

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 06/29/2021

Date of Response: 08/04/2021

Request No. STAFF 3-001

Page 1 of 2

Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie, Sarah Davis, Sady Rancourt

Request:

Reference Joint Petitioners' Response Staff 1-003, identifying the number of transferred poles by municipality, and including columns for the number that failed inspection, and the number of transferred poles that are jointly used but CCI owned.

- a. Please provide a version of this table in live excel format, with the addition of columns that indicate by municipality:
- (1) the number of transferred poles in the Eversource maintenance area;
 - (2) the number of transferred poles in the CCI maintenance area (including joint use CCI owned poles);
 - (3) the number of transferred poles inspected as part of the January 2020 inspection report, provided in response to Staff 1-005(a);
 - (4) the number of poles that failed inspection within the January 2020 report;
 - (5) the number of poles replaced of the poles that failed inspection within the January 2020 report;
 - (6) the number of poles classified as non-reject in the January 2020 report;
 - (7) the number of poles classified as non-restorable reject in the January 2020 report;
 - (8) the number of poles classified as priority non-restorable reject in the January 2020 report;
 - (9) the number of poles classified as priority restorable reject in the January 2020 report
 - (10) the number of poles classified as restorable reject in the January 2020 report
 - (11) the number of transferred poles inspected as part of the 2012 inspection;
 - (12) the number of poles that failed inspection within the 2012 inspection;
 - (12) the number of poles replaced of the poles that failed inspection within the 2012 inspection;
 - (13) the number of poles classified as non-reject in the 2012 inspection;
 - (14) the number of poles classified as non-restorable reject in the 2012 inspection;
 - (15) the number of poles classified as priority non-restorable reject in the 2012 inspection;
 - (16) the number of poles classified as priority restorable reject in the 2012 inspection
 - (17) the number of poles classified as restorable reject in the 2012 inspection
 - (18) the number of transferred poles inspected as part of the 2011 inspection;
 - (19) the number of poles that failed inspection within the 2011 inspection;
 - (20) the number of poles replaced of the poles that failed inspection within the 2011 inspection;
 - (21) the number of poles classified as non-reject in the 2011 inspection;
 - (22) the number of poles classified as non-restorable reject in the 2011 inspection;
 - (23) the number of poles classified as priority non-restorable reject in the 2011 inspection;
 - (24) the number of poles classified as priority restorable reject in the 2011 inspection
 - (25) the number of poles classified as restorable reject in the 2011 inspection

- b. Please also provide any supporting materials or worksheets used to develop this response, in native format, with all equations and links intact.

Response:

- a. For items 1 and 2, a column has been added to the requested spreadsheet indicating the maintenance area responsibility by town. For items 3 through 25, columns have been added to provide the requested information. Please refer to the attached live Excel spreadsheet Staff 3-001.

Please note that the Joint Petitioners made their best attempt to provide the requested information and all numbers are approximate due to the extensive amount of data involved (well over 130,000 rows of data in three separate sheets).

Note that the categories non-restorable reject, priority non-restorable reject, priority restorable reject, and restorable reject were not used in the 2012 and 2011 inspection reports so poles which failed inspection are shown in the column labeled "Failed Inspection" and priority reject poles are shown in the column labeled "Priority reject" for those years.

- b. Live Excel spreadsheets are being provided for the 2011, 2012, and 2019 inspections (see attachments 3-001 CCI NH 2011 Pole Inspections.xlsx, 3-001 CCI NH 2012 Pole Inspections.xlsx, and 3-001 CCI NH 2019 Pole Inspections.xlsx). The included pivot tables were used to address part 1a., items 3 through 25.

Staff 3-001-- CCI 2019 Inspection Results Summary

Town	Maintenance Area	Joint Owned	Failed Inspection	Joint Use CCI Owned
ALBANY	Consolidated	962	13	
ALEXANDRIA	Consolidated	1,348	40	
ALLENSTOWN	Eversource	1,267		
ALSTEAD	Eversource	148		
ALTON	Eversource	430		
AMHERST	Eversource	4,943		
ANDOVER	Eversource	155		
ANTRIM	Eversource	2,512		
ASHLAND	Eversource	65		
ATKINSON	Consolidated	93		
AUBURN	Eversource	2,240		
BARNSTEAD	Eversource	2,349		
BARRINGTON	Consolidated	5,454		
BATH	Consolidated	1,409	31	898
BEANS GRANT	Consolidated	12		
BEDFORD	Consolidated	5,972		
BELMONT	Consolidated	4,032	76	
BENNINGTON	Eversource	1,095		
BERLIN	Eversource	3,569		
BETHLEHEM	Consolidated	3,212	104	
BOSCAWEN	Eversource	28		
BOW	Split	252		
BRADFORD	Eversource	1,737		
BRENTWOOD	Eversource	1,646		
BRIDGEWATER	Eversource	857		
BRISTOL	Eversource	2,194		
BROOKFIELD	Eversource	744		
BROOKLINE	Consolidated	2,888		
CAMBRIDGE	Eversource	168		
CAMPTON	Eversource	1,214		
CANDIA	Consolidated	2,209		
CANTERBURY	Consolidated	1,105		
CARROLL	Eversource	1,422		
CENTER HARBOR	Consolidated	65		
CHANDLERS PURCHASE	Consolidated	12		
CHARLESTOWN	Consolidated	120		261
CHATHAM	Eversource	779		
CHESTER	Eversource	1,201		
CHESTERFIELD	Eversource	3,357		
CHICHESTER	Eversource	435		
CLAREMONT	Consolidated	2,054		2639
CLARKSVILLE	Eversource	575		
COLEBROOK	Eversource	1,338		
COLUMBIA	Eversource	814		
CONCORD	Consolidated	523		
CONWAY	Consolidated	4,536	212	

Town	Maintenance Area	Joint Owned	Failed Inspection	Joint Use CCI Owned
CORNISH	Consolidated	1,303		34
CRAWFORDS PURCHASE	Consolidated	73		
CROYDON	Consolidated	1,172		
DALTON	Eversource	1,570		
DANBURY	Consolidated	1,664		
DANVILLE	Eversource	204		
DEERFIELD	Eversource	2,616		
DEERING	Split	2,003		
DERRY	Eversource	7,075		
DOVER	Eversource	7,192		
DUBLIN	Consolidated	2,129		
DUMMER	Consolidated	738	21	
DUNBARTON	Eversource	2,132		
DURHAM	Consolidated	3,361		
EASTON	Eversource	116		
EATON	Eversource	931		
EFFINGHAM	Eversource	2,265		
ENFIELD	Consolidated	107		
EPPING	Consolidated	3,045		
EPSOM	Eversource	601		
ERROL	Consolidated	1,143	29	
EXETER	Consolidated	9		
FARMINGTON	Eversource	3,341		
FITZWILLIAM	Eversource	2,685		
FRANCESTOWN	Split	2,075		
FRANCONIA	Consolidated	1,632	94	
FRANKLIN	Eversource	3,783		
FREEDOM	Eversource	2,677		
FREMONT	Eversource	1,593		
GILFORD	Consolidated	4,739	134	
GILMANTON	Consolidated	650	43	
GILSUM	Eversource	960		
GOFFSTOWN	Consolidated	6,443		
GORHAM	Consolidated	1,863	101	
GOSHEN	Eversource	552		
GRAFTON	Consolidated	930	33	
GRANTHAM	Consolidated	2,287		
GREENFIELD	Eversource	1,717		
GREENLAND	Consolidated	1,603		
GREENS GRANT	Eversource	62		
GREENVILLE	Eversource	1,090		
HAMPSTEAD	Consolidated	3,123		
HAMPTON	Eversource	140		
HANCOCK	Consolidated	2,349		
HANOVER	Consolidated	31		
HARRISVILLE	Consolidated	1,563		
HVERHILL	Eversource	2,245		

Town	Maintenance Area	Joint Owned	Failed Inspection	Joint Use CCI Owned
HEBRON	Consolidated	1,054	64	
HENNIKER	Eversource	2,689		
HILL	Consolidated	43		
HILLSBOROUGH	Eversource	2,479		
HINSDALE	Eversource	2,330		
HOLDERNESS	Consolidated	9		
HOLLIS	Eversource	4,360		
HOOKSETT	Split	4,601		
HOPKINTON	Eversource	1,437		
HUDSON	Consolidated	7,186		
JAFFREY	Consolidated	3,798		
JEFFERSON	Eversource	1,920		
KEENE	Consolidated	6,356		
LACONIA	Eversource	5,488		
LANCASTER	Consolidated	2,867	126	
LANDAFF	Eversource	368		
LEE	Eversource	1,823		
LEMPSTER	Eversource	129		
LISBON	Eversource	1,194		
LITCHFIELD	Eversource	2,442		
LITTLETON	Consolidated	48		
LONDONDERRY	Consolidated	5,783		
LOUDON	Split	3,412		
LYMAN	Consolidated	1,073	33	69
LYME	Consolidated	1,082	31	30
LYNDEBOROUGH	Eversource	1,916		
MADBURY	Consolidated	1,312		
MADISON	Eversource	3,306		
MANCHESTER	Split	20,256		
MARLBOROUGH	Eversource	1,614		
MARLOW	Eversource	340		
MARTINS LOCATION	Eversource	55		
MASON	Consolidated	1,728		
MEREDITH	Eversource	272		
MERRIMACK	Eversource	5,734		
MIDDLETON	Eversource	1,259		
MILAN	Consolidated	1,818	88	
MILFORD	Consolidated	4,750		
MILLSFIELD	Eversource	71		
MILTON	Eversource	3,422		
MONT VERNON	Eversource	1,603		
MOULTONBOROUGH	Consolidated	152		
NASHUA	Split	14,973		
NELSON	Eversource	1,201		
NEW BOSTON	Consolidated	4,471		
NEW CASTLE	Consolidated	364		
NEW DURHAM	Eversource	1,126		

Town	Maintenance Area	Joint Owned	Failed Inspection	Joint Use CCI Owned
NEW HAMPTON	Eversource	1,460		
NEW IPSWICH	Consolidated	3,220		
NEW LONDON	Eversource	3,434		
NEWBURY	Eversource	2,990		
NEWFIELDS	Consolidated	778		
NEWINGTON	Consolidated	1,106		
NEWMARKET	Eversource	2,426		
NEWPORT	Eversource	3,570		
NORTH HAMPTON	Eversource	2,324		
NORTHFIELD	Consolidated	1,286		
NORTHUMBERLAND	Eversource	1,812		
NORTHWOOD	Consolidated	2,954		
NOTTINGHAM	Consolidated	1,983		
ORANGE	Consolidated	55	4	
ORFORD	Eversource	827		
OSSIPEE	Eversource	4,099		
PELHAM	Consolidated	88		
PEMBROKE	Consolidated	2,671		
PETERBOROUGH	Eversource	3,700		
PIERMONT	Eversource	619		
PINKHAMS GRANT	Eversource	72		
PITTSBURG	Split	2,695	72	
PITTSFIELD	Eversource	2,617		
PLAINFIELD	Eversource	609		
PLYMOUTH	Eversource	206		
PORTSMOUTH	Eversource	5,938		
RANDOLPH	Consolidated	840	23	
RAYMOND	Eversource	3,003		
RICHMOND	Eversource	1,459		
RINDGE	Eversource	4,241		
ROCHESTER	Consolidated	8,817		
ROLLINSFORD	Eversource	1,374		
ROXBURY	Eversource	343		
RUMNEY	Consolidated	84		
RYE	Consolidated	2,718		
SALISBURY	Eversource	288		
SANBORNTON	Consolidated	2,463	40	
SANDOWN	Consolidated	1,038		
SANDWICH	Consolidated	672	38	
SHARON	Eversource	555		
SHELBURNE	Consolidated	668	23	
SOMERSWORTH	Consolidated	3,177		
SPRINGFIELD	Split	1,509		
STARK	Consolidated	1,038	32	
STEWARTSTOWN	Eversource	633		
STODDARD	Eversource	1,929		
STRAFFORD	Split	3,268		

