

BEFORE THE NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

DT 07-011

VERIZON NEW ENGLAND, INC., BELL ATLANTIC COMMUNICATIONS, INC., NYNEX LONG DISTANCE CO., VERIZON SELECT SERVICES, INC., AND FAIRPOINT COMMUNICATIONS, INC.

Transfer of Assets to Fair Point Communications, Inc.

**OFFICE OF CONSUMER ADVOCATE'S
MOTION TO COMPEL FAIRPOINT'S RESPONSES TO DATA REQUESTS**

The Office of Consumer Advocate (OCA) respectfully requests that the N.H. Public Utilities Commission (Commission) compel FairPoint Communications, Inc. (FairPoint) to respond to certain data requests. In support, the OCA states the following facts and law:

I. Introduction

1. On January 31, 2007, Verizon and FairPoint Communications, Inc. (FairPoint) (together, Joint Petitioners) filed with the Commission a joint petition seeking approval of a series of transactions that, if consummated, would result in FairPoint (through subsidiaries) acquiring the current Verizon NE franchise to provide wireline telecommunications services in New Hampshire and owning the network Verizon NE currently uses to provide those services.
2. The Joint Petitioners request, *inter alia*,¹ a determination by the Commission that the proposed transactions are for the public good pursuant to RSA 374:30 (governing transfers of utility franchises and assets), RSA 374:26 (governing

¹ The Joint Petitioners also request that the appropriate subsidiary of FairPoint be designated an "eligible telecommunications carrier" pursuant to 47 U.S.C. §§ 254(e) and 214(e)(2) (concerning universal service assistance fund) for purposes of the affected service territory and that Verizon's current designation be rescinded. The Joint Petitioners further request that the Commission authorize Verizon NE to discontinue service as a public utility in New Hampshire pursuant to RSA 374:28 (governing authority to discontinue providing service as a public utility).

authority to operate as a public utility), and, to the extent necessary, RSA 374:33 (governing transfers of 10 or more percent of ownership of a public utility).²

3. In determining whether the proposed transaction is in the public good, there is no “formulaic principle.”³ In doing so, the Commission “must exercise a measure of discretion.”⁴ The Commission’s resolution of opposing interests rests upon reasoned consideration of pertinent factors⁵ and must be made within the context of the current regulatory environment.⁶ The public interest

² See, e.g., Appeal of Verizon New England, Inc., 153 N.H. 50, 62 (2005) (finding that Verizon failed to request, pursuant to RSA 374:30, Commission approval to transfer Yellow Pages business) citing Appeal of Public Serv. Co. of N.H., 124 N.H. 479, 483 (1984) (recognizing the “fact” that under RSA 374:30, all sales or transfers of regulated public utility property must be approved by the Commission after a finding that sales are for the public good); and Appeal of Legislative Utility Consumers’ Council, 120 N.H. 173, 174 (1980). See also, Appeal of Public Serv. Co. of N.H., 168 PUR 4th 596, 676 A2d 101 (1996) (concerning RSA 374:26); Re Merrimack County Telephone, 87 N.H. PUC 278, 281-282 (2002) (recognizing that RSA 374:33 requires the Commission to consider whether an acquisition “[is] in the public interest”, “provides net benefits to customers” and “is in the public good”); and Re Aquarion Water Company of New Hampshire 2006 WL 3326670 (N.H.P.U.C. Oct 31, 2006) (NO. 24,691, ID 149733) (reviewing transaction under public interest and public good standards of RSA 374:33 and RSA 374:30, respectively).

³ Re PSNH Proposed Restructuring Settlement, 85 N.H. PUC 125, 241 (2000) set aside on unrelated grounds, 89 N.H. PUC 294 (2004). See also, New England Tel. & Tel. Co. v. State, 95 N.H. 353, 364 (1949) (neither statutes nor the decisions of court require that the Commission use a particular formula or a combination of formulas in performing its statutory duty of determining whether rates are just and reasonable among themselves as well as in total); and New England Tel. & Tel. Co. v. State, 104 N.H. 229, 234 (1962) (Commission not compelled to use specific formula in setting rates).

⁴ Re Concord Electric Company, 87 N.H.P.U.C. 595, 606-607 (2002) (in the context of divestiture of generation plant or supply portfolios).

⁵ See Appeal of Conservation Law Foundation of New England, Inc. et al., 127 N.H. 606, 616 (1986), citing Permian Basin Area Rate Cases, 390 U.S. 747, 792 (1968) (reviewing court “obliged to study the record carefully in order ‘to assure [itself] that the [c]ommission has given reasoned consideration to each of the pertinent factors’ upon which the responsible derivation of policy and resolution of opposing interests must rest”).

