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April 5, 2011

**CONFIDENTIAL**



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

**Re: DT 11-024 (Petition by Union Telephone Company for an Alternative Form of Regulation)**

Dear Ms. Howland:

Enclosed for filing in the above-referenced matter, on behalf of Union Telephone Company, Inc. (the "Petitioner"), are an original and six (6) written copies of the CONFIDENTIAL versions of the following documents:

1. **CONFIDENTIAL Attachment Union-Staff-1**
2. **CONFIDENTIAL Attachment Union-Staff-2**
3. **CONFIDENTIAL: Union's Responses to Data Requests from Office of Consumer Advocate – Set 1 (Unredacted)**
4. **CONFIDENTIAL Attachment Union-OCA-3**

I enclose electronic copies of each of the foregoing on CD.

Copies of the CONFIDENTIAL versions of these documents are being sent to counsel for the Staff and the Office of Consumer Advocate.

Union asserts that the information designated as CONFIDENTIAL consists of confidential, proprietary and commercially sensitive information, public disclosure of which would cause commercial and economic harm to Petitioners by revealing to competitors internal financial and commercial information about Petitioner's business operations. Union asks that the Public Utilities Commission include the Confidential information filed herewith among the information for which Union previously sought confidential treatment by Motion filed on February 4, 2011.

Thank you for your assistance. Please let me know if you have any questions.

Very truly yours,

*Paul J. Phillips*  
Paul J. Phillips

Enclosure

cc: Electronic Service List, DT 11-024 (PUBLIC filings)

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-1**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Identify, by exchange, all municipalities and towns included within Union's service territory. For each municipality and/or town, identify whether MetroCast and IDT are or are not certified as a CLEC.

**Response:**

Schedule A-5 (List of Exchanges Served Directly) of Union's 2009 annual report includes the information requested concerning Union's service territory. The information requested regarding MetroCast and IDT was provided in our petition within Exhibit 2: Attachment A-1 and Exhibit 2: Attachment B-1, respectively. The three pages that respond to this data request are attached here, as well as Schedule A-5 of Union's 2009 annual report, as Attachment Union-OCA-1.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-2**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Please reference the Company's Annual Report to the PUC for the year ended Dec. 31, 2009, "Table A-5 List of Exchanges Served Directly." The table shows that the Company's Barnstead exchange serves portions of the towns of Barnstead, Alton, and New Durham. The Telecom Division of the PUC's website has link to a "Telco Exchange Boundary Map" (see link at left side of the webpage available at <http://www.puc.nh.gov/Telecom/telecom.htm>) which appears to show that this exchange boundary also includes part of the town of Strafford. Please explain and clarify the apparent discrepancy between these two sources of information.

**Response:**

The Barnstead exchange does encompass a small portion of the town of Strafford. However, Union does not have any customers or telephone cable facilities in this small area. In the Company's Annual Report to the PUC for the year ended Dec. 31, 2010, Union has shown zero customers within the town of Strafford for the Barnstead exchange.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-3**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

In the Company's 2009 Annual Report to the Commission, Table I-36A shows Property Taxes paid to six municipalities as follows: Town of New Durham \$4,772; Town of Alton \$7,769; Town of Farmington \$27,720; Town of Gilmanton \$2,712; Town of Strafford \$1,638; Town of Barnstead \$7,891. Please confirm that for the Company's property on which it paid State Utility Property Tax it did not also pay the State Education Tax component included in local property tax bills. See RSA 83-F:9.

**Response:**

Union annually pays local property tax bills in each of the referenced towns. These tax invoices include line items for Municipal, School, State and County taxes. The State Utility Property Tax referred to in the question is applicable to electric, gas, petroleum, water and sewage utilities, per RSA 83-F:1,IV; telecommunications companies pay an alternative tax, the Communications Services Tax.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-4**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

The Company's 2009 Annual Report to the Commission reports there were eight (8) Public Pay Stations (pay phones). Please identify the locations of the 8 public pay stations. What is the current number? If the current number is less than eight please identify which of the locations is no longer active.