Town	Maintenance Area	Joint Owned	Failed Inspection	Joint Use CCI Owned
STRATFORD	Eversource	1,327		
STRATHAM	Consolidated	90		
SUCCESS	Consolidated	17		
SUGAR HILL	Eversource	1,108		
SULLIVAN	Eversource	928		
SUNAPEE	Eversource	2,558		
SURRY	Eversource	677		
SUTTON	Eversource	2,437		
SWANZEY	Consolidated	3,956		
TAMWORTH	Consolidated	4,293	65	
TEMPLE	Eversource	1,679		
THOMPSON AND MESERVES PL	Consolidated	19		
THORNTON	Eversource	432		
TILTON	Consolidated	2,246	86	
TROY	Consolidated	1,296		
TUFTONBORO	Eversource	416		
UNITY	Eversource	636		
WAKEFIELD	Eversource	4,950		
WARNER	Consolidated	580		
WASHINGTON	Eversource	1,683		
WEARE	Eversource	6,311		
WEBSTER	Split	674		
WENTWORTHS LOCATION	Consolidated	148	4	
WESTMORELAND	Eversource	1,893		
WHITEFIELD	Eversource	2,691		
WILMOT	Split	127		
WILTON	Eversource	2,901		
WINCHESTER	Consolidated	3,274		
WINDHAM	Consolidated	2,705		
WINDSOR	Eversource	368		
WOLFEBORO	Consolidated	85		

Total	446,997	1,660
Eversource	214,930	-
Split	55,845	72
Consolidated	176,222	1,588
Split + Consolidated	232,067	1,660

DE 21-020

Public Service Company of New Hampshire d/b/a Eversource Energy

And

Consolidated Communications of Northern New England Company, LLC

d/b/a Consolidated Communications

Joint Petition to Approve Pole Asset Transfer

Supplemental Data Request Response

**Date Request Received: 4/12/2021
6/29/2021**

**Date of Supplemental
Response: 3/9/2022**

Request No. Staff 1-005a, 3-001a

Witnesses: Michael Shultz & Sarah Davis

Requests relate to Consolidated pole inspections and classification of inspected poles for those poles failing inspection

Supplemental Response:

The Joint Petitioners provided various Excel spreadsheets identifying Consolidated inspected poles by municipality and provided inspection results by various classifications of pole inspection failures and identifying the number of poles that passed inspection. The attached Pole Inspection Data Summary provides updated results for inspections undertaken during FY 2020. It is provided in Excel and PDF formats.

Summary of 2020-2021 Inspection Results

Count of RjctStatus ELCO	Township	RjctStatus					Grand Total
		Non Reject	Non Restorable Reject	Priority Non Restorable Reject	Priority Restorable Reject	Restorable Reject	
EVERSOURCE	ALSTEAD	2,380	3			10	2,393
EVERSOURCE	CANDIA	1,919	2			35	1,956
EVERSOURCE	DANBURY	1,829	2		3	43	1,879
EVERSOURCE	EPPING	2,121	4		3	23	2,151
EVERSOURCE	GREENLAND	771	2		4	1	795
EVERSOURCE	HILL	1,097				17	1,114
EVERSOURCE	HOOKSETT	3,882	9		3	1	3,948
EVERSOURCE	LONDONDERRY	3,213	4		2	59	3,278
EVERSOURCE	MARLOW	944	1			2	947
EVERSOURCE	NEW CASTLE	213	3		5	13	234
EVERSOURCE	NEWINGTON	502	1		1	4	508
EVERSOURCE	NORTHFIELD	1,948	7			67	2,022
EVERSOURCE	NORTHWOOD	2,528	6		1	33	2,568
EVERSOURCE	NOTTINGHAM	2,406	7		4	22	2,439
EVERSOURCE	RYE	1,927	15		2	1	2,005
EVERSOURCE	SANDOWN	42					42
EVERSOURCE	SURRY	736	2			5	743
EVERSOURCE	TUFTONBORO	2,466	1			48	2,515
EVERSOURCE	WILMOT	360				3	363
EVERSOURCE	WINDHAM	1,568	3			1	1,601
LIBERTY	CANAAN	2,979	5		7	65	3,056
LIBERTY	CORNISH	1,330	4			26	1,360
LIBERTY	MONROE	297	1			11	309
LIBERTY	PELHAM	1,081	1		1	22	1,105
NHEC	BENTON	574				2	576
NHEC	HOLDERNESS	3,623	2		3	37	3,665
NHEC	LINCOLN	976	1			37	1,014
NHEC	MOULTONBOROUGH	6,017	5		4	2	6,103
NHEC	WOODSTOCK	562					562
Unitil	ALLENSTOWN	1,407			1	46	1,454
Unitil	ATKINSON	1,808	14		4	27	1,853
Unitil	BOW	2,782	4			110	2,896
Unitil	CANTERBURY	2,586	11		1	55	2,654
Unitil	CONCORD	9,472	23		9	1	10,109
Unitil	DERRY	4,153	6		5	3	4,323
Unitil	EPSOM	3,007	6		2	1	3,090
Unitil	HAMPSTEAD	1,969	4		1	94	2,068
Unitil	HAMPTON FALLS	850	2		4	27	883
Unitil	HOPKINTON	965	2		1	36	1,004
Unitil	KENSINGTON	1,026	1			32	1,059
Unitil	KINGSTON	3,033	7		3	72	3,115
Unitil	LOUDON	3,006	5		2	61	3,074
Unitil	NEWFIELDS	472	1		2	9	484
Unitil	PEMBROKE	2,405	9		5	1	2,502
Unitil	PLAISTOW	1,879	4		2	67	1,952
Unitil	SEABROOK	2,173	11		2	54	2,240
Unitil	STRATHAM	1,541	3		1	23	1,568
Wolfeboro Power & Light	WOLFEBORO	5,536	14			332	5,882
Grand Total		100,361	218	88	15	2,779	103,461

Total Poles Inspected	103,461
Total Failed Poles	3,100
Total Reject Pole %	3.0%
Eversource Poles Inspected	33,501
Eversource Failed Poles	649
Eversource Reject Pole %	1.9%

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 04/12/2021

Date of Response: 04/27/2021

Request No. STAFF 1-010

Page 1 of 1

Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie

Request:

Reference Lajoie Testimony, Bates 19-20, describing “other agreements, licenses, or property rights” with respect to the transferred poles that will be transferred to Eversource.

- a. Please describe any review process completed by the Joint Petitioners to ensure that the “other agreements, licenses, or property rights” are fully transferrable to Eversource.
- b. If any reports, analyses, memoranda, legal opinions, or other documentation were developed during this review process, please provide copies of all such documentation.

Response:

- a. Consolidated has represented to Eversource under Sections 2.4 and 5.7 of the Settlement and Pole Purchase Agreement that it has good and marketable title to the Transferred Poles and all necessary right, title and interest pursuant to municipal license or easement for the physical location of the Transferred Poles. As a joint owner of the majority of the Transferred Poles, Eversource is a joint licensee or grantee in respect to any supporting property rights. For the 3,844 Consolidated Solely Owned Poles, although Consolidated Communications made available for Eversource’s review and inspection its easements and licenses which are stored in Consolidated’s facilities in Manchester, New Hampshire, and Portland, Maine, owing to the COVID environment, Eversource has been unable to assemble an inventory of such rights. Eversource therefore relies on Consolidated’s contractual representations of title and transferability.
- b. Eversource relies on Consolidated’s representations of title and transferability.

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 04/12/2021

Date of Response: 04/28/2021

Request No. STAFF 1-011

Page 1 of 2

Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie

Request:

Reference Lajoie Testimony, Bates 20, stating that the transfer “will result in significant reliability and operational benefits,” relating to the “reduc[tion] in probability that a pole will fail in service as the result of adverse weather conditions or the installation of additional equipment by Eversource or third parties.”

- a. Please provide the number of transferred poles set in Consolidated’s maintenance areas as compared to Eversource’s maintenance areas.
- b. Please indicate how the “the installation of additional equipment by Eversource or third parties” would lead to pole failure.
- c. Please indicate, and separate by respective maintenance or set area, the annual number of pole failures occurring in the transferred poles over the last ten years as a result of adverse weather conditions or installation of additional equipment by Eversource or third parties. If any of those failures was the result of tree contact, please indicate the number of such failures that resulted from tree contact.
- d. Please indicate, and separate by respective maintenance or set area, the annual number of pole failures occurring in Eversource maintained poles over the last ten years as a result of adverse weather conditions or installation of additional equipment by Eversource or third parties. If any of those failures was the result of tree contact, please indicate the number of such failures that resulted from tree contact.
- e. Please quantify the reliability and operational benefits in (\$/dCMI avoided) expected to accrue to Eversource ratepayers as a result of the reduction in probability that a pole will fail in service.

Response:

The data request is misleading in that the testimony describes three separate scenarios demonstrating reliability and operational benefits. These benefits are not limited to the “reduc{tion} in probability that a pole will fail in service as the result of adverse weather conditions or the installation of additional equipment by Eversource or third parties.”

- (a) There are approximately 124,816 transferred poles in the Consolidated maintenance area and approximately 218,282 transferred poles in the Eversource maintenance area. Consolidated Communications has no single list which identifies poles in the manner requested by Staff. Consolidated Communications is attempting to provide data responsive to this data request and will produce data as soon as possible.
- (b) The question is misleading in stating that “the installation of additional equipment by Eversource or third parties” would lead to “pole failure.” The Company’s original statement was made in

accordance with the premise of the NESC, which requires poles to have a designated minimum strength to support attached electrical equipment. If the pole strength has decreased due to decay and additional load is placed on the structure, the pole would be considered to have "failed in service" as opposed to causing "pole failure."

- (c) Data to answer this question is not available for Eversource. Consolidated Communications and its predecessor entities have set the 34,515 poles between 2010 and 2021 related to storms or adverse weather events as shown Attachment Staff 1-011.
- (d) Data to answer this question is not available. Consolidated Communications does not maintain such data in the format requested by Staff. Please refer to the response to Staff 1-011(c) above.
- (e) Data to answer this question is not available.

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 04/12/2021

Date of Response: 04/27/2021

Request No. STAFF 1-017

Page 1 of 1

Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie

Request:

Reference Lajoie Testimony, Bates 24, stating “the utility industry has trended towards the electric distribution company serving as sole owner of the utility poles.” Please provide the witness’ basis for that statement, including any reports, studies, articles, analyses, or other references relied on.

Response:

It is the Company’s understanding that telecommunications companies are moving away from pole ownership. This is consistent with Consolidated Communications’ transfer of its assets to Green Mountain Power in Vermont and work underway in the Company’s other jurisdictions, including the Connecticut PURA’s February 3, 2021 decision in Docket No. 20-04-31, at Page 24, which directed Connecticut’s telecommunications joint pole owner, Frontier Communications Corp., “to negotiate in good faith with the EDCs [electric distribution companies] regarding mutually agreed upon terms for the transfer of ownership interest in jointly owned utility poles to the EDCs”. The Company is not aware of any specific reports or studies to support this statement; the statement is based on observed trends in the industry.

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 06/03/2021

Date of Response: 06/17/2021

Request No. STAFF 2-004

Page 1 of 1

Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie

Request:

Reference Joint Petitioners' Response Staff 1-017 referencing Connecticut PURA's February 3, 2021 decision in Docket No. 20-04-31. Please provide a copy of that decision.

Response:

Please see Attachment Staff 2-004.



STATE OF CONNECTICUT

**PUBLIC UTILITIES REGULATORY AUTHORITY
TEN FRANKLIN SQUARE
NEW BRITAIN, CT 06051**

**DOCKET NO. 20-04-31 THE SOUTHERN NEW ENGLAND TELEPHONE
COMPANY D/B/A FRONTIER COMMUNICATIONS OF
CONNECTICUT BANKRUPTCY PROCEEDING AND
CHANGE OF CONTROL**

February 3, 2021

By the following Commissioners:

Marissa P. Gillett
John W. Betkoski, III
Michael A. Caron

Lead Staff: G. Novello
Legal Advisor: T. Tisler

DECISION

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DECISION

I. INTRODUCTION

A. SUMMARY

In this Decision, the Public Utilities Regulatory Authority (Authority) approves the request of Frontier Communications Corporation (Frontier) for a new holding company structure to effectuate the company's pre-arranged plan of reorganization under Chapter 11 of Title 11 of the United States Code (Bankruptcy Code). The restructuring plan will eliminate more than \$10 billion in debt obligations and \$1 billion in annual interest payments. The restructuring will result in a reorganized parent holding company; however, it will not change the corporate structure of The Southern New England Telephone Company d/b/a Frontier Communications of Connecticut (SNET) or its operations.

