

# STATE OF NEW HAMPSHIRE

## Inter-Department Communication

DATE: December 4, 2018  
AT (OFFICE): NHPUC

FROM:  Kath Mullholand, Director – Regulatory Innovation and Strategy Division

SUBJECT: Docket No. DT 18-169  
Northland Telephone Company of Maine, Inc. Petition for Approval of  
Transfer of Franchise, Works and Systems to Affiliate  
**Staff Recommendation**

TO: Commissioners  
Debra A. Howland, Executive Director

CC: David K. Wiesner, Staff Attorney  
Amanda Noonan, Director, Consumer Services and External Affairs

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). The transfer is proposed to occur in connection with an internal corporate restructuring transaction involving indirect wholly-owned subsidiaries of Consolidated Communications Holdings, Inc. (CCHI), in which six rural incumbent local exchange carriers (ILECs), including Northland, which operate in the State of Maine will be consolidated into Maine Telephone. Upon completion of the planned consolidation, Maine Telephone will 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 two New Hampshire towns, Chatham and East Conway, located near the Maine border. As of December 31, 2017, Northland served a total of 221 retail residential and business voice access lines in New Hampshire. In response to an informal request from Staff, Northland indicated that it had identified 38 of its customers who would be considered “basic service” customers, within the meaning of RSA 374:22-p. Northland’s basic service customers represent approximately 17% of its 221 current New Hampshire customers (including 18 business customers), and almost 19% of its 203 current residential customers in New Hampshire. Northland also indicated that more than half of those basic service customers (i.e., 21 of 38) have billing addresses that differ from the service addresses, most of which are out-of-state billing addresses, suggesting that many of the premises served may be second or seasonal homes.

On December 1, 2014, Northland provided written notice to the Commission to be excepted and operate as an excepted local exchange carrier (ELEC), pursuant to RSA 362:7, I(c)(2), and it also withdrew its Tariff No. 1. As an ELEC, Northland 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. 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 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 that “[I]ike Northland today, Maine Telephone will benefit from access to Consolidated’s financial resources after the consolidation is complete.” Testimony 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.*

In Order No. 26,022 (May 31, 2017), the Commission found that CCHI and its subsidiary Consolidated Communications, Inc. are “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. In Staff’s view, nothing in Northland’s current petition calls into question the Commission’s findings in that Order.

Staff is aware, however, of current issues with respect to mean-time-to-repair out-of-service conditions for Consolidated’s customers, and has logged numerous complaints regarding those issues, some of which appear to be from customers of Northland. Staff does not believe that this is the appropriate context for a general investigation of such issues, however.

Accordingly, Staff recommends 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 in New Hampshire. Staff also recommends that the Commission reference in its Order Staff’s concerns regarding repair

response times, together with an invitation for interested Northland customers to come forward if they have concerns. Staff recommends the Commission direct that a summary of the 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.

**SERVICE LIST - EMAIL ADDRESSES - DOCKET RELATED**

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**Pursuant to N.H. Admin Rule Puc 203.11 (a) (1): Serve an electronic copy on each person identified on the service list.**

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**FILING INSTRUCTIONS:**

**a) Pursuant to N.H. Admin Rule Puc 203.02 (a), with the exception of Discovery, file 7 copies, as well as an electronic copy, of all documents including cover letter with:**

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**b) Serve an electronic copy with each person identified on the Commission's service list and with the Office of Consumer Advocate.**

**c) Serve a written copy on each person on the service list not able to receive electronic mail.**