⁶ See Re Public Serv. Co. of N.H., 89 N.H.P.U.C. 70, 96 (2004) (RSA 369-B:3-a analysis done within the context of “the evolution of the electric industry in New Hampshire from an environment where investments in generation were subject to traditional rate regulation - i.e., where all prudently incurred and reasonable expenses were recovered - to one in which market forces alone will determine cost recovery for investments in generation).

inquiry in this proceeding will require the Commission to examine a variety of circumstances and factors.⁷

4. On March 16, 2007, the Commission issued the procedural schedule.⁸
5. Pursuant to the procedural schedule, the OCA propounded data requests to FairPoint on April 6, 2007. These data requests concerned Group I, Transactional and Financial Issues.⁹
6. On April 13, 2007 the OCA received FairPoint's general and specific objections to 58 data requests.¹⁰
7. In addition to ten "General Objections," which FairPoint states in response to "each and every data request" of the OCA, FairPoint specifically objected in whole or in part to the following Group I data requests: OCA 1-4, OCA 1-5, OCA 1-6, OCA 1-8, OCA 1-9, OCA 1-11, OCA 1-13, OCA 1-14, OCA 1-15, OCA 1-16, OCA 1-17, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-23, OCA 1-24, OCA 1-25, OCA 1-26, OCA 1-27, OCA 1-28,

⁷ See, e.g., Re PSNH Proposed Restructuring Settlement, 85 N.H.P.U.C. at 241-242 (public interest determination requires Commission to strike a balance between the utility and its customers); Re New Hampshire Public Utilities Commission Statewide Electric Utility Restructuring Plan, 143 N.H. 233, 236 (1998) (public interest test as enunciated by the Restructuring Act: whether the level of stranded cost recovery is "equitable, appropriate, and balanced."); Re Public Service Co. of New Hampshire, 83 N.H.P.U.C. 278 (1998) (Commission's finding that renegotiated rates paid by PSNH to wood-fired generators were not in the public interest required balancing of savings achieved for ratepayers against the costs and risks shifted from PSNH and the wood-fired generators, in addition to consideration of the economic impact upon the state, the community impact, enhanced energy security by utilizing mixed energy sources, including indigenous and renewable electrical energy production, and the potential environmental and health-related impacts); Grafton Electric Company v. State, 77 N.H. 539, 542 (1915) ("public good" finding required by statute requiring Commission approval of utility's issuance of securities equated to "reasonable taking all interests into consideration."); Re Connecticut Light and Power Co., 84 N.H.P.U.C. 634 (1999) (finding that allowing the generating assets in question to be an eligible facility will be beneficial to consumers and is in the public interest because the assets in question are being transferred to an entity that will be engaged in the competitive electricity market in New England, and the development and growth of that market is in the interest of New Hampshire electric customers).

⁸ Order 24,733, March 16, 2007, pp. 6-7, and 20.

⁹ Staff Report of Technical Session held on February 27, 2007, dated March 5, 2007.

¹⁰ Attachment A. FairPoint provided its objection to OCA 1-8 on Friday April 20, 2007.

OCA 1-29, OCA 1-30, OCA 1-34, OCA 1-35, OCA 1-36, OCA 1-37, OCA 1-38, OCA 1-43, OCA 1-44, OCA 1-45, OCA 1-46, OCA 1-47, OCA 1-50, OCA 1-51, OCA 1-52, OCA 1-53, OCA 1-54, OCA 1-58, OCA 1-59, OCA 1-60, OCA 1-65, OCA 1-75, OCA 1-77, OCA 1-82, OCA 1-83, OCA 1-93, OCA 1-99, OCA 1-100, OCA 1-110, OCA 1-111, OCA 1-113, OCA 1-114, OCA 1-115, OCA 1-131, OCA 1-132, OCA 1-133, OCA 1-143.

8. On April 17, 18 and 19, the OCA and its consultants spoke with Verizon and FairPoint by telephone, in an attempt to reach informal resolution of Verizon's and FairPoint's objections to the OCA's data requests. Although some differences were resolved, at least temporarily, disagreements remained at the conclusion of these discussions.
9. Within the objections to the above-reference objected to data requests, or during the informal dispute resolution process, FairPoint indicated an intent to provide some response to the following: OCA 1-4, OCA 1-5, OCA 1-6, OCA 1-8, OCA 1-9, OCA 1-11, OCA 1-13, OCA 1-14, OCA 1-15, OCA 1-16, OCA 1-17, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-23, OCA 1-24, OCA 1-25, OCA 1-26, OCA 1-27, OCA 1-28, OCA 1-29, OCA 1-30, OCA 1-34, OCA 1-35, OCA 1-36, OCA 1-37, OCA 1-38, OCA 1-43, OCA 1-44, OCA 1-45, OCA 1-46, OCA 1-47, OCA 1-50, OCA 1-51, OCA 1-52, OCA 1-53, OCA 1-54, OCA 1-58, OCA 1-59, OCA 1-60, OCA 1-65, OCA 1-75, OCA 1-77, OCA 1-82, OCA 1-83, OCA 1-93, OCA 1-99, OCA 1-100, OCA 1-110, OCA 1-111, OCA 1-113, OCA 1-114, OCA 1-115,

OCA 1-131, OCA 1-132, OCA 1-133, OCA 1-143. FairPoint's responses are due after the deadline for filing motions to compel.