**Response:**

On December 16, 2010 Union provided the New Hampshire Public Utilities Commission with a 60-day notice of Union's intent to remove all of the remaining Public Pay Stations. In addition, Union also sent notices to the respective property owners and posted a public notice consistent with RSA 374:22q at each location for 30 days prior to the removal. All of the public pay phones have now been removed. The removal of these pay phones was in accordance with New Hampshire Public Utilities Commission Order 25,045, dated November 20, 2009 (DT 09-136), which prohibited the removal of these paystations until one year after the closing date of the acquisition of Union Telephone Company by TDS Telecom. We have included copies of the letters and notices mentioned above as Attachment Union-OCA-2.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-5**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

The Company's Exhibit 1 – the Alternative Regulation Plan of Union Telephone Company (the "Plan") – in both Sections 2.2 "Termination by Company" and 2.3 "Commission Action" the Plan indicates that the Company may return to "the form and level of regulation under which it operated prior to approval of the Plan" or "its prior form of regulation," respectively

- a. Please confirm that "the form and level of regulation under which it operated prior to approval of the Plan" or "its prior form of regulation," as used in these sections of the plan means the form of regulation under which the Company currently operates or traditional, rate of return regulation.
- b. Please provide a complete description and appropriate value of each parameter upon which the company's rates would be based (e.g., rate base, depreciation, operating expenses, revenues, rate of return, etc.) if the Company were to return to the current form of regulation;
- c. Please provide a complete description of the process that would be followed to return to the current form of regulation;
- d. Please indicate whether a full base rate case would be a part of the process that would be followed to return to the current form of regulation. If not, please explain how the Commission would determine the rates at the time that the Company returns to the current form of regulation.

**Response:**

- a. Confirmed.
- b. In the event Union returns to rate of return regulation, Union will be subject to the applicable statutes and regulations that are in force at the time of the return.
- c. See RSA 374:3-b,III(f).
- d. We assume that the Commission would open an investigation initiated on the Commission's own motion or at the Company's request. During this proceeding the Commission would determine, based on the evidence, to what extent if any, a full rate case or other process is necessary to best determine any adjustment to the Company's rates then in effect.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-6**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Please reference Exhibit 2 Attachment G (Access Line-Loss Summary Report (2004-2010)). Please provide an additional column of information showing the number of DSL subscribers in each year 2004-2010.

**Response:**

The requested DSL subscriber information for 2009 and 2010 has been provided as Confidential Attachment Union-OCA-3. Union does not have DSL information prior to 2009.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-7**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Please reference Exhibit 2 Attachment G (Access Line-Loss Summary Report (2004-2010)). There is a note below the table which reads, "Union Telephone's 2010 Line Count reflects an addition of 22 access lines that resulted from the change in treatment of a T-1 circuit. In prior years, Union treated a T-1 as a single access line, while TDS treats a T-1 as 22 lines." If TDS treats a T-1 as 22 access lines while Union's prior owners counted a T-1 as a single line, should the 2010 line count be adjusted by 21 rather than 22?

**Response:**

The footnote shown on Exhibit 2 Attachment G was incorrect. Union has submitted a corrected version of Exhibit 2 Attachment G to the Commission, which is also attached here as Attachment Union-OCA-4. The mistake resulted from a clerical error in the production of the document. The circuit in question is actually a PRI, which TDS counts as 23 equivalent lines but which Union previously counted as 1 line, for a net addition of 22 lines.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-8**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Please describe in detail how the Company recertifies its customers who receive the Lifeline or Link-Up discounts in accordance with program rules. Please provide details on the number of customers who were evaluated for recertification and the number who were re-enrolled in the program since TDS has taken over Union.

**Response:**

Annually, Union prepares a statistically-valid random sample of customers who are currently receiving Lifeline Assistance. Union mails a letter and verification form to this sample set of customers. The mailing also includes a self-addressed stamped envelope for the customer's use. The customer is informed that they have 60 days to prove their continued Lifeline eligibility. The process does not differ based on the subscriber's income or program-based eligibility.

Union maintains an Excel spreadsheet to track each customer's response and checks the responses to ensure the form is completely filled out and proof of eligibility was included. If a form is returned incomplete or without supporting documents, Union sends a letter to the customer requesting additional information.

Approximately 45 days from the original mailing, Union mails a reminder letter to every customer who has not provided a complete response.

There were 67 Lifeline customers at Union when Union calculated the random sample for 2010. 55 customers were verified. At the end of the verification period, 11 customers were determined to be ineligible and Lifeline credits were removed. Since that time, 2 customers have been re-enrolled.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-9**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Exhibit 2: Public Attachment F (Affidavit of Joshua Barstow) (filed 3-18-11) states at numbered paragraph 4 that MetroCast makes available to all addresses for which it has facilities in the Union service territory a voice-only offering of unlimited local and long distance calling (including: caller ID, call waiting, call forwarding, anonymous call rejection, selective call rejection, distinctive ringing, do not disturb, automatic recall, voice mail, speed dialing, three-way calling and more), for a fixed monthly price of \$44.95..." Please specify which of these services are included in Union's Basic Retail service (*see* Puc 402.05) in each of its exchanges.