The Authority finds that Frontier and SNET possess the requisite technological, managerial, and financial suitability and responsibility to operate a public service company and provide safe, adequate, and reliable service to the public. The Authority further finds that the proposed transaction, as augmented by the commitments agreed to by the applicants and the conditions imposed by the Authority herein, is in the public interest.

B. BACKGROUND OF THE PROCEEDING

On April 14, 2020, Frontier and its subsidiaries, including SNET, commenced a Chapter 11 proceeding under the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court).¹ Joint Petition, p. 1.

Consequently, on April 30, 2020, the Authority established a contested proceeding on its own motion pursuant to the General Statutes of Connecticut (Conn. Gen. Stat.) Sections 16-43 and 16-47, to monitor the ongoing bankruptcy and to review any applications related to the change of control or transfer of assets by SNET. On May 15, 2020, Frontier filed a pre-arranged draft plan of reorganization and a draft disclosure statement with the Bankruptcy Court.

On May 22, 2020, Frontier and SNET (collectively, Applicants or Companies) submitted a joint application to the Authority pursuant to Conn. Gen. Stat. § 16-47 and Regulations of Connecticut State Agencies (Conn. Agencies Regs.) § 16-47-1 *et seq.* requesting the approval of the Authority for a new holding company structure to effectuate the Companies' pre-arranged draft plan of reorganization under Chapter 11 of the Bankruptcy Code.

¹ On April 14, 2020, Frontier and its direct and indirect subsidiaries, including SNET filed voluntary petitions for relief under Chapter 11 with the United States Bankruptcy Court for the Southern District of New York to reorganize under the Bankruptcy Code. The Chapter 11 Cases are being jointly administered under the caption *In re Frontier Communications Corporation, et al.*, Case No. 20-22476. Joint petition, p. 1.

On June 17, 2020, the Authority issued an Interim Decision, which found that the application of the Companies for approval of a change of control was not ripe for review and, therefore, dismissed the application without prejudice. Interim Decision, p. 5.

On July 1, 2020, the Authority received correspondence filed on behalf of the Companies purporting to include an updated joint petition for approval of a change of control pursuant to Conn. Gen. Stat. § 16-47 and Conn. Agencies Regs. §§ 16-47-1 *et seq.*

On July 10, 2020, the Authority issued a correspondence letter citing that the July 1, 2020 filing consisted of exhibits and other supporting documents for an updated joint petition; however, the filing materials did not include an updated joint petition and therefore, the Authority deemed the Application incomplete.

On July 10, 2020, the Applicants submitted the updated joint petition and updated financial information requested in the Authority's July 10, 2020 correspondence. The Authority deemed the Application complete as of July 13, 2020, pursuant to Conn. Agencies Regs. §§ 16-1-10, 16-1-11, and 16-47-1 *et seq.* Revised Notice of Proceeding, July 22, 2020.

C. CONDUCT OF THE PROCEEDING

In the revised Notice of Proceeding dated July 22, 2020, the Authority announced that it would conduct a contested proceeding pursuant to Conn. Gen. Stat. §§ 16-43 and 16-47 to address the issues raised in the Application.

Pursuant to the Notice of Hearing dated July 22, 2020, a public hearing was conducted on August 3, 2020, through remote access.

On August 20, 2020, following a motion by the Office of Consumer Counsel (OCC) and supported by the Communications Workers of America (CWA), the Authority extended the 120-day statutory timeline of this proceeding by an additional 90 days, in accordance with Governor Lamont's Executive Order 7M (Protection of Public Health and Safety During Covid-19 Pandemic and Response-Extension of Agency Administrative Deadlines).²

Pursuant to the Notice of Continued Hearings dated September 30, 2020, additional public hearings were held on October 26, 27 and 28, 2020, through remote access.³ A late-filed exhibit hearing was held remotely on November 13, 2020.

² This Order, issued on March 12, 2020, authorized state agencies to extend statutory deadlines by 90 days. The Authority's extension resulted in a statutory deadline of February 8, 2021 for issuing a Decision in this proceeding.

³ By Notice of Cancelled hearings dated October 29, 2020, hearings scheduled for October 29 and October 30, 2020, were cancelled.

On January 12, 2021, the Authority issued a Proposed Final Decision in this matter. Parties and Intervenors were provided the opportunity to submit written exceptions and present oral argument on the Proposed Final Decision.

D. PARTIES AND INTERVENORS

The Authority recognized the following as Parties to this proceeding: Frontier Communications Corporation, 401 Merrit 7, Norwalk, CT 06851; SNET d/b/a Frontier communications, 401 Merrit 7, Norwalk, CT 06851; Office of Consumer Counsel, Ten Franklin Square, New Britain, CT 06051; and the Commissioner of the Department of Energy and Environmental Protection, 79 Elm Street, Hartford, CT 06106.

The Authority granted Intervenor status to: the Office of the Attorney General, Ten Franklin Square, New Britain, CT 06051; the Communications Workers of America (CWA), District 1-Legal Department, 80 Pine Street, 37th Floor, New York, New York 10005; and the Connecticut Light and Power Company d/b/a Eversource Energy, P.O. Box 270, Hartford, CT 06141.

E. PUBLIC COMMENT

On October 5, 2020, the Authority received comments from the American Association of Retired Persons (AARP). AARP's principal concerns are the quality, affordability, availability, and reliability of Frontier's telecommunications and high-speed internet access services. AARP is also concerned that with each change of control, the parent company is becoming increasingly distant from, and less responsive to, Connecticut's consumers. Accordingly, AARP urged PURA to condition any approval of the pending transaction on measurable, enforceable commitments by Frontier.

At the October 26, 2020 hearing, CWA local 1298 President Dave Weidlich provided public comment. CWA is specifically concerned with Frontier's agreements with new owners as well as virtual separation. CWA is concerned that virtual separation will result in revenues being upstreamed to the hedge fund owners who will decide how much money to keep and how much, if any, will trickle back down to the states to invest in the network and improve services. Tr. 10/26/2020, pp. 12-13.

II. FRONTIER AND SNET DESCRIPTION AND OPERATIONS

A. FRONTIER

Frontier provides communications services to consumer, commercial, and wholesale customers in 25 states within the United States through its 99 direct and indirect subsidiaries. Application, Exhibit FTR-MDN-1, p. 11. Frontier and several of its subsidiaries hold incumbent local exchange carrier (ILEC) and competitive local exchange carrier (CLEC) certifications, long-distance certifications, Federal Communications Commission (FCC) licenses and authorizations, and other authorizations, all of which permit the company to operate in certain regions and to provide telecommunications services. Id.

As of December 31, 2019, Frontier, through its subsidiaries, had approximately 4.1 million total customers, including approximately 3.5 million broadband, 2.6 million voice, and 660,000 video subscribers,⁴ as well as 18,300 employees, operating in 29 states. Id. Frontier's executive management team oversees its operations from the company's headquarters in Norwalk, Connecticut. Id.

Frontier operates, through certain of its subsidiaries, as an ILEC providing traditional landline voice services to residential and business customers. Id., p. 12. The company also provides data services, and, in some states, video services, and other services to consumers. Id. Frontier's network is extensive, consisting of over 180,000 route miles of fiber and approximately 6,400 fiber-connected cell towers (serving approximately 7,200 carrier cell sites on those towers). Id. Frontier connects to households, business locations, and cell towers in its service territories using a combination of fiber optic, copper, and wireless technologies. Id.

Frontier offers services to residential and business customers. Id., p. 13. In 2019, residential services accounted for 51% of total revenue, while commercial services, which include business and wholesale, accounted for 44%; regulatory support payments accounted for 5% of total revenue. Id.

B. SNET

SNET is a public service company and a telephone company as defined in Conn. Gen. Stat. § 16-1(a)(3) and (17), respectively. SNET is a direct subsidiary of Frontier. Id., p.14. SNET provides basic local exchange service pursuant to an alternative regulation plan approved by the Authority in 1996, as well as competitive voice, data, and video services throughout Connecticut. Id. SNET serves residential, commercial, and wholesale customers. Id. SNET has approximately 376,857 access lines in Connecticut, which represent 7.8% of the more than 5 million voice connections in the state. Id.

SNET has experienced a decrease of approximately 777,031 access lines, or approximately 67% of its total access lines, since 2010. Id. Each year since 2009, SNET has seen a year-over-year reduction in access lines by 10 to 13 percent. Id. In 2018 and 2019, approximately one-quarter of SNET's total revenues were derived from voice services, which included non-regulated voice over internet protocol (VoIP) and certain long-distance products. Id. As a result of the evolving market and recent experience, SNET expects that voice services will be an even smaller percentage of SNET's total revenues in the future. Id. The communications services provided by SNET known as plain old telephone service (POTS), which is regulated by PURA, is limited to approximately 2500 customers in the state of Connecticut. Response to Interrogatory OCC-46.

⁴ Customer counts across individual services exceed 4.1 million because some customers subscribe to multiple services.

III. APPLICANTS' PROPOSAL

The Applicants seek approval from the Authority for a new holding company structure to effectuate Frontier's pre-arranged and approved plan of reorganization (hereinafter the Plan, and the transactions contemplated thereunder, the Restructuring) under Chapter 11 of the Bankruptcy Code and pending in the Bankruptcy Court for the Southern District of New York in Case No. 20-22476. Updated Joint Petition, p. 1. The Plan will eliminate more than \$10 billion in debt obligations and \$1 billion in annual interest payments by converting the Senior Noteholders into shareholders of a new, reorganized parent company (Reorganized Frontier). Id., p. 2. Upon emergence from Chapter 11, the senior noteholders will hold the new common stock of Reorganized Frontier, with no single noteholder holding a 10% or greater interest in the Reorganized Frontier. Id. It is intended that the new common stock of Reorganized Frontier will be publicly traded and listed on a recognized U.S. stock exchange as promptly as reasonably practicable after the company's emergence from Chapter 11. Id.

According to the Applicants, the Plan provides for a comprehensive restructuring of Frontier's obligations, preserves the going-concern value of Frontier's businesses, maximizes Frontier's future financial flexibility, and preserves thousands of jobs. Id., p. 3. The Plan also provides for paying in full all non-funded debt claims against the company and will enable Reorganized Frontier to emerge from Chapter 11 as a stronger, more financially sound enterprise better positioned to continue to provide high quality service in the highly competitive telecommunications marketplace. Id.

To effectuate the Plan, Frontier will transfer all of the stock of its 57 direct, first-tier subsidiaries (including SNET) to the Reorganized Frontier. All outstanding and issued stock of Frontier will be cancelled and the legal entity will dissolve. Upon emergence, SNET will be directly owned by Reorganized Frontier. Application, Exhibit FTR-MDN-1 pp. 33-34. The transfer of SNET's stock from Frontier to Reorganized Frontier constitutes a change of control subject to Authority approval under Conn. Gen. Stat. §16-47. Updated Joint Petition, p. 1, 4.

According to the Applicants, there will be no transfer or assignment of assets, authorizations, certificates, or customers of SNET as a result of the Restructuring. Id. SNET will continue to provide service to its existing residential, business, and wholesale customers pursuant to its existing rates, terms and conditions and will continue to comply with its regulatory commitments, tariffs, and contract obligations. Id. The Restructuring will not change the corporate structure of SNET or its operations. Id., p. 11.

IV. POSITIONS OF THE PARTIES AND INTERVENORS

A. FRONTIER AND SNET

According to the Applicants, Frontier's primary purpose of the Chapter 11 process is to achieve a comprehensive balance sheet restructuring of its debt obligations, thus preserving the going-concern value of its businesses, maximizing its future financial flexibility, and preserving thousands of jobs. Joint Brief of the Companies, p. 2.

