for monitoring the operations of more than 150 central  
18 offices and over 2000 remote terminals across the three NNE states. It is simply not  
19 sustainable for two or three people to watch for and respond to alarms on that many  
20 central offices and remotes. As a result of the recent cuts in NOC workforce, when  
21 alarms occur in the NOC, there are fewer technicians available to respond, and  
22 sometimes fewer technicians available who are qualified to fix particular networks.

1 For example, in the past Verizon's and FairPoint's practice was to have at least one  
2 technician on duty at the NOC who was qualified to monitor and maintain the E-911  
3 system for the NNE states. However, FairPoint's more recent reductions to its NOC staff  
4 have eliminated the technicians who were qualified to respond to alarms in FairPoint's  
5 E-911 system. Rather than add back one or two E-911-qualified technicians so that they  
6 would be available to address problems in that network, FairPoint addressed its shortage  
7 in qualified staff by declaring that all the technicians that work in the NOC are qualified  
8 to respond to E-911 problems.

9 The recent cuts in NOC workforce have also had an effect on the company's capacity to  
10 meet its commitments to cellular carriers, and may eventually have harmful effects on the  
11 company's revenues. That is because the monitoring-and-maintenance side of the NOC  
12 also provides monitoring-and-maintenance support on the facilities that serve other  
13 telecommunications carriers, such as Verizon Wireless and other cellular carriers. The  
14 reductions in NOC workforce have implications for those cellular carriers and their cell  
15 customers – and indeed for the reliability of telecommunications in New Hampshire. The  
16 towers that provide cell service are directly connected to the company's network. The  
17 cellular carriers have service level agreements (SLAs) with the company that require  
18 repair of troubles in four hours or less -- i.e., a mean time to repair (MTTR) of four hours.  
19 If FairPoint is not able to meet the MTTR requirement, not only will the delays in repair  
20 put the reliability of the telecommunications network at risk, they will also violate the  
21 company's SLA obligations, which in turn will trigger fines – under the SLAs -- that the  
22 company must pay to the cellular carrier(s). Those fines can also put the SLAs

1 themselves at risk -- resulting in another threat to an important source of company  
2 revenues.

3 The other side of NOC, known as the Customer Service Maintenance Center (CSMC),  
4 serves as a provisioning center and is responsible for designing and maintaining the  
5 complex circuits that provide service to customers. Its technicians have more direct  
6 contact with customers in the field, they engage customers remotely and repair or trouble  
7 shoot issues in customer provided equipment (CPE) and identify network failures.

8 Since 2015, FairPoint has reduced the number of technicians working in the CSMC from  
9 37 technicians to 24 technicians. As a result, the company's ability to create and  
10 maintain new circuit designs for customers has been seriously diminished. What the  
11 company should be doing now is restoring the numbers of NOC staff. Here's an example  
12 that explains why.

13 Prior to the reductions in NOC staff, FairPoint had a requirement in place that an order  
14 for a circuit design would be completed two days prior to its due date. However, for a  
15 good while, the company has not been able to meet that requirement. For example, at  
16 9:00 am on the day on which I am putting the finishing touches on this testimony -- i.e.,  
17 April 18, 2017 -- there are 409 orders that presently have passed their due date for design.  
18 Those delays in meeting the company's scheduling requirement have been occurring with  
19 what the company considers a "full" NOC staff. Also, the number of late circuit-design  
20 orders will increase when vacation season hits.

1 The cuts in NOC staff have also affected the provisioning of circuits. In the IAC portion  
2 of the NOC, the time-period for the provisioning of circuits was required to be within 24  
3 hours of the time of order. Now there are so few technicians available in the IAC that  
4 that provisioning cannot be completed in 24 hours. Again, this is both a reliability issue  
5 and an issue for company revenues. Furthermore, if such a delay in provisioning had  
6 occurred four or five years ago, the matter might have been referred to dispatch, which  
7 would then work to get it quickly resolved as a high-priority order. Now, however, given  
8 the cuts and consolidations in the company's dispatch center, it is not possible to resolve  
9 the problem quickly by giving it a high-priority status with dispatch. The circuit must  
10 wait longer to be provisioned. This is a problem that is becoming particularly  
11 troublesome for circuits ordered by competitive local exchange carriers (CLECs).

12 In these situations, the end result is that customers who have requested circuits either  
13 must wait longer than promised for their orders, or they cancel their requests. In other  
14 words, FairPoint's reductions in NOC staff have already reduced the company's capacity  
15 to meet its circuit-design commitments. When such circuit-design orders are cancelled,  
16 customers don't pay. In short, the effects of the company's reductions in NOC staff has  
17 been either to slow the process of circuit design or to reduce circuit-design revenues for  
18 the company. In addition, there has been a secondary effect of the cuts in NOC staff.  
19 Prior to those staff reductions, whenever circuit-design orders were behind schedule, late  
20 orders that needed dispatch would be forwarded directly to the dispatch group. Today,  
21 with the reduction that FairPoint has already made to its dispatch functions,<sup>2</sup> there are

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<sup>2</sup> Please see the section below that discusses FairPoint's reductions in its dispatch operations.

1 fewer dispatch people available to get involved, and as a result, many circuit-design  
2 orders go without dispatch. In short, the FairPoint reductions in staff that have already  
3 occurred means that customers requesting circuit designs are not able to rely on prompt  
4 installation of those circuits. This is bad for the company's business and its revenues.

