To

NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

WRITTEN SUBMISSION OF ACCION GROUP INC.
ON BEHALF OF NON-ADVOCATE STAFF

Re: FAIRPOINT COMMUNICATIONS, INC.

PLAN OF REORGANIZATION

NHPUC Docket DT 10-025

June 4, 2010

Accion Group, Inc.
244 North Main Street
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BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

FairPoint Communications, Inc. Reorganization
Docket DT 10-025

WRITTEN SUBMISSION OF ACCION GROUP INC., ON BEHALF OF NON-ADVOCATE STAFF

SUMMARY

As provided for in the procedural order of the New Hampshire Public Utilities Commission (Commission) in this Docket dated April 12, 2010, Accion Group Inc., on behalf of the Non-Advocate Staff (Accion) provides these written comments on two aspects of the record. We address the post-hearing submissions of FairPoint Communications, Inc. (FairPoint or Company). Specifically, this Submission addresses Exhibit FP-21 (the Annual Report on Form 10-K of FairPoint Communications, Inc.) and Exhibit FP-30, (FairPoint's melding of the 2008 Settlement Agreement and the 2010 Regulatory Settlement). Also, we provide a clarification on the conditions proposed by Accion.

Post Hearing Exhibits

After reviewing the post-hearing exhibits including the Form 10K for 2009 filed by FairPoint on May 28, 2010, Accion's position remains that FairPoint will be better positioned to meet its obligations and commitments after emerging from bankruptcy. Furthermore we continue to believe that the achievement of the Company's goals provided for in the Plan of Reorganization are possible but will be challenging Achievement of those goals will require specific actions targeted at customer retention to reduce the steady decline in the demand for traditional services. Additionally, there must be a focused plan to grow the customer base through the offering of new products and services that will become available as the Company completes its network build out. In addition, it may be necessary to implement a more aggressive expense reduction plan if revenue continues to lag behind projections. FairPoint will need to out-perform its past experience and possibly current industry trends to achieve planned objectives. The Company will need to move aggressively and immediately after the effective date in order to achieve the revenue projections for 2010 and 2011.

We continue to believe that the most significant challenge for the Company in achieving planned results for 2010 and beyond rests in the attainment of revenue. The Company reported net revenue for 2009 of $1.127 million, which was 3% below the planned revenue of $1.162 million for 2010. Due to the significant amount of fixed costs in the business, revenue misses have an even greater negative impact on EBITDA and cash flows. The Company has not provided a fixed versus variable cost analysis, but Mr. Newitt noted in his testimony of May 24, 2010, that he believed that fixed costs were approximately 70% to 80% of the total costs of the business. Accordingly, if the Company were to miss their revenue projections by 10%, that would result in a miss in EBITDA [1] of more than 20%. The Company's 2010 planned capital expenditures are approximately $200 million with cash interest expense $65 million; thus significant misses in revenue could increase the risk of not having adequate capital to complete the build out of the network infrastructure and service the post-effective date debt facility. If the Company fails to build out its network as planned and on time, its ability to achieve planned revenue would be further impacted.

Chart 1 summarizes this concern.

CHART 1

COMPARISON OF 2009 10K vs. PLAN OF REORGANIZATION 2009 ESTIMATE			
	2009 Actual	2009 Plan Estimate	2009 Actual vs. 2009 Plan Estimate
Revenue	1,127	1,179	-4.40%
Total Expenses (excl. Depreciation & Amortization)	941	933	0.80%
EBITDA	186	245	-24.10%

[1] EBITDA is used for these illustrations to provide an applicable comparison as the actual EBITDAR for 2009 was not presented in the 2009 10K.

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As a further point of reference, Exhibit FP-21 also established that revenue for 2009 was 11.60% below the reported Revenue for 2008. If that trend were to continue forward the risks to achievement of the Company's planned projections would increase. We believe this comparison underscores the challenges faced by FairPoint.

Chart 2 summarizes this comparison.

CHART 2

Revenue, Total Expenses, and EBITDA Calendar Years 2008, 2009, and 2010 (000,000)			
	2008 per 10K	2009 per 10K	2010 Projected per Plan
Revenue	$1,275	$1,127	$1,161
Year to Year Change		-11.60%	3.00%
Total Expenses (excl. Depreciation & Amortization)	961	941	859
Year to Year Change		-2.00%	-8.70%
EBITDA	314	186	302
Year to Year Change		-40.80%	62.40%

Clarification of Recommendations

Accion believes its reports and recommendations, except as modified during the hearing, are sound and should be adopted. During the hearing some confusion arose concerning what was meant by a recommendation that the Commission monitor FairPoint's performance for at least one year after the effective date.

We continue to believe that the Commission should require the production of data on critical operating metrics that are the primary sources and causes of the results that are

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ultimately reported on the Company's quarterly and annual financial statement as filed with the SEC. We are particularly concerned that a failure to achieve the projected revenues will severely limit FairPoint's ability to complete the build out and expansion of services. Without the build out, the Company will face greater challenges in meeting revenue projections, which would result in an ever increasing downward spiral.

We recommend that the Commission monitor the performance of these critical operational metrics on a monthly basis. To clarify the recommendation, the following list is the type of data we believe the Commission should be provided to understand the Company's performance against Plan.

FAIRPOINT COMMUNICATIONS
Data Points

I. Landline Customer/Small Business Base

A. Beginning Base ______________
   1. Plus: Lines added ______________
   2. Less: Lines lost ______________

B. Ending Customer Base ______________

C. Plan ______________

D. Lines lost
   1. Lost to competition ______________
   2. Lost to elimination of service ______________
   3. Lost due to service issues ______________
   4. Cancelled for non payment ______________
   5. Total Lines lost ______________

II. Wholesale Customer Base (units)

A. Beginning Base ______________
   1. Plus: Lines added ______________
   2. Less: Lines lost ______________

B. Ending Customer Base ______________

C. Plan ______________

D. Units lost
   1. Lost to competition ______________
   2. Lost due to service issues ______________

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3. Lost due to service issues ______________
4. Cancelled by FairPoint ______________
5. Out of business ______________
6. Total Lines lost ______________

III. Large Business

A. Beginning Base ______________
B. Plus: Units added ______________
C. Less: Units lost ______________
D. Ending Base ______________
E. Plan ______________
  1. Units lost
  2. Lost to completion ______________
  3. Lost due to service issues ______________
  4. Cancelled for non payment ______________
  5. Out of business ______________
  6. Total Units lost ______________

IV. Sales Productivity

A. Staffing
  1. Total Staff by Line of Business ______________
  2. Added ______________
  3. Deleted ______________
  4. Balance ______________
B. Productivity-by Line of Business
C. Number of sales per rep ______________
  1. Pipeline by rep ______________
  2. Total Pipeline ______________
  3. Pipeline needed to meet Plan ______________
D. Non-sale productivity
  1. Inbound calls (by area) ______________
  2. Reps ______________
  3. Outbound calls (by area) ______________
  4. Reps ______________
  5. Field Service ______________
  6. Calls/Appointments run ______________

V. Revenue Metrics

A. Costs to generate a new customer

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(by line of business) _____________

B. Average Revenue per unit

(by line of business) _____________

1. Rate increases _____________
2. Rate decreases _____________

VI. Retention Metrics

A. Customers/Units saved _____________

B. Cost to save customers/units _____________

VII. Staffing (non sales)

A. Actual _____________

B. Plan _____________

VIII. Fiber/BB build-out

Statistics on the status of build-out from a timing and cost standpoint.

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