As of the Chapter 11 petition date, Frontier had outstanding funded debt of approximately \$17.5 billion on which it was paying approximately \$1.5 billion in annual interest expense, which Frontier maintains is unsustainable. Id. The Chapter 11 process effectuates a substantial deleveraging of Frontier's balance sheet, by reducing its debt by over \$10 billion and its annual interest expense by approximately \$1 billion, all without requiring any concessions from Frontier's labor force or general unsecured creditors. Id. This deleveraging will provide the company a "fresh start" and enable it to emerge from the Chapter 11 process as a stronger and better-capitalized enterprise that is positioned to leverage its national platform and fund future investments for sustained success nationally, and in Connecticut. Id.

Frontier maintains that, upon emergence, Reorganized Frontier will possess the requisite financial, technological, and managerial suitability and responsibility under Connecticut's change of control standard and will continue to provide safe and reliable service to its customers. Id., p. 11. Frontier states that its financial, technological, and managerial suitability will not be impaired, but rather will be improved. Id., p. 17. The Restructuring will benefit Frontier's operations in Connecticut. Absent these changes, Frontier would continue the *status quo*, which is financially unsustainable. Id., p. 18.

Frontier, together with SNET, expressed willingness to agree to a number of conditions proposed by the parties in the docket. Tr. 10/26/2020, p. 74.

B. OFFICE OF CONSUMER COUNSEL

OCC opines that Frontier and SNET have not satisfied their burden under Conn. Gen. Stat. § 16-22 as the record does not sufficiently provide the Authority with the information and details to approve the application under either the statutory standards set forth in Conn. Gen. Stat. § 16-47, or the standards of public interest and local control set forth in applicable Authority precedent. OCC Brief, p. 3.

Among other things, OCC argues that, since acquiring SNET in 2014, Frontier has been unsuccessful in managing SNET and that there is no tangible plan to improve SNET's management moving forward. Id., pp. 12-22. OCC further asserts that the identity and suitability of Reorganized Frontier's Board of Directors and SNET's local management is unknown. Id., pp. 24-26.

The OCC's recommendations include denying the approval but allowing Frontier to continue operations for a finite period of time to find a buyer for the SNET assets, or to reapply within six months with directions from representatives of Reorganized Frontier providing a firm plan on its operations in Connecticut. Id., p. 36.

The OCC offers another option, which is to render a decision that approves the application contingent upon requisite commitments that would otherwise satisfy the standards set forth in Conn. Gen. Stat. § 16-47. Id., p. 37. Specifically, the OCC recommends twelve specific conditions of approval. OCC Brief, pp. 37-41.

C. CWA

CWA argues that Frontier has not met the burden of proving that the proposed transaction is in the public interest. CWA Brief, p. 4. Among other things, CWA argues that the Applicants have not adequately identified the new owners of Frontier, and, therefore, the Authority is unable to determine if those people or entities have the requisite financial, technical, and managerial expertise to own and control a public utility in Connecticut. Id., pp. 4-7. In addition, CWA is concerned that SNET will compete for capital with Frontier's other subsidiaries in California, Florida, Texas, and other states. Id., pp. 14-16.

CWA requests that the Authority either: (1) require the Joint Petitioners to file a new petition that identifies the new owners of Frontier, or (2) impose strict conditions that require the profits generated in Connecticut to be reinvested in SNET's network coupled with service quality and employment requirements to ensure no further deterioration in SNET's service. Id., pp. 16-17.

D. EVERSOURCE

Eversource indicated its participation in this proceeding has facilitated its efforts to mutually resolve the collection of past due amounts under its Joint Line Agreement (JLA), as amended with SNET. Eversource Letter in Lieu of Brief, Nov. 23, 2020. Because Frontier confirmed under oath that it will assume the JLA in the reorganization process, Eversource deemed further legal argument unnecessary. Id. Eversource also cited Frontier's agreement on the record to provide a post-final decision compliance filing in the docket every six months on the status of mutual amounts owed under the JLA for services rendered through October 27, 2020. Id. Eversource requested that the compliance commitment be incorporated into the final decision in this proceeding. Id.⁵

E. ATTORNEY GENERAL

The Office of the Attorney General (OAG) submits that the evidentiary record does not permit a conclusion that the Applicants: met the statutory requirements of Conn. Gen. Stat. § 16-47; possess the suitability and responsibility to provide safe, adequate, or reliable service to the public; or that the transaction is in the public interest. OAG Brief, p. 1. Id. The OAG argues that Frontier has failed to make any commitments about or even to identify its post-restructuring management or directors. Id., p. 4. Specifically, the OAG notes that, unlike Frontier's previous application to acquire SNET's assets from AT&T, Docket No. 14-01-26, Joint Application of Frontier Communications Corporation and AT&T Inc. for Approval of a Change in Control, the Applicants refuse to make any commitments to ensure local control, continued capital investment in plant and operation, maintaining Frontier's corporate headquarters in Connecticut, or maintaining quality of service. Id. The OAG requests that, if the Authority approves the change of control, it impose meaningful conditions on the operation of Frontier to ensure that SNET customers

⁵ In light of Frontier and SNET's agreement to provide such compliance filings, the Authority will condition its approval on SNET reporting on the status of amounts owed under the JLA for services rendered through October 27, 2020, until a zero balance is achieved.

are not negatively impacted by the change in control. Id. The OAG proposed a number of recommended conditions. Id., p. 5.

V. STANDARD OF REVIEW

Frontier's transfer of SNET's stock from Frontier to Reorganized Frontier is subject to Authority approval. Specifically, "[n]o . . . holding company . . . shall interfere or attempt to interfere with or, directly or indirectly, exercise or attempt to exercise authority or control over any . . . telephone or community antenna television company engaged in the business of supplying service within this state . . . without first making written application to and obtaining the approval of the Public Utilities Regulatory Authority, . . ." Conn. Gen. Stat. §16-47(b). SNET is a telephone company supplying services within the state. See Conn. Gen. Stat. § 16-1(a)(17).⁶

In approving a change of control, the Authority "shall investigate and hold a public hearing . . . and thereafter may approve or disapprove any such application in whole or in part and upon such terms and conditions as it deems necessary or appropriate." Conn. Gen. Stat. §16-47(d). In particular, the Authority shall take into consideration:

- (1) the financial, technological and managerial suitability and responsibility of the applicant;
- (2) the ability of the . . . telephone or community antenna television company or holding company which is the subject of the application to provide safe, adequate and reliable service to the public through the company's plant, equipment and manner of operation if the application were to be approved; and
- (3) for an application concerning a telephone company, the effect of approval on the location and accessibility of management and operations and on the proportion and number of state resident employees.

Id.

The Authority's application of Conn Gen. Stat. § 16-47 must be in concert with other statutory requirements. Notably, "[a]t any hearing involving a rate or the transfer of ownership of assets or a franchise of a public service company, the burden of proving . . . that said transfer of assets or franchise is in the public interest shall be on the public service company." Conn. Gen. Stat. § 16-22.

In addition, Conn. Gen. Stat. § 16-19e(a) enumerates a number of principles by which the Authority "shall examine and regulate the transfer of existing assets and franchises, . . ." including "that the public service company shall be fully competent to provide efficient and adequate service to the public in that such company is technically, financially and managerially expert and efficient" and "that the authority and all public service companies shall perform all of their respective public responsibilities with economy, efficiency and care for public safety and energy security, and so as to promote

⁶ The Authority's review of SNET is necessarily circumscribed by statute. The majority of services offered by SNET to consumers, including broadband and internet access, VOIP services, long-distance calling, and video services, are considered competitive under Conn. Gen. Stat. §16-247a *et seq.* and are, therefore, not subject to regulation by the Authority.

economic development within the state” Likewise, Conn. Gen. Stat. § 16-247a(a) identifies certain goals of the state, including, among others, “to (1) ensure the universal availability and accessibility of high quality, affordable telecommunications services to all residents and businesses in the state, [and] (2) promote the development of effective competition as a means of providing customers with the widest possible choice of services”

Finally, Conn. Gen. Stat. § 16-11 states that the general purpose of the change of control statute, *i.e.* Conn. Gen. Stat. § 16-47, is “to increase the powers of the Public Utilities Regulatory Authority and to promote local control of the public service companies of this state, and said sections shall be so construed as to effectuate these purposes.”

Therefore, when evaluating the Application, the Authority must determine if the Applicants have satisfied their burden of proving:

- A. the financial, technological, and managerial suitability and responsibility of Reorganized Frontier and SNET;
- B. the ability of Reorganized Frontier and SNET to provide safe, adequate, and reliable service; and
- C. the public interest and the promotion of local control are served by the Reorganization.

VI. AUTHORITY ANALYSIS

A. THE FINANCIAL, TECHNOLOGICAL, AND MANAGERIAL SUITABILITY AND RESPONSIBILITY OF REORGANIZED FRONTIER AND SNET.

1. Financial Suitability and Responsibility

a. Events Preceding Chapter 11.

From 2009 to 2015, Frontier embarked on a series of three acquisitions, which transformed Frontier from a regional provider of telephone and DSL internet to a national provider of these services. Application, Exhibit FTR-MDN, pp. 20-21.

In 2009, Frontier expanded its portfolio to become the largest “rural-focused” communication provider when it acquired operations in 14 states from Verizon. *Id.*, p. 21. Through this transaction, Frontier entered into an agreement to acquire defined assets and liabilities of the local exchange business and related landline activities of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia, and Wisconsin, and in portions of California bordering Arizona and Nevada (2010 Verizon Transaction). *Id.* The 2010 Verizon Transaction was financed with approximately \$5.2 billion of common stock plus the assumption of approximately \$3.2 billion of unsecured notes. *Id.* Following closure of the 2010 Verizon Transaction on July 1, 2010, Frontier had 3.5 million customers, 1.7 million broadband connections, and 14,800 employees. *Id.*, p. 21.

On October 24, 2014, Frontier acquired the wireline properties of AT&T in Connecticut for a purchase price of \$2.0 billion in cash, excluding adjustments for working capital (2014 AT&T Transaction). Id., p. 21. Following the 2014 AT&T Transaction, Frontier owned and operated the wireline broadband, voice, and video business and statewide fiber network that provides services to residential, commercial, and wholesale customers across Connecticut. Id., p. 22. Frontier completed a registered debt offering of \$1.55 billion and used the net proceeds, together with borrowings of \$350 million under a term loan, and cash on hand, to finance the transaction. Id., p. 22.

On February 5, 2015, Frontier acquired for \$10.54 billion Verizon's wireline operations that provide landline voice, broadband, and video services in California, Texas, and Florida (CTF Transition). Id. Frontier financed the CTF Transition through a mix of debt and equity issuances, including: a private debt offering of \$6.6 billion of aggregate principal amount of unsecured notes, a \$1.5 billion senior secured delayed-draw term loan facility, and a registered offering of \$2.75 billion of preferred and common stock. Id., pp. 22-23.

Driven by these acquisitions, Frontier's debt rose from \$9.8 billion at year-end 2014 to above \$17 billion by 2019, and annual interest payments rose from \$696 million to \$1.5 billion for the same period. Id., p. 25. The increase in financial obligations and the underperformance in the acquired operations combined to reduce Frontier's operating and capital investment flexibility. Id. Additionally, Frontier faced major challenges in not fully realizing the economies of scale expected from the growth transactions. From 2016 after the CTF transaction to January 2020, Frontier lost approximately 1.3 million customers. Application, Exhibit FTR-CA, p. 7. Throughout 2018 and 2019, the company and its advisors assessed Frontier's year-end net leverage ratio, which increased from 3.6x in 2015 to 4.7x in 2018, and projected that the ratio would rise to 5.0x in 2019, 5.9x in 2020, 6.3x in 2021, and 7.7x in 2022. Application, Exhibit FTR-MDN, p. 25.