5 If Consolidated makes further cuts in NOC staff, the effect will not be to generate  
6 additional "synergies." Instead, such cuts will ensure that the CSMC side of the NOC  
7 will no longer be able to function efficiently.

8 *Repair Center*

9 **Q. WILL YOU PLEASE DISCUSS THE FAIRPOINT CENTER THAT FIELDS**  
10 **CALLS FROM CUSTOMERS THAT ARE HAVING TROUBLES WITH THEIR**  
11 **TELEPHONE SERVICE?**

12 A. The repair center is located in Dover, New Hampshire, and is open twenty-four hours a  
13 day, seven days a week. FairPoint employs Customer Service Assistants (CSAs) who  
14 answer trouble calls from customers. These CSA's are the company's first line of  
15 defense for customers experiencing trouble. A CSA takes the initial call requesting repair  
16 and then helps the customer to triage the trouble. This process helps the customer  
17 identify whether the trouble is located within its own equipment or outside of its  
18 equipment. The CSA runs a line test known as "mechanized loop testing (MLT)." This  
19 test can identify defective customer equipment or troubles in the plant. The FairPoint  
20 repair center and its CSAs provide service assistance in the company's three-state NNE  
21 area. In recent years, FairPoint has significantly reduced the staff of its repair center. In  
22 2010, 60 CSAs worked at the repair center. Now 28 CSAs work there -- a cut of 32

1 CSAs, or a 53% reduction in the repair center's staff. The result has been the company's  
2 customer service has become less responsive, and with its customers waiting in queue for  
3 extended periods of time.

4 *Dispatch*

5 **Q. ANOTHER AREA OF OPERATIONS THAT SOME TELECOMMUNICATIONS**  
6 **COMPANIES TRY TO MAKE MORE EFFICIENT IS THE AREA OF**  
7 **DISPATCH AND FIELD OPERATIONS. WHAT SORT OF CHANGES HAS**  
8 **FAIRPOINT MADE IN THIS AREA?**

9 A. What I have observed in New Hampshire is that since 2008 FairPoint has already made a  
10 series of reductions to the dispatch function here, and that those changes in operations  
11 have diminished the company's ability to deliver efficiently its installation, maintenance,  
12 and repair services. A significant change has been a two-step elimination of the dispatch  
13 office here in New Hampshire. Six and seven years ago, dispatchers played an active  
14 role in making sure that service work was performed efficiently. Throughout the day,  
15 they would assign installation orders and maintenance troubles to our field technicians.  
16 Dispatchers would assure that technicians were given the most up-to-date and available  
17 information regarding the technicians' job assignments – including information about  
18 such items as customer reach numbers, access instructions, user identification, and  
19 passwords for DSL orders/troubles. Also, dispatchers would enter incoming work into a  
20 technician's daily work schedule as the orders or trouble-reports came in to company  
21 offices. Dispatchers also served as a valuable resource to field technicians by assisting as  
22 those technicians had questions about assigned work. For instance, dispatchers would  
23 provide needed phone numbers, and would get in touch with customers, or with contact

1 people at competitive local exchange carriers (CLECs), in order to obtain pertinent  
2 information required by field techs.

3 **Q. WHAT SORTS OF CHANGES TO THE DISPATCH FUNCTION HAS**  
4 **FAIRPOINT ALREADY MADE IN NEW HAMPSHIRE?**

5 A. As Peter McLaughlin and Mike Spillane have noted in the testimony that each filed last  
6 month at the Maine PUC and at the Vermont PSB respectively, early in the management  
7 of its NNE operations, FairPoint began to make a series of operational changes in  
8 dispatch. First, FairPoint eliminated the night tour. FairPoint then eliminated Sunday  
9 coverage in dispatch. Then, sometime before 2011, FairPoint closed dispatch in New  
10 Hampshire (NH), except for dispatch on its fiber service. During 2011 FairPoint had four  
11 or five employees at its Dispatch Resource Center (DRC) in New Hampshire. At the end  
12 of 2011, FairPoint closed its NH fiber dispatch office also. Since then, dispatch for all  
13 three states has been handled out of the Maine DRC. In January of 2017, FairPoint  
14 finally eliminated the dispatch position all together. Instead, FairPoint now has its  
15 managers performing the functions of the dispatch center, which has resulted in down  
16 time for field technicians as they wait for managers to assign the work, and as field  
17 technicians try to find necessary information that is no longer provided on their  
18 installation or repair tickets. This new practice also results in technicians missing  
19 commitments made to FairPoint customers, as well as commitments made to FairPoint's  
20 wholesale customers.



1   **Q.    CAN FURTHER CUTS BE MADE IN THE AREA OF DISPATCH WITHOUT**  
2       **AFFECTING THE QUALITY OF SERVICE RECEIVED BY CUSTOMERS IN**  
3       **NEW HAMPSHIRE?**

4    A.   No. The changes that FairPoint has made to dispatch have already reduced the capacity  
5       of the company to deliver adequate service. Further reductions in the dispatch function  
6       will serve only to disrupt, slow down, and impair the efforts of employees both to install  
7       telephone service for new customers and to tackle the company's trouble reports and  
8       service problems for its existing customers.

