

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DT 18-169

NORTHLAND TELEPHONE COMPANY OF MAINE, INC.

Petition for Approval of Transfer of Franchise, Works, and Systems to Affiliate

Order *Nisi* Approving Transfer

O R D E R N O. 26,202

December 18, 2018

In this order, the Commission approves the transfer of Northland Telephone Company of Maine, Inc., to its affiliate, Maine Telephone Company, in connection with an internal corporate restructuring transaction involving consolidation of indirect wholly-owned subsidiaries of Consolidated Communications Holdings, Inc. This order is being issued on a *nisi* basis to ensure that customers and all other interested persons receive notice of the decision and have the opportunity to file comments or request a hearing before the order becomes effective.

I. PROCEDURAL HISTORY

On October 29, 2018, Northland Telephone Company of Maine, Inc. d/b/a Consolidated Communications (Northland), filed a petition seeking all necessary authorizations related to the proposed transfer of its New Hampshire franchise, works, and system, to its affiliate, Maine Telephone Company d/b/a Consolidated Communications (Maine Telephone). Commission Staff (Staff) filed a memorandum recommending approval of the proposed transfer on December 4, 2018.

Northland's petition, Staff's memorandum, and subsequent docket filings, other than any information for which confidential treatment is requested of or granted by the Commission, are posted to the Commission's website at www.puc.nh.gov/Regulatory/Docketbk/2018/18-169.html.

II. POSITIONS OF NORTHLAND AND STAFF

A. Northland

The transfer for which Northland requests approval is proposed to occur in connection with an internal corporate restructuring transaction involving indirect wholly-owned subsidiaries of Consolidated Communications Holdings, Inc. (CCHI). Through that transaction, six rural incumbent local exchange carriers (ILECs), including Northland, which operate in the State of Maine would be consolidated into Maine Telephone. Upon completion of the proposed consolidation, Maine Telephone would change its name to “Consolidated Communications of Maine Company.”

Northland is an ILEC that, pursuant to state franchise authority, provides local exchange service to customers primarily in the State of Maine, and to a small number of customers in the town of Chatham, and a portion of the town of Conway, known as East Conway, that are located in New Hampshire near the Maine border. According to Northland, as of December 31, 2017, it served a total of 221 retail residential and business voice access lines in New Hampshire. Northland has identified 38 of its New Hampshire customers who would be considered “basic service” customers within the meaning of RSA 374:22-p. Northland’s basic service customers represent approximately 19 percent of its 203 current residential customers in New Hampshire.

Northland provided written notice to the Commission in 2014 that it elected to operate as an excepted local exchange carrier (ELEC), pursuant to RSA 362:7, I(c)(2), and it also withdrew its Tariff No. 1 at that time. According to Northland, as an ELEC, it is subject to a lower level of regulation by the Commission, including in connection with internal corporate restructuring transactions such as that proposed in its petition. Northland maintains that the relevant statutory criteria for approval of such a transfer are set forth in RSA 374:30, II:

An [ILEC] that is an [ELEC] may transfer or lease its franchise, works, or system, or any part of such franchise, works, or system, exercised or located in this state, or contract for the operation of its works and system located in this state, when the commission finds the utility to which the transfer is to be made is technically,

managerially, and financially capable of maintaining the obligations of an [ILEC] set forth in RSA 362:8 and RSA 374:22-p.

In prefiled testimony filed in support of its petition, Northland asserted that its retail voice customers “will not be negatively affected by the planned consolidation of business entities and customers will continue to be served by a Consolidated [Communications] entity.” Direct Testimony of Robert D. Meehan (Testimony) at 4. With respect to Maine Telephone’s technical, managerial, and financial capability to provide ILEC services, as required by RSA 374:30, II, Northland stated, “Like Northland today, Maine Telephone will benefit from access to Consolidated’s financial resources after the consolidation is complete.” *Id.* at 9. Northland further maintained that “Maine Telephone will possess the same technical, managerial and financial capability currently possessed by Northland to provide ILEC services in New Hampshire.” *Id.*

B. Staff

Staff’s memorandum noted that, in Order No. 26,022 (May 31, 2017), the Commission found that CCHI and its subsidiary Consolidated Communications, Inc. (Consolidated), were “technically, managerially, and financially capable of maintaining FairPoint [Communications, Inc.]’s obligations to provide basic telephone service throughout its franchise territory and to meet FairPoint’s wholesale obligations arising under federal and state law.” Based on that finding, the Commission approved a settlement agreement pursuant to which Consolidated indirectly acquired both Northland and Northern New England Telephone Operations, LLC d/b/a FairPoint Communications-NNE. Staff maintained that nothing in Northland’s current petition “calls into question the Commission’s findings in that Order.”