In the fall of 2019, Frontier embarked on a proactive engagement with an *ad hoc* creditor group holding a substantial portion of Frontier's senior unsecured notes. Id. After months of negotiations, on April 14, 2020, Frontier and all of its direct and indirect subsidiaries commenced a Chapter 11 proceeding after entering into the Restructuring Support Agreement with Frontier's senior unsecured noteholders holding more than 75% of Frontier's senior unsecured notes. Id., pp. 5-6.

Specifically, SNET is a debtor in possession in the pending Chapter 11 cases and will remain so until emergence from the process when a new company, Reorganized Frontier, would be formed and hold the stock of SNET. Application, Exhibit FTR-MDN, pp. 32-33.

During the Chapter 11 process, SNET has continued to operate in the ordinary course of business and service customers in a business-as-usual manner. Response to Interrogatory FI-2. A review of the capital expenditure program over the 2015–2019 period shows a marked decrease in capital spending at SNET with the following amounts being observed: 2015-\$191M, 2016-\$155M, 2017-\$117M, 2018-\$99M and 2019-\$105M. Response to Interrogatory FI-4.

b. Financial Status of Frontier and SNET Post-Bankruptcy

The Reorganized Frontier's overall leverage will be substantially less than Frontier's through the conversion to equity of approximately \$10 billion of Senior Notes. Application, Exhibit FTR-CA pp. 18. Frontier's funded debt obligations are expected to be reduced to approximately \$6.565 billion, from \$17.5 billion, upon emergence from bankruptcy, exclusive of any additional debtor-in-possession or revolving credit facility financing. Id. Frontier anticipates that its annual interest obligations will decrease by approximately \$1 billion, from approximately \$1.5 billion to approximately \$500 million, thereby freeing up substantial capital for operating the businesses post emergence. Id., pp. 18-19. Frontier believes that the Restructuring Support Agreement provides the best available restructuring terms under the circumstances and will allow Frontier to succeed after emergence from Chapter 11. Id., p. 19.

Post-Chapter 11, Reorganized Frontier will benefit from a reduction in annual interest payments to approximately \$500 million from the current level of approximately \$1.5 billion and more manageable debt maturities on total debt that is reduced by more than \$10 billion from the current level of approximately \$17.5 billion.

Below are the key terms provided for in the Restructuring Plan:

1. Holders of general unsecured claims will be paid in full, reinstated, or otherwise be rendered unimpaired.
2. Holders of secured debt will be repaid during the Chapter 11 cases, paid in full on the effective date of a plan of reorganization, or reinstated.
3. Holders of Senior Notes will receive their pro rata share of the common stock of Frontier upon emergence, \$750 million of takeback debt (subject to downward adjustment) on either a third-lien or a to-be-agreed-upon basis depending on treatment of the second lien notes under a plan, and subject to certain restructuring-related obligations, the unrestricted cash of Reorganized Frontier in excess of \$150 million as of the Effective Date.
4. Holders of certain secured and unsecured notes held by Frontier's subsidiaries will be reinstated or paid in full on the Effective Date.

Id., pp. 19-20.

The table below provides a comparison of claims (pre-Restructuring Support Agreement) and new debt (post-Restructuring Support Agreement):

(\$ in millions)

Creditor Class	Claim ¹	Cash Distributed	New Debt Received ¹				Pro Forma Equity
			1L Debt	2L Debt	Subsidiary Debt	Senior Notes	Ownership ⁴
Revolver	\$749	\$749	\$-	\$-	\$-	\$-	0%
Term Loan B	1,695	-	1,695	-	-	-	0%
1L Notes and Other ²	1,664	-	1,664	-	-	-	0%
2L Debt	1,600	-	-	1,600	-	-	0%
Subsidiary Debt ³	856	-	-	-	856	-	0%
Senior Notes	10,949	TBD ⁵	-	-	-	750 ⁶	100%
Equity	NA	-	-	-	-	-	0%
Total	\$17,513	\$749	\$3,359	\$1,600	\$856	\$750	100%

1. For illustrative purposes, reflects principal balance excluding accrued interest and amortization during the bankruptcy
 2. Includes \$1.65 billion of First Lien Notes and \$14 million of Industrial Development Revenue Bonds
 3. Includes \$750 million of subsidiary Unsecured Notes, \$100mm of subsidiary Secured Notes and \$6 million of RUS Loan Contracts (secured)
 4. Subject to dilution from MIP provided for in term sheet.
 5. Senior Notes receive excess cash above \$150mm at Effective Date; refer to term sheet for detail attached as Exhibit B to Exhibit B (the Restructuring Support Agreement).
 6. Refer to term sheet for detail on terms attached as Exhibit B to Exhibit B for terms of Take-Back debt.

Id., p. 21

As noted above, Frontier’s remaining debt post-Restructuring Support Agreement would consist of approximately \$3.359 billion in first-lien debt, approximately \$1.6 billion in second-lien debt, approximately \$856 million in subsidiary debt (on both a secured and unsecured basis), and up to \$750 million in takeback debt (on a third-lien or unsecured basis). Id.

Under the Plan, all regulatory authorizations currently held by SNET will continue to be held by the same entity. Id., p. 22. No assignment of authorizations, certifications, assets, or customers of the operating subsidiaries will occur as a consequence of the Plan and SNET will continue to provide service to its existing customers pursuant to its existing rates, terms, and conditions. Id.

c. Collateralization of SNET Assets

Although the Restructuring does require SNET’s stock to continue to be used as collateral for secured financing, the Authority finds the arrangement does not negatively affect Frontier’s financial suitability.

SNET’s assets and cash flows are not currently pledged, and Frontier does not presently have any intention or plan to pledge such assets or cash flows. Only the equity interests of SNET were pledged by Frontier as security for financing. Response to Interrogatory FI-19. Frontier confirmed that this arrangement will remain in place after the Restructuring. Tr. 10/23/20, p. 113.

Frontier notes that, if Reorganized Frontier defaulted on its secured debt obligations, creditors would not have recourse against SNET’s assets because SNET’s assets are not pledged as collateral, nor are they expected to be as part of any new financing. Response to Interrogatory FI-28. Instead, creditors would need to foreclose on the pledged SNET equity, which would potentially constitute a change of control requiring PURA approval. Response to Interrogatory FI-28.

It should also be noted that Frontier testified that in a scenario where assets or cash flows were pledged rather than equity, Frontier would need to seek PURA approval for a transfer of assets. Tr. 10/26/20, pp. 114-115. Frontier further testified that it could not envision any restructuring scenario in which there would not be a change in control, thus triggering a PURA review. Id., p.115.

Therefore, the Authority finds that the continued use of SNET equity as collateral under the Reorganization does not make Frontier financially unsuitable.

d. Virtual Separation

As part of the Restructuring, Reorganized Frontier will be implementing the concept of Virtual Separation. This is a process to create precise state-level financial revenue and expense data and to set up reporting mechanisms to better track state-by-state information across Frontier's 25-state footprint, including Connecticut. Currently, all indirect expenses are allocated based on the percentage of revenue for each state. Frontier is reviewing and making changes to its chart of accounts, accounting practice(s), and expense allocation methodologies to simplify and enhance accuracy of its state tracking and reporting. The intent is to better understand the economics and financial data for specific states. This review is ongoing and is not expected to be completed until 2021. Response to Interrogatory CWA -1. The Applicants elaborated that the "concept of virtual separation is to take the direct and indirect costs of individual states, and specifically as it relates to indirect costs, historically the company was allocating on a state-by-state basis those indirect costs by revenue....if we were to virtually separate each individual state and think about the cost structure, are there better ways to allocate the services from corporate on an indirect basis versus allocating it as a percentage of revenue." Tr. 10/26/2020, p.68.

Frontier indicated that the work on virtual separation itself was to improve the profitability or the understanding of costs as well as revenues per state. Tr. 10/27/2020, p. 329. Out of this process, Frontier looks to identify its various state operations as either InvestCos or ImproveCos. Id. The Investco state designation is important in that an Investco state receives capital expenditure priority for fiber expansion. Tr. 10/26/2020, p. 70. When making fiber deployment decisions, Frontier looks at factors like existing network, existing fiber in the network, the cost to deploy, density of households, and the opportunity to capture market share. Id., pp. 71-72. Frontier further stated that Connecticut, particularly with the U-verse fiber-to-the-node platform, is a very fiber rich environment based on previous investment. Id. Frontier views Connecticut as meeting much of the criteria that support further fiber investment. Id.

Currently, Connecticut is considered an InvestCo subsidiary, and Frontier has no plans to change the designation. Tr. 10/26/2020, p. 132. Notably, Frontier indicated that, as of right now, Connecticut falls squarely within the Investco classification. Id., pp. 69-70. Because Virtual Separation could impact Reorganized Frontier's capital allocations for the State of Connecticut, the Authority will condition its approval on Frontier agreeing to provide the results of its completed Virtual Separation analysis, including any potential effects on SNET.

e. Financial Suitability and Responsibility Determination

The first component of the analysis under Conn. Gen. Stat. § 16-47(d)(1) is the financial suitability and responsibility of Reorganized Frontier. Reorganized Frontier's financial condition will be improved compared to Frontier's pre-Restructuring financial condition. The decrease in interest expense of approximately \$1 billion annually will deleverage Reorganized Frontier, allowing it to satisfy those continuing obligations that are not being converted to equity. A review of the Reorganized Frontier's estimates for the period 2021–2024 shows steadily increasing cash flows over this period from \$844 Million in 2021, to \$1,509 Million in 2024. Application, Exhibit FTR-JP-4, p. 284. The Reorganized Frontier's long-term debt-to-equity position follows with equity increasing from 46.5% in 2021, to 48.5% in 2024. *Id.*, p. 285.

The Authority acknowledges that these estimates are based on the results of negotiations in a bankruptcy restructuring agreement. However, this is not a typical change of control application where an entity is seeking to acquire a Connecticut public service company. Rather, this Application is for the reorganization of the parent company of a Connecticut public service company. Frontier presently has an unsustainable financial condition requiring some form of restructuring. Moreover, absent the Plan, it is unclear whether the non-funded debt owed to Frontier's employees, contractors, vendors, suppliers, carriers, and other third parties will be paid in full. With the Restructuring, the Reorganized Frontier will be better positioned to pay its remaining non-funded debt, continue SNET operations, and make additional capital investment.

For the aforementioned reasons, the Authority finds that, under the provisions of the Restructuring agreement, the Reorganized Frontier will have the requisite financial suitability and responsibility to continue to operate SNET.

2. Managerial Suitability and Responsibility

The second component of the analysis under Conn. Gen. Stat. § 16-47(d)(1) is the managerial suitability of Frontier. Although the individual board members of Reorganized Frontier have not yet been named, the Authority finds that the record is sufficient to find that Reorganized Frontier's management is suitable.

a. SNET Management

SNET is responsible for critical public service functions as a pole owner and as a provider of E-911 services, in addition to offering voice, video and internet services. Consequently, the consistency of SNET's management is important to reliably maintaining these functions. Importantly, SNET's management will not change as a result of the Restructuring, and no change of senior management of SNET is contemplated. Application, Exhibit FTR-JP p. 18; Tr. 10/27/20, p. 323. In addition to maintaining SNET management, "[t]he restructuring will have no immediate impact on the board of SNET." *Id.*, p. 323. While some management personnel may change in the ordinary course of business, any such change is not expected to impact the day-to-day operations of SNET. *Id.*, p. 111.

In terms of continuation of SNET services in Connecticut, the Restructuring will not impact the provision of E-911 services, nor will it result in any change in rates or terms of service provided to current customers or offered to prospective customers in the normal course of business. Response to Interrogatory EN-6. SNET will continue to comply with its obligations under Conn. Gen. Stat. § 16-256g without any disruption, will continue its existing operations, and will comply with all existing regulatory obligations and commitments without any change attributable to the proposed organizational changes. Id.

SNET also provided its Key Performance Indicators (KPI) for the January through June 2020 timeframe to support its claim that, on average, SNET exceeded its regulated telephone service for this period. Response to Interrogatory FI-26. The company also provided SNET formal and informal voice service consumer complaints by major category for the period 2015–2019 and June 2020 YTD. Response to Interrogatory FI-12.

The Authority's review of these complaints reveals an overall downward trend in the number of complaints over this time period. Furthermore, on a local level, SNET's current management has met or exceeded applicable KPIs and service metrics. Id.