9       *Transportation Equipment*

10   **Q.    ANOTHER AREA OF OPERATIONS WHERE SOME COMPANIES TRY TO**  
11       **ACHIEVE "SYNERGIES" IS BY CHANGING THE TYPES OF VEHICLES AND**  
12       **EQUIPMENT IT USES IN OUTSIDE PLANT OPERATIONS. WHAT SORT OF**  
13       **CHANGES HAS FAIRPOINT ALREADY MADE IN THIS AREA?**

14   A.   FairPoint has made an operational decision to acquire cargo vans to replace aerial lift  
15       vehicles – which are better known as "bucket-trucks." Cargo vans are much less  
16       expensive than bucket trucks. But those cost savings have had their own downside.  
17       They have made some work on outside plant less efficient. Many jobs in rural New  
18       Hampshire require a bucket-truck either for safety reasons, or for other reasons --  
19       including inaccessibility to a pole or to other structures such as buildings or cables.  
20       Installation and maintenance work also takes significantly longer when working off of a  
21       ladder or gaffs than it takes to perform when working out of a bucket truck. For instance,  
22       much of FairPoint's new technology requires the removal of bridge taps (i.e., side leads  
23       in our network) to function properly. Bridge-tap removal may require multiple climbs.

1 As both Pete McLaughlin and Mike Spillane have pointed out in each of the testimonies  
2 that the Labor Intervenors have filed in Maine and Vermont respectively, that process  
3 takes a significantly greater amount of time without the use of, or due to any delay in  
4 waiting for the arrival of, a bucket truck.

5 **Q. IN YOUR OPINION, CAN FURTHER COST SAVINGS BE ACHIEVED IN**  
6 **VEHICLES OR OTHER FIELD EQUIPMENT WITHOUT AFFECTING THE**  
7 **QUALITY OF SERVICE RECEIVED BY CUSTOMERS?**

8 A. No. It does not make any sense for the company to eliminate the sorts of vehicles and  
9 equipment that enable technicians to perform their jobs efficiently. Changes in  
10 operations that eliminate the very components that are responsible for a company's  
11 efficiencies in operations will not generate "synergies. In fact, those sorts of changes will  
12 only reduce the company's ability to meet its time commitments and to deliver adequate  
13 telephone service.

14 *Field Workforce Staffing and Locations*

15 **Q. ANOTHER AREA OF OPERATIONS WHERE SOME COMPANIES TRY TO**  
16 **ACHIEVE "SYNERGIES" IS BY CUTTING AND REDISTRIBUTING ITS**  
17 **WORKFORCE. PLEASE DESCRIBE THE RECENT EFFORTS BY FAIRPOINT**  
18 **TO SAVE MONEY BY MAKING CHANGES IN ITS OPERATIONS**  
19 **WORKFORCE.**

20 A. Since 2008, the most significant changes in operations that FairPoint has made have been  
21 the dramatic cuts to the installation and repair workforce. Not just field installation and  
22 repair technicians, but other positions – such as line assigners, Central Office technicians

1 (both in the field and in call centers), lineman, construction, and dispatchers. In  
2 combination, all these positions are part of an overall team that performs installation and  
3 repair work. FairPoint's cuts in those positions have hurt the effectiveness and  
4 efficiencies in the level of work that team can perform. For example, FairPoint has laid  
5 off numbers of technicians who work inside central offices when technicians working in  
6 the field need to partner with such COTs in order to find available facilities. The result  
7 has been that when field technicians call into to the central office to identify available  
8 facilities, sometimes they find themselves "on hold" for extended periods of time.  
9 Similarly, FairPoint has reduced the numbers of inside technicians who carry out  
10 "translation" work, which means that it now takes longer to provision a switch so that it  
11 will provide service. Finally, FairPoint has cut the number of inside technicians who  
12 perform end-to-end testing once a facility has been provisioned -- again resulting in  
13 delays for field techs.

14 **Q. PLEASE SUMMARIZE THE TASKS PERFORMED BY LINE ASSIGNERS AND**  
15 **EXPLAIN WHY LINE ASSIGNERS ARE IMPORTANT TO THE**  
16 **INSTALLATION OF TELEPHONE SERVICE.**

17 A. Line assigners play an important role in installation. During the process that takes place  
18 when a customer orders telephone service, a line assigner will reserve a pair of wires for  
19 each line or trunk ordered, office equipment, and/or split banks -- depending on the type  
20 of service to be provided. The role of line assigners is critical to installation because they  
21 furnish this information to installers at the customer's premises and to technicians in the  
22 central office. In that way, technicians are able to coordinate their installation work and  
23 make the proper connections between a customer's telephone equipment and the

1 operating company's central office. If the company does not have a sufficient number of  
2 line assigners available, it will not be able to respond readily to customers' requests for  
3 the sorts of rapid installations and connections of new service that are expected in the  
4 telecommunications market that the company faces today.