Staff stated its awareness, however, of current issues with respect to “mean-time-to-repair out-of-service conditions for Consolidated’s customers.” Staff represented that “numerous complaints regarding those issues” had been logged, and that some “appear to be from customers

of Northland.” Staff noted its belief that “this is [not] the appropriate context for a general investigation of such issues.”

Staff recommended that the Commission issue an order *nisi* finding that Maine Telephone has the requisite technical, managerial, and financial capability to acquire Northland’s franchise, works, and system. Staff further recommended that the Commission reference in that order Staff’s concerns regarding repair response times, “together with an invitation for interested Northland customers to come forward if they have concerns.” Staff specifically recommended that the Commission direct that a summary of its order *nisi* be mailed to each Northland customer, as well as being published in the *Conway Daily Sun*, a local newspaper which has subscribers in Chatham and East Conway, with suitable affidavits filed to confirm that such notification and publication have occurred.

III. COMMISSION ANALYSIS

As noted by Northland, because it is an ELEC, the relevant statutory criteria for approval of the proposed transfer to Maine Telephone are set forth in RSA 374:30, II. The Commission must approve such a transfer if it finds that “the utility to which the transfer is to be made is technically, managerially, and financially capable of maintaining the obligations of an [ILEC] set forth in RSA 362:8 and RSA 374:22-p.” *See* RSA 374:30, II.

Based on Northland’s petition and supporting testimony, and on Staff’s review and analysis, we find that Maine Telephone has the requisite technical, managerial, and financial capability to acquire Northland’s franchise, works, and system in New Hampshire. We note that Maine Telephone is not a party in this docket. Our approval of the proposed transfer is conditioned on Maine Telephone taking all actions required to become registered to transact business in New Hampshire and authorized to conduct operations and provide service in the state prior to the transfer.

We issue this order on a *nisi* basis to ensure that Northland customers and all other interested persons receive notice of the decision and have an opportunity to file comments or request a hearing before the order becomes effective. We direct Northland to publish the order summary in the *Conway Daily Sun*, and to file an affidavit confirming that such publication has occurred.

We acknowledge Staff's concerns regarding customer repair response times, but we do not believe those concerns are best addressed in the context of this docket. Instead, we direct Staff to conduct an investigation of Consolidated's repair response times related to its basic service customers in New Hampshire, and to file a report based on that investigation within four months of the date of this order.

Based upon the foregoing, it is hereby

ORDERED NISI, that Northland's petition for authority to transfer its franchise, works, and systems to Maine Telephone is APPROVED; and it is

FURTHER ORDERED, that Northland's transfer to Maine Telephone is conditioned on Maine Telephone taking all actions required to become registered to transact business in New Hampshire and authorized to conduct operations and provide service in New Hampshire, prior to the transfer; and it is

FURTHER ORDERED, that Commission Staff is directed to conduct an investigation of Consolidated's repair response times related to its basic service customers in New Hampshire, and to file a report based on that investigation within four months of the date of this order; and it is

FURTHER ORDERED, that Northland shall cause a summary of this order, issued concurrently with this order, to be published once in the *Conway Daily Sun*, which has a general circulation in Northland's New Hampshire franchise area, such publication to be made no later

than December 28, 2018, such publication to be documented by affidavit filed with the Commission on or before January 2, 2019; and it is

FURTHER ORDERED, that all persons desiring to respond to this order are notified that they may submit their comments or file a written request for a hearing which states the reason and basis for a hearing no later than January 9, 2019, for the Commission's consideration; and it is

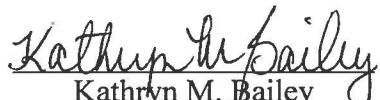
FURTHER ORDERED, that any party interested in responding to such comments or request for hearing shall do so no later than January 15, 2019; and it is

FURTHER ORDERED, that this order shall be effective January 17, 2019, unless Northland fails to satisfy the publication and notification obligations set forth above or the Commission provides otherwise in a supplemental order issued prior to the effective date.

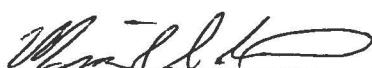
By order of the Public Utilities Commission of New Hampshire this eighteenth day of December, 2018.



Martin P. Honigberg
Chairman



Kathryn M. Bailey
Commissioner



Michael S. Giamo
Commissioner

Attested by:



Debra A. Howland
Executive Director