Other than the substitution of its existing direct parent company with a new parent company to be owned by the Senior Noteholders, no SNET corporate changes will occur as a result of the Plan. Application, Exhibits FTR-JP, p. 13 and 15.

b. Reorganized Frontier Board of Directors

Frontier provided a list of current officers and members of the Board of Directors (BOD). Application, Exhibit FTR-14 pp, 1-2. There has been no announcement of changes to management post-emergence. Tr. 10/26/2020, p. 38. The Restructuring Support Agreement and Plan stipulates that after emergence from bankruptcy, a new BOD will be elected and will take office on the effective date. Therefore, members of the new BOD are not known at this time. The one exception is the announcement of Frontier's incoming executive chair, John Stratton, a leader in the telecom industry with a career in senior management at Verizon. Id., p. 45. Regarding the lack of information of the management team, Frontier stated that this scenario is not atypical in a restructuring of this size, as the evaluation of the entire management team would be conducted by the future owners. Although it is not formally acknowledged yet, the management team fully expects to remain the day after emergence and operating in their same or similar capacities. Id., 46-47.

The review of this change of control transaction is markedly different than the review of a traditional acquisition case. In this instance, a new company will emerge post-bankruptcy with new ownership, consisting of the new equity holders. In other proceedings, PURA has reviewed the combination of two companies where two established companies are merging or where one is being fully acquired. In those cases, the management and the BOD are generally pre-determined. Although Frontier presently has a Board of Directors to oversee its operations, the BOD of Reorganized Frontier will be determined upon emergence from bankruptcy.

c. Managerial Suitability Analysis

Given that the Authority does not have statutory authority to review and approve the selection by shareholders of a holding company's BOD, the absence of a slate of directors for Reorganized Frontier is not fatal to the Application. Rather, in making its determination, the Authority weighs this uncertainty against several other factors.

The first factor is the Applicant's commitment to maintaining local management of the SNET operations. The evidence in this proceeding demonstrates that the SNET management has been effective in recent years in meeting key service metrics, maintaining its facilities, planning for emergencies and making continued capital investments in a challenging environment. The Authority concludes that SNET is being operated suitably under the current structure.

Second, given how this change of control request fundamentally differs from what the Authority typically evaluates in a traditional acquisition case, it is appropriate in this case to consider the alternative. Absent the requested approval, Frontier would remain financially unstable, which may negatively impact SNET's ability to continue to manage its operations in an effective manner. Furthermore, there is conceivably less of a guarantee that the local management would be maintained under the status quo. The Authority's conclusion in this regard is that there is a greater probability of maintaining the effectiveness and local control of SNET's management under the Restructuring, as opposed to the alternative.

Third, Reorganized Frontier's stock will be widely held with approximately 4,000 shareholders. No single shareholder is anticipated to hold a 10 percent or greater direct or indirect interest. Consequently, there is limited risk that a single shareholder will exercise control over Frontier.

Finally, in the course of the proceeding, the Applicants demonstrated a commitment to greater transparency with respect to future changes to its holding company management as that process unfolds. The Applicants also demonstrated a commitment to promoting access to phone and internet services to low-income families by participating in the FCC's lifeline program. Further, the Applicants demonstrated a commitment to continued improvement through a stated plan to transition from copper network facilities to fiber and other technologies.

In summary, subject to the conditions below, the Authority finds that the Applicants possess the requisite managerial suitability and responsibility to effectively continue to operate SNET.

The Authority will condition its approval upon the Applicant's acceptance of the following conditions related to managerial suitability:

1. Within thirty (30) calendar days of emergence from Chapter 11, Frontier will provide the Authority with the names, titles, duties, and contact information for Frontier's board of directors and Frontier's senior management team.

2. Within thirty (30) calendar days of emergence from Chapter 11, Frontier will provide the Authority with the names, titles, duties, and contact information for SNET's board of directors and SNET's senior management team.
3. No Later than March 1, 2022, SNET shall perform a Connecticut-specific customer survey regarding customer satisfaction and submit the results of its survey to PURA and the OCC, on a confidential basis, within sixty (60) days of completion.
4. SNET shall continue to participate in the FCC's Lifeline program available for low-income customers until such time that SNET obtains the Authority's approval to discontinue participation.
5. Frontier shall continue to negotiate in good faith with the EDCs with respect to mutually agreed upon terms for the transfer of ownership interest in jointly owned utility poles to the EDCs. Frontier shall file a semi-annual status report on these negotiations with the Authority by June 30 and December 31 of each year.

3. Technological Suitability and Responsibility

a. Capital Investment and Fiber Deployment

Frontier maintains that it will continue to invest in Connecticut. In the Settlement Agreement approved in the Decision dated October 15, 2014 in Docket No. 14-01-46, Joint Application of Frontier Communications Corporation and AT&T Inc. for Approval of a Change of Control, Frontier committed to make \$63 million in incremental capital investment from 2015 through 2017, and to target this investment on expanding broadband data speeds of 10 Mbps or greater to additional households in the state, constructing a middle mile fiber (ROADM) network to connect central offices across the state, and expanding broadband to communities that were unserved or underserved at the time of the Settlement Agreement. Response to Interrogatory FI-4. Frontier indicated that it not only fulfilled this capital commitment by year-end 2017, it expended approximately \$24 million more than the required capital, totaling \$87.2 million by year-end 2017. Id.

Notwithstanding its financial challenges in recent years, Frontier invested \$711 million in capital from 2014 through the first quarter of 2020. Id. Frontier indicated that since 2018, approximately \$231 million in total capital expenditures were made in Connecticut over the January 2018 through June 2020 period. Response to Interrogatory EN-1. Going forward, Frontier indicated its expenditures on the maintenance and improvement of facilities/infrastructure are expected to be consistent with prior years.⁷ Response to Interrogatory EN-2.

⁷ Frontier filed its currently estimated investment by service classification in Connecticut through 2024 under protective order. Response to Interrogatory FI-3, Attachment FI-003 CONFIDENTIAL.

Post-Restructuring, Frontier asserts it will have the financial capability to continue to make infrastructure investment in Connecticut. As part of its 2020 capital project initiatives, Frontier began engineering and construction on fiber to the home and related network upgrades to approximately 10,000 service locations in Connecticut, which are currently planned to be completed in 2021. Response to Interrogatory FI-3.

The OCC, OAG and CWA contend that Frontier should be required to make a specific investment commitment in Connecticut. OCC Brief, p. 18; OAG Brief, p. 5; CWA Brief, p. 16. In response, Frontier agreed to expand its fiber to the premises (FTTP) network to at least 100,000 additional locations in Connecticut within four years after the Authority's approval of the Restructuring. Frontier Reply Brief, p. 38.

The OCC also contends that Frontier must provide a detailed plan on its proposed enhancements of the SNET network involving fiber construction for a five-year period for PURA's review and approval. OCC Brief, p. 37. In response, Frontier agreed that within thirty calendar days of emergence from Chapter 11, Frontier will provide a plan identifying its planned fiber enhancements during the remainder of calendar year 2021. By January 31 of each of the next three calendar years, Frontier committed to providing a plan that identifies fiber enhancements for that calendar year. Frontier Reply Brief, p. 38.

As provided in detail below, the Authority will condition its approval on these commitments made by Frontier.

b. Effect of Restructuring on Technological Capacity

The third component of the analysis under Conn. Gen. Stat. § 16-47(d)(1) is the technological suitability of Reorganized Frontier. Given that the Restructuring will have no discernable impact on the current technological capabilities of Frontier and SNET, the Authority finds Reorganized Frontier to have sufficient technological suitability to operate SNET.

The record indicates that, presently, Frontier and SNET are technologically suitable to operate SNET. SNET inspects its equipment on a regular basis and responds when it finds conditions that are deficient or in need of repair. SNET regularly inspects generators, central office facilities, batteries, poles, and all aspects of its network that are constantly under review and responds as-needed. Tr. 10/26/20, p. 159. SNET performs an eight-year cycle inspection program that is done on a regular basis by geographical areas. However, its technicians are trained to inspect every pole that they "touch", both on the operations side, as well on the construction side. Id., p. 160.

Currently, Frontier's network operations center for Connecticut is located at 310 Orange Street in New Haven with a virtual national presence. The company utilizes its central offices and reporting centers across the state for emergency operations and local response as needed. Responses to Interrogatory EN- 19. Frontier has a comprehensive Business Continuity Program and its personnel are experienced in managing the company's response to emergency events. The company conducts desk top drills, which generally simulate seasonal events such as hurricanes, ice storms, flooding, and other emergencies. In addition, Frontier frequently "tests" its protocols and practices through actual execution of its mitigation and recovery plans as situations arise across its national

footprint. In addition, Frontier has a Connecticut state emergency plan, which was submitted to the Authority,⁸ as well as a regional emergency management program and the national Business Continuity Program. Response to Interrogatory EN-23. All business organizations within Frontier are members and participants of all three programs, allowing Frontier to draw from a broad range of functional expertise to effectively respond to local or state emergency events. As a routine practice, the company periodically updates its Business Continuity Program and its regional and state specific programs / plans and emergency response protocols to implement lessons learned and process improvements. Id. There are no planned changes to Frontier's Business Continuity Program and emergency response plans that are associated with the restructuring. Response to Interrogatory EN-19.

Frontier and SNET have made a number of technology deployments and improvements to deliver higher bandwidth services over existing copper facilities, such as very high bit-rate digital subscriber line (VDSL) technology, and have also expanded the availability of services in excess of 100 megabits-per-second using copper facilities. Tr. 10/26/20, p. 150.

Frontier and SNET state that they will continue to invest in customer-facing IT systems in response to company strategic objectives and requirements to effectively service customers. Response to Interrogatory EN-9. For example, in recent years, Frontier developed and deployed an order recap/confirmation process to provide real-time information to customers about service orders and changes. Id. Other business-as-usual maintenance and upgrades are expected to continue following the Restructuring. Id.

Frontier and SNET indicate that the company does not intend to use any third-party, non-affiliated entities to operationally support its provision of regulated voice or other telecommunications services to Connecticut customers in a manner or to an extent that is different than how it currently utilizes such resources, if at all. Response to Interrogatory EN-15.

Regarding utility pole attachment access, Frontier and SNET have taken a number of steps to address the volume of pole attachment applications, including, but not limited to, liberally granting requests for temporary attachments and the use of overlashing to reduce the backlog of pole attachment applications that it is currently experiencing in Connecticut. In addition, Frontier and SNET have hired contracting resources to help with certain pole processing tasks, including engineering review and planning. Frontier and SNET are continuing to evaluate additional opportunities for process improvements and are participating in a number of proceedings⁹ before PURA, which are considering matters related to the pole attachment application process and procedures for all pole owners. These actions will continue under the Reorganized Frontier. Id.

⁸ See protective filings dated June 24, 2020 in Docket No. 20-02-01, 2020 PURA Review of Connecticut Public Service Company Plans for Restoration of Service that is Interrupted as a Result of an Emergency.

⁹ See Docket No. 19-01-52 PURA Investigation of Developments in the Third Party Pole Attachment Process and Docket No. 11-03-07 RE01 PURA Investigation into the Appointment of a Third Party Statewide Utility Pole Administrator for the State of Connecticut – Overlash Requirements.

Frontier indicates that, under its continued ownership, SNET will continue to comply with each of the policy goals of the State as outlined in Conn. Gen. Stat. § 16-247a. In addition, Frontier will continue to be a provider of voice services and related customer service in accordance with the service quality metrics applicable to it. Responses to Interrogatory EN-8.

Notwithstanding its financial challenges in recent years, Frontier and SNET have invested \$711 million in capital from 2014 through the first quarter of 2020. Id. Frontier indicated that since 2018, approximately \$231 million in total capital expenditures were made in Connecticut over the January 2018 through June 2020 period. Response to Interrogatory EN-1. Going forward, Frontier indicated its expenditures on the maintenance and improvement of facilities/infrastructure are expected to be consistent with prior years.¹⁰ Response to Interrogatory EN-2.