5 **Q. PLEASE SUMMARIZE THE TASKS PERFORMED BY CENTRAL OFFICE**  
6 **TECHNICIANS (COTs), AND EXPLAIN WHY CENTRAL OFFICE**  
7 **TECHNICIANS ARE CRITICAL TO THE DELIVERY OF RELIABLE AND**  
8 **EFFICIENT TELEPHONE SERVICE.**

9 A. Central Office Technicians (COTs) work inside a central office (CO). They wire and  
10 maintain the complex switching and routing equipment used in voice, fiber optics, and  
11 data networks. COTs typically specialize in a certain technology area -- such as switch,  
12 toll or power. COTs provide maintenance and other services after the systems are  
13 installed. Without a sufficient number of COTs, a company's telecommunications  
14 network will deteriorate to the point where the company will not be able to efficiently  
15 transmit the large volumes of data necessary for the operating company to survive in  
16 today's competitive telecommunications market. Service will no longer be reliable, and  
17 customers will leave the network. At this point, reductions in the numbers of COTs are  
18 unlikely to generate synergies.

19 **Q. PLEASE SUMMARIZE THE TASKS PERFORMED BY OUTSIDE PLANT**  
20 **TECHNICIANS (OPT), ALSO KNOWN AS TELEPHONE LINEMEN, AND**  
21 **EXPLAIN WHY LINEMEN ARE CRITICAL TO THE DELIVERY OF**  
22 **RELIABLE AND EFFICIENT TELEPHONE SERVICE.**

1 A. OPTs repair, replace, and relocate aerial and underground cable plant -- including copper  
2 and fiber optic, transportation and distribution cable. They also repair and maintain  
3 major cable systems and structures such as broken lashing wire, aerial strand, pole  
4 transfers, down-guys, aerial-to-underground conversion, and cable replacements related  
5 to system outages, maintenance, rebuilds, and emergencies or hazards. Finally, linemen  
6 respond to emergency and outage situations that require heavy construction capabilities.  
7 Linemen must perform all these tasks in a timely and cost-efficient manner; otherwise,  
8 the operating company's service will be unreliable, and the company will lose customers.

9 **Q. HAS FAIRPOINT REDUCED THE NUMBER OF OPTS IN NEW HAMPSHIRE?**

10 A. Yes. But the situation with OPTs was not so good to start with. In the last years of  
11 Verizon's ownership, that company had cut a good number of OPTs in New Hampshire,  
12 which meant that when FairPoint took over operations in 2008, it was already difficult for  
13 our line crews to meet service demand in New Hampshire.

14 In April of 2013, FairPoint had 80 OPTs in New Hampshire. In July of 2015, there were  
15 65 OPTs. In November of 2016, there were 54. Currently there are 47 OPTs in New  
16 Hampshire. In other words, since April 2013, the number of OPTs available to address  
17 the company's service problems has been reduced by 41%, and those OPTs are now  
18 required to serve broader areas of the company's service territory, which means that our  
19 line crews face an even greater struggle to meet demand.

20 **Q. ARE THERE PORTIONS OF NEW HAMPSHIRE THAT DO NOT HAVE AN**  
21 **ADEQUATE NUMBER OF LINEMEN TODAY?**

1 A. Yes. The 47 OPTs we have in New Hampshire are not enough to cover the state  
2 adequately. For safety reasons, OPTs must work in teams of two people. We have garage  
3 locations today with only a few OPTs, which means that field crews are constantly  
4 moved around the state on order to meet demands. For instance, if a pole gets broken in  
5 the Conway area, linemen need to travel for over an hour in order to respond. That's  
6 because, to address outside plant problems in the large areas between the Belmont garage  
7 and north to the Pittsburg garage, there are a total of only nine (9) OPTs. The cuts in  
8 OPTs that have occurred have left that region severely understaffed. If any work needs to  
9 be done in that area of the state -- work such as repairing a damaged telephone pole,  
10 responding to reports of downed cables, or replacing a damaged cabinet -- linemen may  
11 have to travel for hours just to arrive at the emergency.

12 With the drastic cuts to the workforce that have taken place, it already takes a much  
13 longer time now for FairPoint and its employees to accomplish the same amount of work  
14 than it took before the reductions in force. Customers face longer wait times for services  
15 they have ordered, or repairs to services they already have. Technicians face delays in  
16 work they are trying to perform, or delays for work they need to perform -- all of which  
17 result in delays to our customers.

18 **Q. HOW MANY GARAGE CLOSINGS HAVE OCCURRED IN THE LAST NINE**  
19 **YEARS?**

20 A. When FairPoint acquired the former Verizon properties in 2008, there were garages  
21 serving New Hampshire customers that were located in 11 municipalities, as follows:  
22 Manchester, Merrimack, Keene, Greenland, Somersworth, Lancaster, Lebanon, Belmont,

1 Concord, Conway, and Windham. In recent years, FairPoint has closed the following  
2 four garages:<sup>3</sup>

- 3 • Conway garage-- which served the areas of Conway to Belmont and up to Lancaster –  
4 with the result that the nearest geographic locations for OPTs is either the Lancaster  
5 garage, which is one hour and thirty minutes away, or the Belmont garage, which is  
6 about one hour and fifteen minutes away.
- 7 • Windham garage – with the result that the nearest geographic location where OPTs  
8 are based is Manchester;
- 9 • Merrimack garage – with the result that the nearest geographic locations where OPTs  
10 are available are Manchester, or Greenland, or Keene;
- 11 • Somersworth garage - with the result that the nearest geographic locations where  
12 OPTs are available are either Greenland or Manchester.