**Response:**

None of the referenced features are included in Union's basic retail rate. Union does offer a comparable bundle of services for \$44.99 which is included in its tariff as the 5 STAR Standard Package.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-10**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

In Exhibit 2: Public (Murray Testimony), at page 11, lines 19-22, he discusses the "Rate Cap" level for each of the Company's exchanges. Section 4.1 of the Plan states "The Company may increase or decrease its rates for Basic Retail Service at any time ... as long as the rates do not exceed the rates for Basic Retail Service for comparable customers in comparable rate groups charged by the largest incumbent local exchange carrier in the state of New Hampshire." Please provide a detailed explanation and supporting material demonstrating how the Rate Cap values stated by Mr. Murray comply with this language in the Plan.

**Response:**

To determine the "Rate Cap" levels for each exchange, the Company first reviewed the largest incumbent local exchange carrier's New Hampshire tariff and determined that they classify their local exchange service monthly rates into Rate Groups that are based on the total number of callable access lines within the area to which customers may make calls without payment of toll charges. The Company then calculated the number of callable access lines within each Union exchange. This calculation consisted of determining the population of each calling point within each exchange's local calling area. Population data was based on information from the 2000 US Census ([www.census.gov](http://www.census.gov)). The population was then multiplied by an access line factor of 1.387 for mobile and main telephones lines per capita based on data from [www.nationmaster.com](http://www.nationmaster.com) to determine callable access lines. The estimate of callable access lines for each exchange was then used to determine which rate group classification each Union exchange would fall under. Through this method, each of the Company's exchanges, with the exception of Center Barnstead, fell under the Rate Group D classification with a rate cap of \$14.43 for residential basic retail service and \$40.29 for business basic retail service. Center Barnstead fell under the Rate Group E classification due to that exchange having a larger local calling area with a greater number of callable access lines. Center Barnstead's rate cap would be \$15.71 for residential basic retail service, and \$44.65 for business basic retail service. Please see Attachment Union-OCA-5 for the supporting calculations.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-11**

**Respondent/Witness: Jeffrey Drapeau**

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**Request:**

Please reference Exhibit 2: Confidential Attachment C – Exhibit 1 maps labeled “FARMINGT” and “STRAF09.” Please explain why these two maps have certain roads which are printed in dark black as well as roads printed with green. Please define the meaning of these markings and explain why there are no similar markings printed on the other maps in this set which are labeled “ALTON”, “BARNSTEAD-2010”, “GILMANTON-2010.RDL” and “NEWDURHA.”

**Response:**

The roads that are in dark black represent roads that MetroCast has repositioned or added to its topographical maps to reflect information on actual road placement taken from Google aerial maps. Irrespective of whether a road is printed with green or black, it represents an area served by MetroCast.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-12**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Please provide a copy of a recent monthly bill to a Basic Retail Service (*see* Puc 402.05) residential customer in each of Union's exchanges

**Response:**

See Attachment Union-OCA-6.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-14**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

Re page 21 of Murray Public Testimony, lines 1-2. Please explain how the "Commission will continue to monitor the success or failure of the Plan."

**Response:**

Under the Plan, Union will still be required to file annual reports, update tariffs and comply with Commission rules outlined in Appendix 1 of the Plan. In addition, the Commission staff will continue to resolve customer complaints. Union believes that these requirements provide ample feedback for the Commission to monitor the Plan.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-15**

**Respondent/Witness: Thomas E. Murray**

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**Request:**

The alternative regulation plans of Union's TDS affiliates include the following requirements:

4.1.4. Lifeline Rates. Notwithstanding the provisions of Section 4.1.1, the Company will not raise Basic Retail Service rates for Lifeline customers in any exchange during the first four years of the Plan. Thereafter, Basic Retail Service rates for Lifeline customers will be permitted to increase by up to ten percent per year during each of the succeeding four years, subject to the Rate Cap established in Section 4.1.2, for comparable Lifeline customers.

4.1.4.1 The Company will work with the Office of Consumer Advocate, New Hampshire Legal Assistance and the Commission Staff to improve the dissemination of information regarding Lifeline and Link-up programs to eligible persons to increase participation in the programs.