Subject to the conditions below, the Authority finds that the Applicants possess the requisite technological suitability and responsibility to continue operating SNET and satisfying SNET's obligations as an ILEC, pole custodian and E-911 service provider.

The Authority will condition its approval on the following conditions related to technological suitability:

1. SNET shall expand its FTTP network to at least 100,000 additional locations in Connecticut within four years ending December 31, 2024.
2. Within sixty (60) calendar days of emergence from Chapter 11, SNET shall provide a plan identifying its planned fiber enhancements and capital spending during the remainder of calendar year 2021.
3. No later than January 31, 2022, 2023, and 2024, SNET shall submit to PURA a plan that identifies the extent of FTTP locations installed the prior year, actual capital spending during the prior year, the planned fiber enhancements for the upcoming calendar year, and the planned capital spending for the upcoming calendar year. The plan shall include details addressing: (a) technical issues that are experienced by SNET customers; (b) the lack of broadband services in less densely populated areas of Connecticut; (c) urban connectivity issues; and (d) details of the actual and planned capital spending sufficient to identify the location, purpose, and cost of each project.
4. No later than June 30, 2021, SNET shall submit a plan to PURA for transitioning basic telephone customers, who may be impacted aging copper wire, to fiber or any other substituted technology. The plan shall include the voice service plans available to customers. SNET shall provide an updated plan thereafter annually until 2025.

B. THE ABILITY OF REORGANIZED FRONTIER AND SNET TO PROVIDE SAFE, ADEQUATE, AND RELIABLE SERVICE

Under the Plan, all of the regulatory authorizations currently held by SNET will continue to be held by the same entity. Application, Exhibit FTR-CA, p. 22. No assignment of authorizations, certifications, assets, or customers of the operating subsidiaries will occur as a consequence of the Plan. Id. SNET will continue to provide service to its existing customers pursuant to its 15 existing rates, terms, and conditions. Id.

In addition, Frontier expressed its intent to continue to provide high-quality voice services and related customer service in accordance with the service quality metrics applicable to it. Response to Interrogatory EN-8.

Despite the challenging financial circumstances faced by Frontier over recent years, the Authority is satisfied with SNET's performance in its provision of service to customers, storm planning/performance, and pole custodianship. Post-Restructuring, it is the expectation of the Authority based on the record evidence and the commitments conditioned under this approval, that SNET will maintain local management/control in the near-term, continue to meet or exceed its required service quality metrics, maintain adequate employment levels to perform its public service obligations, and continue to make capital improvements in existing and new technologies to better serve Connecticut residents.

For the reasons noted above, the Authority finds reasonable assurance that SNET will continue to provide safe, adequate and reliable service to customers post-Restructuring. In contrast, absent the Restructuring, it is likely to negatively impact SNET under the status quo.

C. THE PUBLIC INTEREST AND THE PROMOTION OF LOCAL CONTROL

1. Public Interest

As covered in previous sections, upon emergence from the Chapter 11 process, Frontier will have significantly improved its financial characteristics, with relief from more than \$10 billion in debt, and will have increased operational, technological, and capital flexibility in providing safe, adequate and reliable service to the public. This process will benefit customers, employees, and the broader public interest, because Reorganized Frontier will have greater financial capacity to operate its business.

The Restructuring will not impact the provision of E-911 services in Connecticut, nor will it result in any change in rates or terms of service provided to current customers or offered to prospective customers in the normal course of business. SNET will continue its existing operations and will comply with all existing regulatory obligations and commitments without any change.

Moreover, the Plan does not require any concessions from employees, pensioners, customers or the communities that the Applicants serve. Tr. 10/26/20, p. 23.

Specifically, with respect to employees, the Restructuring provides that employee wages, compensation, benefit programs, and collective bargaining agreements, including without limitation on any expired collective bargaining agreements, in place as of the date Frontier emerges from Chapter 11, are to be assumed by the company. Application, Exhibit FTR-MDN-1, p. 48. The Authority will condition its approval on the Companies upholding this representation concerning employee wages, compensation, benefit programs, and collective bargaining agreements.

Conditioned upon Frontier's acceptance of all of the required commitments discussed in previous sections, the Authority finds that the proposed transaction is in the public interest. The interests of Frontier's customers, vendors, and employees are maintained under the Plan. Local control of SNET will be maintained during the post-Restructuring transition period. The proposed transaction will minimize job losses that could negatively impact Connecticut's economy. Similarly, service quality will not suffer due to cutbacks; instead, more services are expected to be offered as capital investment occurs over time. Finally, the additional conditions within this Decision provide for reasonable oversight of Frontier's Connecticut operations in the wake of its emergence from Chapter 11.

2. Location and Accessibility of Management and Operations and the Proportion and Number of State Resident Employees

Frontier's corporate headquarters is located at 401 Merritt 7, Norwalk, Connecticut 06851. Joint Petition, p. 6. The CEO and senior executives are located at the Connecticut headquarters. Tr. 10/27/2020, pp. 273-274. Frontier indicated it currently has no plans to move its headquarters, but like any company, it evaluates from time to time where its headquarters is to be located. Id.

Frontier has a total Connecticut employee count of approximately 2,089. Response to OCC-5. Approximately 1,053 are employees of SNET, 946 are employees of Citizen's Telecom Services Co., 63 are employees of Total Communications Inc., and 27 are employees of Frontier. Id. The Connecticut employee count is approximately 12.5% of Frontier's overall employment count. Id.

SNET does not anticipate a material change in the proportion or number of Connecticut state resident employees as a result of the restructuring. Response to EN-17. Additionally, Article IV.R. of Frontier's Plan of Reorganization provides that employee wages, compensation, and benefit programs, and collective bargaining agreements in place as of the company's emergence from Chapter 11 will not be impaired in the Chapter 11 process. Id.

Frontier noted its opposition to a condition whereby its headquarters would remain in Connecticut. Id.; Frontier Reply Brief, p. 33. Frontier reasons that for 15 years prior to its acquisition of SNET in 2014, the parent holding company that owned and controlled SNET was based in Texas and California. Id. Frontier has retained its corporate headquarters in Connecticut for decades, but is not prepared to make a binding commitment with respect to the location of its headquarters. Id.

Frontier's corporate presence in Connecticut over this time period has benefitted SNET's operations through local control, and Connecticut's economy overall. While Frontier's aversion to making a long-term commitment in the wake of a corporate restructuring is understandable, the Authority finds that a commitment of some time period would add a level of consistency and stability with SNET's operations post-Restructuring as well as the Connecticut economy more broadly. As such, the Authority finds that a defined time period for Frontier's presence in Connecticut is appropriate in the current circumstances. This near-term commitment to maintain corporate headquarters in Connecticut will promote local control in a period of uncertainty at the holding company level and avoid undue loss of high-quality jobs in Connecticut during tough economic times.

Therefore, the Authority will condition its approval of this transaction on Frontier's commitment to avoid a net reduction, due to involuntary attrition, in its Connecticut-based employee numbers, and a further commitment by Frontier to maintain its corporate headquarters in Connecticut, for a period of two years from the date of the Decision.

VII. CONCLUSION, CONDITIONS AND ORDERS

A. CONCLUSION

Pursuant to its analysis under Conn. Gen. Stat. § 16-47 and other statutes, the Authority approves the joint request of Frontier and SNET for a new holding company structure to effectuate the Companies' pre-arranged plan of reorganization under Chapter 11 of Title 11 of the United States Code. The restructuring plan will eliminate more than \$10 billion in debt obligations and \$1 billion in annual interest payments. The restructuring will result in a reorganized parent holding company; however, it will not change the management structure of SNET.

The Authority finds that the Applicants possess the requisite technological, managerial, and financial suitability and responsibility to operate a public service company and provide safe, adequate, and reliable service to the public. The Authority has considered the effect of approval on SNET's provision of safe, adequate and reliable service as well as the location and accessibility of management and operations and on the proportion and number of state resident employees. The Authority finds that the proposed transaction, as augmented by the commitments agreed to by the Applicants and the conditions and orders imposed by the Authority herein, is in the public interest.

B. CONDITIONS

This approval is subject to the following conditions:

1. On June 30 and December 31 of each year, SNET shall report on the status of amounts owed under the JLA for services rendered through October 27, 2020, until a zero balance is achieved.

2. Within thirty (30) calendar days of completion of its Virtual Separation analysis, Frontier shall submit into this docket the results of its completed Virtual Separation analysis, including any potential effects on SNET.
3. Within thirty (30) calendar days of emergence from Chapter 11, Frontier will provide the Authority with the names, titles, duties, and contact information for Frontier's board of directors and Frontier's senior management team.
4. Within thirty (30) calendar days of emergence from Chapter 11, Frontier will provide the Authority with the names, titles, duties, and contact information for SNET's board of directors and SNET's senior management team.
5. No later than March 1, 2022, Frontier and SNET shall perform a Connecticut-specific customer survey regarding customer satisfaction and submit the results of its survey to PURA and the OCC, on a confidential basis, within sixty (60) days of completion.
6. SNET shall continue to participate in the FCC's Lifeline program available for low-income customers until such time that SNET obtains the Authority's approval to discontinue participation.
7. Frontier and SNET shall continue to negotiate in good faith with the EDCs regarding mutually agreed upon terms for the transfer of ownership interest in jointly owned utility poles to the EDCs and submit semi-annually reports to the Authority regarding the status of such negotiations by June 30 and December 31 of each year. If two consecutive status reports are submitted that reveal no significant progress, the Authority will consider assigning a mediation team from its Office of Education, Outreach, and Enforcement.
8. SNET shall expand its FTTP network to at least 100,000 additional locations in Connecticut within the four-year period ending December 31, 2024.
9. Within sixty (60) calendar days of emergence from Chapter 11, SNET shall provide a plan identifying its planned fiber enhancements and capital spending during the remainder of calendar year 2021. The plan shall include the level of detail discussed in Condition No. 10, below.
10. No later than January 31, 2022, 2023, and 2024, SNET shall submit to PURA a plan that identifies the extent of FTTP locations installed the prior year, actual capital spending during the prior year, the planned fiber enhancements for the upcoming calendar year, and the planned capital spending for the upcoming calendar year. The plan shall include details addressing: (a) technical issues that are experienced by SNET customers; (b) the lack of broadband services in less densely populated areas of Connecticut; (c) urban connectivity issues; and (d) details of the actual and planned capital spending sufficient to identify the location, purpose, and cost of each project.

11. No later than June 30, 2021, SNET shall submit a plan to PURA for transitioning basic telephone customers, who may be impacted by aging copper wire, to fiber or any other substitute technology. The plan shall include information pertaining to the voice service plans available to customers. SNET shall provide an updated plan thereafter annually through June 30, 2025.
12. Employee wages, compensation, benefit programs, and collective bargaining agreements, including without limitation on any expired collective bargaining agreements, in place as of the date Frontier emerges from Chapter 11, are to be assumed by the Companies.
13. For a period of two years from the date of this Decision, SNET shall not permit a net reduction, due to involuntary attrition, in the number of SNET-employed technicians and customer service representatives in its Connecticut-based employee numbers and Frontier shall commit to maintain its corporate headquarters in Connecticut.

C. ORDERS

For the following Orders, the Frontier and/or SNET shall submit the required documentation to the Executive Secretary via an electronic version through the Authority's website at www.ct.gov/pura. Submissions filed in compliance with the Authority's Orders must be identified by all three of the following: Docket Number, Title, and Order Number. Compliance with orders shall commence and continue as indicated in each specific Order or until the company requests and the Authority approves that the company's compliance is no longer required after a certain date.

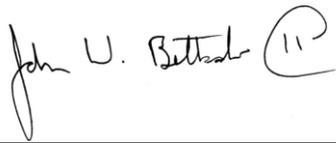
1. Prior to the Restructuring, the Applicants shall file a certification, signed by an authorized representative of each of the Applicants, acknowledging the conditions and agreeing to comply with each such condition. Upon completion of the Restructuring, the conditions shall constitute orders of the Authority.
2. The Applicants shall complete the Restructuring only in accordance with the Application and this Decision, including the conditions contained herein. Applicants shall notify the Authority of any material changes to the Restructuring within ten (10) business days of such occurrence.