13  
14 **Q. WHAT HAS BEEN THE EFFECT OF THOSE GARAGE CLOSINGS?**

15 A. Overall, by reducing the numbers of its garage locations, FairPoint has increased the  
16 amount of time and distance that FairPoint's OPTs are required to drive in order to  
17 address service problems, to maintain FairPoint facilities, and to meet its commitments to  
18 installation dates and repair dates. The result generally has been that there are now fewer  
19 linemen available over a larger geographical service area, which means that when service  
20 problems occur, fewer OPTs are available to address problems, and it takes longer for  
21 those OPTs to drive to the site of the service problem.

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<sup>3</sup> FairPoint also eliminated its garage located in Lebanon, New Hampshire, combining that garage's crews and areas of responsibility with those of the FairPoint garage located on the other side of the Connecticut River in White River Junction, Vermont. That merger of those garages made sense because it did not diminish the company's ability to respond to service outages and meet its time commitments.

1   **Q.    IN YOUR OPINION, CAN FURTHER REDUCTIONS BE MADE IN THE**  
2       **NUMBER OF GARAGE LOCATIONS IN NEW HAMPSHIRE WITHOUT**  
3       **AFFECTING THE QUALITY OF SERVICE RECEIVED BY CUSTOMERS?**

4    A.   No. Because of the effect that the closings of garages have already had on the delivery of  
5       service, it will not be possible for Consolidated to cut additional garage locations in New  
6       Hampshire without further reducing the quality of telephone service provided to New  
7       Hampshire customers. If Consolidated's plans to generate post-close synergies include  
8       further garage closings, the company's service performance will certainly deteriorate.  
9       The only question is by how much.

10       As noted by the Labor Intervenors' other witness, Randy Barber, Consolidated has not  
11       taken the time to develop any detailed understanding of FairPoint's actual operations in  
12       New Hampshire, other than as those operations may be reflected in financial analysis.  
13       That means that Consolidated is not familiar with the extent to which FairPoint has  
14       already been cutting the numbers of garage locations and field technicians in the state. In  
15       part, that is because, to date, Consolidated's communications with FairPoint appear to  
16       have been only at the level of corporate leadership and have not involved conversations  
17       with FairPoint managers on the state level. Furthermore, to date, the unions have not  
18       been able to engage in discussions with Consolidated on workforce or other operational  
19       concerns. Hence, until Consolidated carries out such investigations and understands both  
20       the challenges of providing adequate service in New Hampshire and the already low  
21       levels of equipment and technicians now available, Consolidated has no way of knowing  
22       whether its projected \$55 million in "synergies" can actually be achieved.



1   **Q.    IN YOUR OPINION, CAN CONSOLIDATED ACHIEVE SYNERGY SAVINGS**  
2       **BY FURTHER REDUCING THE NUMBER OF LINE ASSIGNERS, CENTRAL**  
3       **OFFICE TECHNICIANS, OR OPTS AVAILABLE IN NEW HAMPSHIRE?**

4    A.   No. Each of those positions are under-staffed today in New Hampshire, and further cuts  
5       would have negative effects on customers and public safety. For instance, cuts in the  
6       number of COTs will reduce the company's capacity to maintain the complex switching  
7       and routing equipment that is so important to New Hampshire's telephone network.  
8       Similarly, line assigners are already working under a backlog, and further cuts would  
9       only make it worse.

10      As for OPTs -- as I have noted above -- 47 OPTs are not a sufficient number of OPTs to  
11      cover the broad areas of the company's service territory in New Hampshire. Any further  
12      reductions in OPTs will have serious consequences for the safety and reliability of the  
13      company's network in the state. Reducing the number of OPTs will result in even longer  
14      customer outages and in slower response times to emergencies. Presently the delays in  
15      response time that result from fewer garage locations and fewer available OPTs not only  
16      extend the durations of outages but also put an extra burden on the state's electric power  
17      companies because those power crews are forced to wait longer periods of time for our  
18      crews to arrive at the site of a problem. Furthermore, if Consolidated reduces the numbers  
19      of OPTs in its workforce here in New Hampshire, the six garage locations that remain  
20      will have an even greater difficulty responding to trouble reports and requests for  
21      installation.

1 Also, neighboring garages from which additional help might be summoned are now  
2 further away and are often overwhelmed due to the shortage of available OPTs. A further  
3 consequence is that, as line crews are assigned to the next hottest job, due to the shortage  
4 of OPTs, broken poles that result from a storm or from vehicle accidents are frequently  
5 left behind, causing dual pole situations, as well as safety hazards.

6 *Maintenance*

7 **Q. WHETHER AS A RESULT OF REDUCTIONS IN THE WORKFORCE, OR AS**  
8 **AN INTENDED PROGRAM, ANOTHER AREA OF OPERATIONS WHERE**  
9 **SOME COMPANIES TRY TO ACHIEVE “SYNERGIES” IS BY CUTTING**  
10 **BACK ON MAINTENANCE ACTIVITIES. WHAT SORT OF CHANGES HAS**  
11 **FAIRPOINT ALREADY MADE IN THIS AREA?**