*See, e.g., Kearsarge Telephone Company Plan, filed in DT 07-027 on January 7, 2011 (for effect on January 1, 2011). Please explain why Union's Plan does not include these requirements?*

**Response:**

As a designated Eligible Telecommunications Carrier ("ETC") in its exchanges, Union has been and will continue to be subject to the advertising requirements for Lifeline service imposed by the Federal Communications Commission's regulations (specifically, 47 C.F.R. § 54.405(b)), which require ETCs to "[p]ublicize the availability of Lifeline service in a manner reasonably designed to reach those likely to qualify for the service." In addition, the New Hampshire PUC, in its "Order Designating Eligible Telecommunications Carriers" (DE 97-179, Order No. 22,793, Nov. 26, 1997), imposed the following conditions on designated ETCs, including Union:

"Each signatory carrier agrees to advertise within its designated service area the availability of and prices for each of the services it currently provides relevant to ETC status. Each carrier agrees to advertise the availability of Lifeline service by including a description of the service and the eligibility requirements in the introductory pages of the carrier's telephone directories for its service area, effective with future printings. Each carrier agrees to publish a descriptive pamphlet, developed with the Commission Staff and approved by the Commission, which will contain

an application form for both Lifeline and Link-Up. As further publicity for the Lifeline and Link-Up programs, the Parties and Staff stipulated that the Commission should issue a press release informing the public of the availability of those services for qualifying low-income customers.”

Union will continue to meet these obligations under state and federal law. The additional Lifeline commitments that apply to other TDS affiliates in New Hampshire, as referenced in this Data Request, are not otherwise required under state or federal law. The Commission imposed these additional requirements pursuant to a stipulated settlement for the efficient resolution of a previous case. The parties in that case agreed to provide additional assistance to Lifeline customers as competition evolved in the Wilton, Hollis and Kearsarge exchanges. By contrast, the evidence presented by Union demonstrates that competition in the Union exchanges is considerably more advanced than it was in Wilton, Hollis and Kearsarge when those companies applied for alternative regulation. Already, a competitive service provider is offering service to a large majority of customers and aggressively marketing in the Union exchanges. The referenced Lifeline conditions are a burden that our competitors do not bear and that are unwarranted in light of the availability of competitive service in the Union exchanges. While Union will continue to meet the advertising requirements provided for under existing state and federal law, we do not believe additional Lifeline conditions are warranted in this docket.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-16**

**Respondent/Witness: Joshua Barstow  
Thomas E. Murray**

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**Request:**

**FOR UNION AND METROCAST:** Please refer to Exhibit 2: Public (Murray Testimony), p. 9, lines 21 (quoting from Exhibit 2: Confidential Attachment F, Affidavit of Barstow), and Exhibit 2: Attachment A-1 (MetroCast's CLEC Application for Registration Amended September 19, 2008). Mr. Murray testifies, "MetroCast makes available to all addresses for which it has facilities in the Union service territory a voice only offering ..." Exhibit B to MetroCast's CLEC Application (Exhibit 2: Attachment A-1), at p. 1, states, "The MetroCast telephone service that will be provided pursuant to the Application submitted herewith will be a bundled service that includes all of a customers' local, intraLATA toll and interLATA toll needs for a single price." Please confirm that MetroCast's "voice only offering" is a bundled service. Please confirm that MetroCast does not offer an unbundled local calling service comparable to Union's Basic Retail Service (*see* Puc 402.05).

**Response:**

MetroCast confirms that (1) its voice-only offering is a bundled service and (2) it does not offer an unbundled local calling service comparable to Union's Basic Retail Service. UNION additional response: The MetroCast voice-only service referenced in Mr. Murray's testimony is available without any requirement to purchase cable television or cable modem service.

**UNION TELEPHONE COMPANY  
DT 11-024**

**Union's Responses to Data Requests from OCA – Set 1**

**Date Request Received: 3/18/11**

**Date of Response: 4/6/11**

**Request No. OCA 1-18**

**Respondent/Witness: Joshua Barstow  
Jeffrey Drapeau**

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**Request:**

**FOR METROCAST** - Re Confidential Affidavit of Jeffrey P. Drapeau, p. 1. Please identify the source(s) and type(s) of data used to create the chart on this page. Please describe how this data was obtained and compiled to generate the numbers depicted in this chart.

**Response:**

As described in the Responses to Requests OCA 1-17c and d above, the data used in the chart on p. 1 of the Drapeau affidavit is maintained in MetroCast's outside plant data base and is collected by means of walkouts of roads and properties served by cable facilities in each municipality and updates following investigation of customer serviceability issues