**DOCKET NO. 20-04-31 THE SOUTHERN NEW ENGLAND TELEPHONE
COMPANY D/B/A FRONTIER COMMUNICATIONS OF
CONNECTICUT BANKRUPTCY PROCEEDING AND
CHANGE OF CONTROL**

This Decision is adopted by the following Commissioners:



Marissa P. Gillett



John W. Betkoski, III



Michael A. Caron

CERTIFICATE OF SERVICE

The foregoing is a true and correct copy of the Decision issued by the Public Utilities Regulatory Authority, State of Connecticut, and was forwarded by Certified Mail to all parties of record in this proceeding on the date indicated.



Jeffrey R. Gaudiosi, Esq.
Executive Secretary
Public Utilities Regulatory Authority

February 3, 2021

Date

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 04/12/2021

Date of Response: 04/28/2021

Request No. STAFF 1-029

Page 1 of 1

Request from: New Hampshire Public Utilities Commission Staff

Witness: Douglas P. Horton, Erica L. Menard

Request:

Reference Horton and Menard Testimony, Bates 47. Please calculate what the pole attachment fees would be for Consolidated if the fees were determined under Eversource's current attachment fee policies, showing any related, inputs, assumptions, and formulae.

Response:

As described elsewhere in the responses to these data requests, Consolidated and its predecessor companies did not and do not track the number of its own attachments on poles it jointly or solely owned. As a result, it is not possible to determine an exact level of fees for Consolidated in accordance with Eversource's attachment fee policies, which rely upon accurate counts of attachments.

Having said that, the total annual bill for Consolidated's pole attachments would be \$5,047,374 using the 2020 third party pole attachment rate which was in effect at the time of negotiation (\$12.38) multiplied by the assumed number of attachments (407,704). The payment from CCI to Eversource in years 1 and 2 is a negotiated, fixed amount of \$5.0 million per year.

Please see Attachment STAFF 1-027 for the calculation of the \$12.38 pole attachment rental rate.

Public Service of New Hampshire d/b/a Eversource Energy
Docket No. DE 21-020

Date Request Received: 06/29/2021

Date of Response: 07/14/2021

Request No. STAFF 3-006

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Request from: New Hampshire Public Utilities Commission Staff

Witness: Lee G. Lajoie

Request:

Reference Joint Petitioners' Response Staff 1-005(d).1, column BR. Please explain why Eversource appears to have inspected a significant number of poles owned, or in the maintenance area of, Fairpoint/CCI.

Response:

As discussed during technical sessions, Eversource performs visual inspections of poles in the area Eversource is not the maintaining company on a 10-year cycle, looking for obvious defects and NESC violations. Attachment Staff 1-005(d).1 shows results from 2016 pole inspections. In 2016, a limited number of CCI maintained poles, mostly in the city of Manchester which is a shared maintenance community, had ground line inspections performed. Eversource's contractor incorrectly performed the ground line inspection on these poles and was therefore not paid for this work.

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Date Request Received: November 30, 2021
Data Request No. 5-02

Date of Response: December 15, 2021
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Request from: Department of Energy

Witness: Menard, Erica L, Horton, Douglas P

Request:

5-2. Reference Supplemental Testimony of Horton and Menard at Bates page 7, stating “The Company anticipates that the PPAM would remain in place until at least the time of the Company’s next rate case, at which time the Company anticipates that such costs included in the PPAM would be incorporated into Eversource’s base rates, assuming at that point the costs of pole ownership included in the test year is at a representative level for going-forward ratemaking.”

a. Please explain whether there are any circumstances which would lead the Company to request that the PPAM remain in place beyond the time of the next rate case. If there are, please describe those circumstances.

b. Please explain what factors would affect whether the cost of pole ownership included in the test year is at a representative level for going-forward ratemaking. In describing those factors, please discuss whether the Company’s plan to replace all of the known reject poles within the two years subsequent to agreement approval, and a test year during either 2022 or 2023, will likely result in test year costs of ownership that exceeds the actual cost of ownership moving forward.

Response:

a. There are many unknown factors at this time to state whether the cost of full pole ownership will be representative in the test year of the Company’s next rate case. Factors such as the timing of approval of the transaction and timing of the next rate case, which determines the test year, are all currently uncertain. The Company plans to replace the failed poles identified in the January 20, 2020 inspection report within the first two years after the transaction is approved. The Company will also replace poles based on an accelerated inspection program, the program for which will begin after the transaction closes. Following approval of the transaction, the Company will incorporate the jointly-owned poles formerly in Consolidated’s maintenance area into the Eversource inspection program according to the inspection schedule identified on Bates page 23 (one-third in year 1 following approval, remaining in years 2-5). The result of that inspection program will lead to identification of poles to be replaced. At the time of the next rate case, the Company will determine whether the test year reflects a representative level of costs, or if the test year level should be adjusted in some way, or if it deems it appropriate for the PPAM to continue. The Company understands that any future proposal will need to be reviewed and approved by the

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Commission at that time, based on the facts and circumstances of that case, and that the Commission's approval of the transaction or the PPAM proposal in this proceeding, if rendered, does not in any way bind the Commission in the future to approving the PPAM at the time of the Company's next rate case.

- b. The original petition assumed the transaction would be approved within the 2021 calendar year. Depending on the timing of approval and the work that is accomplished in 2022 and 2023 and the timing of the next test year, the cost of the pole inspection and replacements may be higher or lower than what is expected to be a representative level going forward. Therefore, the Company cannot at this time determine what circumstances may exist at the time of the next rate case. Subject to these timing concerns and assuming the test year in the next rate case represents a reasonable expectation of going-forward costs or can be normalized so that it does, the Company does not anticipate the need to continue the PPAM beyond the next rate case.

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Date Request Received: November 30, 2021
Data Request No. 5-04

Date of Response: December 16, 2021
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Request from: Department of Energy

Witness: Menard, Erica L, Horton, Douglas P

Request:

Reference Supplemental Testimony of Horton and Menard at Bates page 10-11, stating "The Company intends to seek recovery of amounts incurred but not paid by Consolidated through the PPAM, including amounts incurred in 2020 and 2021 during the pendency of this proceeding," and at Bates 11 stating "[a]s described previously, the amount of incremental expenses or the manner in which such expenses are calculated is unchanged by this filing.

a. Please state whether December 30, 2020 Settlement and Pole Purchase Agreement's section 2.2 or 6.1 satisfies amounts incurred but not paid by Consolidated, including amounts incurred in each of the following years: 2018, 2019, 2020, 2021, and 2022.

b. For any of the above-named costs by year which are not contemplated by the Settlement and Pole Purchase Agreement, please indicate, by year (including amount), whether they:

i. Were requested for recovery in the RRA within the initial petition

ii. Are requested for recovery in the Pole Plant Adjustment Mechanism in the supplemental testimony.

c. Please explain whether the delay in the proceeding (joint petitioners previously had projected 2021 as the first year for recovery of revenues through the RRA in Attachment DPH/ELM-1) has resulted in further amounts incurred but not paid by Consolidated than had been contemplated by the initial petition and Settlement and Pole Purchase Agreement, who bears responsibility for those costs, and costs related to amounts incurred but not paid on a going forward basis would be treated under the proposed PPAM.

Response:

a. The amount included as an offset to the purchase price to settle any and all disputes between the Joint Petitioners related to vegetation management costs covered the period between 2018

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and the execution of the settlement agreement. It does not cover amounts incurred after the execution of the settlement agreement, including amounts incurred in 2021 and beyond. Those amounts are proposed to be recovered through the PPAM as described in the response to part (b)(i) below. Refer to the Joint Petitioners' Settlement and Pole Asset Purchase Agreement, effective as of December 30, 2020 (the "Pole Purchase Agreement"), specifically Whereas clauses B and C, and Section 6.1.

- b. i. As described the response to OCA 1-008-SP01, part a, it is Eversource's intention that the effective date on which the Settlement and Pole Asset Purchase Agreement was entered into (December 30, 2020) would be the commencement date upon which Eversource would include the incremental vegetation management costs in the RRA. All vegetation management costs that were formerly billable to Consolidated after that date would be included in the "going forward" time period, until such time when the amount formerly paid for by Consolidated is reflected in Eversource's base distribution rates as part of its next base distribution rate case. Therefore, in the initial petition, beginning January 1, 2021, the Company proposed that incremental vegetation management expenses that were formerly received from Consolidated would have been included in the RRA filing for the 2021 calendar year and beyond.
- ii. The Company did not intend to alter its proposal in this regard in the PPAM proposed in the Supplemental Testimony. Consistent with the Company's response to OCA 1-008-SP01 and the initial RRA proposal, the Company's PPAM proposal would seek recovery of amounts attributable to Consolidated starting January 1, 2021, since amounts incurred in 2020 are covered under the Pole Purchase Agreement.

The January 1, 2021 through November 30, 2021 known amount of **[BEGIN CONFIDENTIAL] \$6.6 million [END CONFIDENTIAL]** as well as any additional 2021 unknown incremental vegetation management expense is intended to be included in the PPAM proposed in the supplemental testimony.

The 2022 amounts are not yet known but are intended to be included in the PPAM, as proposed in the supplemental testimony.

Eversource notes that, in accordance with section 6.1 of the Settlement and Pole Purchase Agreement, if the regulatory approval of this transaction is not satisfactory to either of the Settling Parties, including the treatment and recovery of incremental vegetation management costs that are the subject of this interrogatory, Eversource and Consolidated reserve the Settlement Agreement's right not to proceed to Closing of this transaction.

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- c. The delay in the proceeding has resulted in the incurrence of additional expenses that are not being paid for by Consolidated, are not covered under the Pole Purchase Agreement, and are proposed to be recovered through the PPAM. The delay in the proceeding has also resulted in the delay of Consolidated contributing the \$5 million annual contribution (for the first 2 years after the proceeding) and in Eversource's recovery of pole attachment revenues that are currently being billed and collected by Consolidated to its attachers as a joint owner. The Company has proposed that the difference between costs incurred as a result of this transaction, but not covered by incremental revenues attributable to this transaction, be recovered through the PPAM, in recognition of the fact that current base distribution rates do not contemplate this transaction, and incremental revenues to Eversource from Consolidated or other attachers are insufficient to support the incremental costs.

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Date Request Received: November 30, 2021
Data Request No. 5-05

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Request from: Department of Energy

Witness: Menard, Erica L, Horton, Douglas P

Request:

Reference Supplemental Testimony of Horton and Menard at Bates page 13, stating “The Company’s proposal is to recover the amount of vegetation management expenses that would have been charged to Consolidated under the prior Joint Use/Ownership Agreement through the PPAM going forward. The Company will include the necessary documentation and support to justify its calculation of the amount attributable to Consolidated that, going forward, will be recoverable through the PPAM.”

- a. Please provide the amount of vegetation management expenses that would have been charged to Consolidated under the prior Joint Use/Ownership Agreement that will now flow through the PPAM in each of 2022, 2023, and 2024, assuming the Company does not file a rate case during any of those years.
- b. Please describe what the Company is referring to when it commits to providing the “necessary documentation and support to justify its calculation of the amount attributable to Consolidated.”

Response:

- a. Solely from Eversource’s perspective, the amount of vegetation management expense billed to Consolidated is governed by the Intercompany Operating Procedure, specifically IOP #8 – Joint Tree Trimming Agreement, as provided in the response to Staff 1-008-SP01. As noted therein at pages 31 and 32, the amount of vegetation management billed to Consolidated is formulaic. Eversource bills Consolidated based on a formula of approximately 20% of scheduled maintenance and mid-cycle trimming costs as defined in sections 1.a and 1.b, 50% of storm trimming costs as defined in section 1.c, and 50% of hazard tree costs as defined in section 1.d. These are the incremental amounts that Eversource would include in the PPAM.
- b. The Company will provide documentation to demonstrate that the amounts being sought for recovery through the PPAM are consistent with the calculation of the incremental vegetation management trimming by program in accordance with the formulas described in part a and to demonstrate that such amounts are not being recovered in base distribution rates or any other mechanism.