12 A. As a result of the reduced levels of FairPoint’s workforce and of the reductions in  
13 equipment, the level of FairPoint’s preventive maintenance in New Hampshire has fallen  
14 off. In 2010, FairPoint had 30 preventative-maintenance technicians active in the state.  
15 Now FairPoint has only 10 “pro-act” technicians -- a reduction of more than 60%. Fewer  
16 technicians mean that the company has reduced its capacity to be pro-active about the  
17 maintenance of its plant. For instance, with fewer technicians available, alarms that  
18 should be monitored by the network operations center (NOC) in order to head off trouble  
19 for central offices and remotes are being ignored. Here in New Hampshire, one  
20 significant example of this problem has been the reductions that have taken place in the  
21 maintenance of back-up batteries at remote sites. As the Commission is aware, in order  
22 for the telephone network to operate, it must have some form of electric power. Without  
23 power from the electric grid or from batteries, the New Hampshire telecommunications

1 network cannot provide telephone service. FairPoint has not been replacing its batteries  
2 on a regular basis. Furthermore, the company's recent reductions in its field technicians  
3 have led the company to cut back on its regular maintenance of its batteries in New  
4 Hampshire that provide back-up electricity for central offices or remotes. Indeed,  
5 maintenance of batteries has dropped off significantly. As a result, when commercial  
6 power is lost, these batteries will only last a fraction of the time they are designed to.

7 Today if a central office loses electric power, and if the NOC staff misses the alarm  
8 indicating the loss of power at the central office, the company's procedure calls for the  
9 central office to start getting power initially from its back-up batteries. Then the  
10 generators located in the central office are supposed to start up and provide power.  
11 However, as a result of the company's cuts in field technicians, the company no longer  
12 does the pro-active maintenance necessary to make sure that the generators in its central  
13 offices are in working order. Field techs used to visit different central offices on a  
14 regularly scheduled basis and start up each generator there in order to make sure that it  
15 was in working order. With the company's reduced field-tech workforce, that sort of  
16 generator testing is not taking place. Those failures to test generators will have serious  
17 repercussions when the company's back-up batteries fail. The central office will "go  
18 down," and customers on that network will lose telephone service.

19 If the central office that "goes down" is a remotely-located central office, the customers  
20 that lose service will be only the customers on the local network served by that central  
21 office. However, if the CO that "goes down" is a central office that serves as a hub in the  
22 company's network – such as the Concord CO, or the Hanover CO – the entire group of

1 central offices that report to that hub central office (and all their customers) will lose  
2 service. Furthermore, that loss of service will affect not only the landline customers who  
3 depend on that hub central office. To the extent that cell towers are connected to that hub  
4 central office, the cell customers who rely on those cell towers for their service will also  
5 lose their ability to make and receive calls.

6 The company's reductions in COTs has also put it in a situation where problems in  
7 identifying the correct location of a needed repair will sometimes be created by the  
8 company's failures to stay up-to-date with maintenance. Nowadays, there are times when  
9 a customer reports a trouble to dispatch, and it appears to the people in dispatch that the  
10 source of the trouble is located in the company's outside facilities. Dispatch will send a  
11 field technician to a field site in order to repair the trouble. But the field site will not be  
12 the source of the trouble. Often it will turn out that the source of the trouble is in the  
13 central office. However, due to the company's shortage of central office technicians  
14 (COTs), dispatch has not first referred the trouble to a technician in the central office.  
15 That's because often there is no COT on duty in the relevant central office. If the trouble  
16 is caused by a complex equipment failure, and if it is missed by the NOC staff – as  
17 happens these days – dispatch will send technicians to a field location that – as it turns  
18 out – is not where the trouble is located. In other words, in combination the recent cuts in  
19 NOC staff and COTs result in situations where time and money are wasted because the  
20 staff shortages have caused the wrong technicians to be sent to the wrong location.

21 What the Public Utilities Commission needs to understand is that presently – as a result  
22 of its recent reductions in field technicians – FairPoint is not providing even the “bare-

1 bones” level of maintenance required to keep the back-up batteries and generators in its  
2 New Hampshire central offices in reliable condition. We are concerned that failures in  
3 those systems are more likely to occur and will threaten the survivability of the state’s  
4 telecommunications network – both for its landline customers and its cellular customers.

5 **Q. IS IT REASONABLE FOR CONSOLIDATED TO EXPECT TO ACHIEVE**  
6 **SAVINGS BY FURTHER REDUCING MAINTENANCE?**

7 A. Absolutely not. Because they have been reduced, FairPoint's existing maintenance  
8 practices in New Hampshire already are putting some of its facilities, plant and service at  
9 risk. Further reductions in equipment, in the company’s workforce, or in the time  
10 devoted to preventive maintenance may generate small levels of short-term savings, but  
11 will certainly put the company on the road to serious service failures. When those service  
12 failures occur, it will be significantly more expensive to respond to them when compared  
13 to any short-term savings that might have been generated.

14 In short, if Consolidated were to reduce the number of field installation and repair  
15 technicians available in New Hampshire, its operational components such as alarms and  
16 back-up batteries will receive even less maintenance and attention. At some point, when  
17 power outages occur on the electric grid, FairPoint’s back-up batteries will fail, and  
18 portions of FairPoint’s service territory will lose telephone service at the same time that  
19 those areas lose electric power. No synergies will be generated in those circumstances.  
20 Instead, the result will be to increase the numbers and durations of outages and to put the  
21 safety of New Hampshire’s telephone customers at risk.

1 In short, the company must start again to provide the sort of pro-active maintenance for  
2 its central-offices that is key to the safety and reliability of New Hampshire's public  
3 telecommunications network. If Consolidated makes additional cuts in the numbers of  
4 technicians who maintain the company's back-up batteries and generators, Consolidated  
5 will not be creating "synergies." Instead, it will be reducing the network's reliability and  
6 safety, and setting the stage for the sort of network failures that none of us want to  
7 experience.

