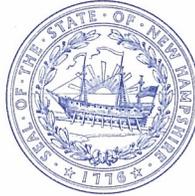


THE STATE OF NEW HAMPSHIRE

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June 2, 2009

Debra Howland
Executive Director
State of New Hampshire
Public Utilities Commission
21 So. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DT 07-011 FairPoint – Staff Report on Discussions with FairPoint Regarding Collections, Credit Reporting and Disconnection Notices

Dear Ms. Howland:

On June 1, 2009, Amanda Noonan, Director of the Division of Consumer Affairs, submitted to the commissioners a memorandum regarding FairPoint's credit bureau reporting and bill collection plans. In that memorandum, Ms. Noonan informed the commissioners that FairPoint had intended to start collections activities on May 27, 2009. She further indicated, however, that Fairpoint, at Staff's urging, had agreed to delay until June 3 the implementation of collection activities on its active accounts (to provide Staff with the opportunity to ask questions as to FairPoint's plan and as to the accounts it had identified for collections).

Staff had also requested that FairPoint provide certain information regarding FairPoint's plans for credit and collections activity as to residential customers, small business customers, large business customers and government accounts to be provided no later than May 29. FairPoint provided the requested information on May 29.¹

During the status conference in this docket on June 1, the Commission directed Staff, the OCA and FairPoint to meet and discuss the issues raised in Ms. Noonan's memorandum. Staff, OCA and FairPoint held such discussions during a break in, and after, the status conference. Some of the relevant information provided by FairPoint

¹ Ms. Noonan's memorandum stated that Staff had not received a response from FairPoint to its request for information, however, FairPoint subsequently indicated that it had filed the information on May 29 with the Commission, in-hand, and had not simultaneously electronically filed the same.

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during those discussions was determined this morning to be erroneous resulting in the continuation of discussions with Staff, OCA and FairPoint this afternoon.

Staff has learned that providing a letter to customers, as outlined in Ms. Noonan's June 1, 2009 memorandum, would require programming changes to FairPoint's systems. FairPoint estimated such changes would take two or more weeks to complete and test. While Staff continues to believe sending the letter outlined in Ms. Noonan's June 1, 2009 memo is a prudent and responsible course for FairPoint to pursue, Staff recognizes that FairPoint is entitled to collect monies owed to it by its customers and that more than \$870,000 of the balance owed by the group of customers to whom FairPoint has proposed sending disconnection notices is more than 120 days past due. Accordingly, Staff recommends the Commission advise FairPoint that it may move forward with notices of disconnection to the 2,775 New Hampshire accounts identified by FairPoint as having balances in excess of \$750 for basic service and \$500 for non basic service. Staff further recommends that the Commission direct FairPoint to stagger the mailing of these notices evenly over a three week period to minimize the impact on FairPoint customer service representatives in the credit and collections area and to allow for close monitoring of the response to the notices by FairPoint and the Commission. FairPoint should be required to provide the Commission with the following information each week:

1. The number of notices sent;
2. The number of calls generated by the notices;
3. The number of notices returned as undeliverable;
4. The number of payment arrangements entered into;
5. The number of disputed bills;
6. The number of disputed bills that were determined by FairPoint to be incorrect; and
7. The number of disputed bills that were determined to be correct; and

For any subsequent collection activity, FairPoint should be instructed to create a letter, in conjunction with Staff, which would go to future customers FairPoint has identified as being eligible for collection treatment. The letter shall identify the balance FairPoint shows as past due, advise the customer that FairPoint recognized there were billing issues resulting from the transition from Verizon systems to FairPoint systems, and ask the customer to please contact FairPoint if they believe the amount is incorrect. Following distribution of these letters, FairPoint should then be required to provide the Commission with the following within one week following the date given as the deadline for customers to contact FairPoint in the letters:

1. The number of letters sent;
2. The number of calls generated by the letters;
3. The number of letters returned as undeliverable;
4. The number of payment arrangements entered into;
5. The number of disputed bills;
6. The number of disputed bills that were determined by FairPoint to be incorrect;

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7. The number of disputed bills that were determined to be correct; and
8. The number of customers FairPoint intends to disconnect as a result of the distribution of these letters.

Staff also recommends that the Commission require Alfred Giammarino and Tom Griffin to attend the next technical session to discuss these matters with Staff and OCA as they have been identified as the individuals responsible for collections-related actions.

Sincerely,



Robert D. Hunt
Staff Attorney/Hearings Examiner