8 *Splice Service Technicians*

9 **Q. PLEASE DESCRIBE THE SORTS OF TASKS PERFORMED BY FAIRPOINT'S**  
10 **SPLICE SERVICE TECHNICIANS (SSTS).**

11 A. While OPTs are the people who build and maintain the outside backbone network (e.g.,  
12 poles, conduits, cables), Splice Service Technicians (SSTs) are responsible for the  
13 facilities that connect the backbone to customers. This work includes tasks such as  
14 installing or repairing service to a customer; splicing copper and fiber optic cables;  
15 wiring electronics cabinets that provide DSL, T-1's, dial tone, and other special services;  
16 installing, repairing, and maintaining data transport technologies, including voice and  
17 internet services; and splicing operations in connection with the installation,  
18 rearrangement, and repair of plant facilities.

19 **Q. PLEASE DESCRIBE FAIRPOINT'S REDUCTIONS IN THE NUMBERS OF ITS**  
20 **SSTS IN NEW HAMPSHIRE.**

21 A. In July of 2011, FairPoint employed 332 SSTs in its New Hampshire workforce.  
22 Presently, in mid-April 2017, there are 149 SSTs working for FairPoint in New

1 Hampshire. That means that over the last five years, FairPoint has reduced its SST  
2 workforce in New Hampshire by 55%.

3 **Q. CAN CONSOLIDATED ACHIEVE SYNERGIES IN ITS OPERATIONS BY**  
4 **MAKING FURTHER CUTS IN THE NUMBER OF SSTS THAT WORK IN NEW**  
5 **HAMPSHIRE?**

6 A. No. As I have outlined above, the tasks that SSTs perform are so critical -- both to the  
7 maintenance and repair of the company's network and to the continued growth of the  
8 company's business -- that further reductions in the SST workforce in New Hampshire  
9 will prevent the company from being able to provide the reliable and up-to-date service  
10 and technologies needed to retain and grow its customer base. Without a sufficient  
11 number of SSTs, the condition of the company's network in New Hampshire will  
12 deteriorate, and Consolidated will find itself in a position where it is playing "catch-up"  
13 in providing adequate service and attracting new customers.

14 *Operators and Customer Service Representatives*

15 **Q. DOES FAIRPOINT HAVE ANY UNION-REPRESENTED CALL CENTER**  
16 **EMPLOYEES IN NEW HAMPSHIRE?**

17 A. No. FairPoint has closed its New Hampshire call center(s). The technical name for the  
18 positions working in such call centers is Operator Services /Directory Assistance  
19 (OS/DA). These are the people who perform the typical functions we think of for  
20 telephone operators: the person who answers when you dial 0, make a collect call, or  
21 speaks to a live person when calling directory assistance. Now that work is performed by

1 FairPoint employees located in Maine who provide the OS/DA services for Maine, New  
2 Hampshire, and Vermont.

3 **Q. HAS FAIRPOINT REDUCED THE NUMBER OF OS/DA AND CSR**  
4 **EMPLOYEES SINCE IT ACQUIRED THE NORTHERN NEW ENGLAND**  
5 **TERRITORY?**

6 A. Yes. At the time FairPoint acquired the Verizon territories, FairPoint stated that it would  
7 be adding hundreds of call center employees in Northern New England in order to handle  
8 calls that Verizon had been handling in centers throughout New England. For instance, in  
9 2010 there were 51 operators in the Maine, New Hampshire and Vermont. FairPoint  
10 closed its OS/DA center in Vermont and subsequently closed the OS/DA center in New  
11 Hampshire, leaving the lone OS/DA center in Portland. This was a 65% reduction in that  
12 department.

13 Similarly, with respect to IBEW Service Representative positions, after the closure of the  
14 Burlington Vermont center, FairPoint moved all of the IBEW sales work to Portland,  
15 Maine, resulting in about a 20% headcount reduction in that position across the NNE  
16 states.

17 **Q. CAN CONSOLIDATED ACHIEVE SAVINGS BY REDUCING THE NUMBER**  
18 **OF OS/DA AND CSR EMPLOYEES IN NEW HAMPSHIRE?**

19 A. No. It will not be possible for Consolidated to generate any savings by reducing the  
20 number of OS/DA positions in New Hampshire because there are no longer New  
21 Hampshire-located employees in such position.



1 **Q. CAN CONSOLIDATED ACHIEVE SAVINGS BY REDUCING THE NUMBER**  
2 **OF ITS OS/DA AND CSR EMPLOYEES GENERALLY?**

3 A. No. There are three reasons for this. First, these OS/DA employees are providing an  
4 essential function that cannot be eliminated. Second, FairPoint is no longer losing large  
5 numbers of its customers. The remaining customers require access to OS/DA and CSR  
6 services. Third, our collective bargaining agreement with FairPoint prohibits FairPoint  
7 from moving more than 0.9% per contract year of jobs outside of Northern New England.  
8 Consolidated and FairPoint have stated that Consolidated will honor our collective  
9 bargaining agreement and the union-represented employees "will essentially be in the  
10 same position post-closing as they are in today."<sup>4</sup> As a result, Consolidated will be bound  
11 by the provision in our contract that prevents the relocation of essentially all call center  
12 work.

13 *Summary of Synergy Potential from Union-Represented Employees*

14 **Q. CAN YOU ESTIMATE THE OVERALL NUMBER OF EMPLOYEES THAT**  
15 **FAIRPOINT HAS CUT IN NEW HAMPSHIRE SINCE THE ANNOUNCEMENT**  
16 **OF FAIRPOINT'S PLANS TO ACQUIRE THE FORMER VERIZON**  
17 **PROPERTIES?**

18 A. Yes. In September of 2010, there were 924 NNE bargained-for employees in New  
19 Hampshire. We are now down to 460 IBEW employees who work for FairPoint in New  
20 Hampshire. While FairPoint's revenues have indeed declined, the numbers of NNE  
21 bargained for employees have declined at a markedly greater pace. FairPoint's re-stated  
22 September quarter 2010 revenues (to incorporate NNE revenues) were \$260.6 million.

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<sup>4</sup> Direct Testimony of Michael Reed, p. 14.

1 Those revenues declined to \$203.9 million for the December 2016 quarter, a revenue  
2 drop of 27.8%. This compares to a 50% decline in NNE bargained for employees during  
3 the same period.

4 **Q. IS IT POSSIBLE FOR CONSOLIDATED TO “STREAMLINE” FAIRPOINT’S**  
5 **NEW HAMPSHIRE TELEPHONE OPERATIONS IN WAYS THAT WILL**  
6 **FURTHER REDUCE OPERATIONS EXPENSES WITHOUT REDUCING THE**  
7 **QUALITY OF TELEPHONE SERVICE THAT NEW HAMPSHIRE**  
8 **CUSTOMERS RECEIVE?**

9 A. No. In recent years, it has become increasingly difficult for FairPoint to deliver service  
10 efficiently to its New Hampshire telephone customers. As I have described above, the  
11 changes in FairPoint’s operations systems, the reductions in the number of FairPoint  
12 garage locations, and the reduction in the numbers of FairPoint OPTs and SSTs in New  
13 Hampshire mean that it now takes longer for FairPoint to marshal the equipment and  
14 technicians necessary to meet the company’s needs for repair, maintenance, and  
15 installations. In this proceeding Consolidated has not publicly identified the specific  
16 areas that it is targeting for changes in order to generate its estimated millions of dollars  
17 in “synergies.” Nevertheless, it is difficult to accept that further “synergies” in field  
18 operations or other customer-facing activities here in New Hampshire are going to result  
19 in improvements to the company’s delivery of telephone service.

20 In the proceeding in Maine that is reviewing this same proposed transaction, the Hearing  
21 Examiner has noted that, “‘synergies’ and ‘efficiencies’ are another way to say  
22 ‘downsizing,’” and that “[d]ownsizing is a common and often inevitable consequence of

1 any merger of this magnitude...”<sup>5</sup> I do not know whether Consolidated plans any of that  
2 downsizing to affect FairPoint's field workforce, its COTs, or its SSTs. However, if  
3 Consolidated thinks it can make further cuts in those areas, it is certainly mistaken. Any  
4 further cuts in those positions will hurt the company’s capacity to deliver adequate  
5 service and will seriously impact customers. At the technical conference that took place  
6 on February 21 in the Maine merger proceeding, Consolidated suggested that it is  
7 reasonable to assume that it can achieve a 9% or 10% further reduction in the annual  
8 operations expenses (OPEX) of FairPoint Communications. Given what we know about  
9 the “bare-bones” nature of FairPoint’s current systems and operations in New Hampshire,  
10 additional reductions of 9% or 10% in the company’s equipment and employees can only  
11 damage the quality of telephone service that Consolidated will deliver to its New  
12 Hampshire customers.

## 13 **Conclusions and Recommendations**

14 **Q. PLEASE SUMMARIZE YOUR CONCLUSIONS AND RECOMMENDATIONS**  
15 **TO THE COMMISSION IN THIS CASE.**

16 A. I cannot accept Consolidated’s suggestion that, after the merger, it can generate millions  
17 of dollars in synergies by cutting its operating costs in New Hampshire by an additional  
18 9% or 10%. It is certainly possible that Consolidate may “generate” some small short-  
19 term savings by changes in its operations, but those savings will come only at the cost of  
20 reducing the quality of telephone service that Consolidated provides to its New

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<sup>5</sup> Northern New England Telephone Operations LLC d/b/a FairPoint Communications-NNE; Request for Approval of Reorganization; MPUC Docket No. 20016-00307; Procedural Order (March 7, 2017).

1 Hampshire customers, and ultimately at the cost of losing those customers. Those types  
2 of customer losses do not constitute “synergies.”

3 I recommend that the Commission seriously question Consolidated’s estimate of the  
4 synergies that it will be able generate after close of the merger. To protect the level of  
5 service quality provided to customers, I recommend that, if the Commission decides to  
6 approve the proposed merger, that it impose as a condition of its approval the following:  
7 If Consolidated plans to generate synergies by further cuts in its operations and  
8 workforce in New Hampshire, then Consolidated should be required to submit plans to  
9 the Commission showing that its reductions in workforce and operations will not have an  
10 adverse effect on the reliability and safety of its telephone service.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 **A.** Yes.