10. Pursuant to Puc 203.09, the OCA seeks to compel FairPoint responses: OCA 1-4, OCA 1-8, OCA 1-16, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-24, OCA 1-26, OCA 1-27, OCA 1-28, OCA 1-30, OCA 1-34, OCA 1-37, OCA 1-47, OCA 1-114, and OCA 1-115.
11. Additionally, the OCA reserves its rights to compel further response or propound additional data requests concerning the data requests to which Verizon's indicated, in its written objection or in subsequent discussion, its intent to provide some response but which response the OCA will not receive until after the present deadline for filing motions to compel.

II. Standard of review – Discovery

12. The scope of discovery in Commission proceedings is broad and extends to information that is relevant to the proceeding or reasonably calculated to lead to the discovery of admissible evidence. See Re Public Service of New Hampshire, 86 NH PUC 730, 731 (2001) (citation omitted); and Re Public Service Company of New Hampshire, 89 NH PUC 226, 229 (2004) (citation omitted).
13. The Commission will deny discovery requests only when it "can perceive of no circumstance in which the requested data will be relevant." Re Public Service of New Hampshire, 86 NH PUC at 731-732; and Re Public Service Company of New Hampshire, 89 NH PUC at 229.

14. The underlying purpose of discovery in legal proceedings is to reach the truth. See Scontsas v. Citizens Insurance Co., 109 N.H. 386, 388 (1969), citing Hartford Accident &c. Co. v. Cutter, 108 N.H. 112, 113 (1967).
15. A party in a legal proceeding in New Hampshire is entitled to “be fully informed and have access to all evidence favorable to his side of the issue. This is true whether the issue is one which has been raised by him or by his opponents and whether the evidence is in the possession of his opponent or someone else.” Scontsas v. Citizens Insurance Co., 109 N.H. at 388.
16. “If a party is surprised [at trial] by the introduction of evidence or an issue or the presentation of a witness previously unknown to him, the trier of fact is likely to be deprived of having that party's side of the issue fully presented, and the system becomes less effective as a means of discovering the truth.” Id.
17. Likewise, the Commission has recognized the “liberality of the applicable discovery rule.” Re Public Service of New Hampshire, 86 NH PUC at 732.

III. OCA’s Responses to FairPoint Objections

A. OCA’s General Responses to FairPoint’s Objections

a. FairPoint’s attempts to narrow the scope of the OCA’s inquiry should not be permitted.

18. FairPoint’s response to the OCA’s Group I data requests included “General Objections.” Therein, FairPoint asserts numerous general grounds for objection to and reservations of rights to object regarding all of the data requests issued by the OCA to FairPoint.

19. It is difficult to imagine a transaction of greater moment and importance to New Hampshire consumers than the proposed transaction. An investment-grade, financially-stable entity with approximately a century of providing service seeks to transfer its franchise, tangible assets, customers and operations to an entity that has no history of managing operations of this size and significance, an entity that may be characterized fairly as “high debt/high dividend” with “junk bond” or non-investment grade bond ratings.
20. In its objections, FairPoint seeks through artificial obstacles and arbitrary choices to wall off from the Commission and parties any information pertaining to its analysis and evaluation of its transfer of assets beyond what is public through financial reporting obligations.
21. Contrary to FairPoint’s assertions, information from FairPoint’s own analyses and those of its paid advisors is crucial to the Commission’s and intervenors’ understanding of the genesis and full nature of the proposed transaction and its impact on the public and ratepayers. No clearer information exists than that which is formulated for senior management review and consideration – given fiduciary and management obligations.
22. Such information will enable the intervenors to make independent public interest assessments and recommendations and the Commission to make its public good determination based on the long-term financial and operational viability of the proposed transaction among other considerations.

b. FairPoint's "general" objections and reservations of rights, numbers 1,¹¹ 2,¹² 3,¹³ 4,¹⁴ 5,¹⁵ 7¹⁶, and 8.¹⁷

23. The OCA will not know the impact of these "general" objections and reservations of rights unless and until FairPoint responds to the data requests.
24. To the extent that FairPoint asserts any of these general objections or rights in its responses, the Commission should require FairPoint to do more than just make the assertion; it should require FairPoint to specifically set forth the basis or bases for doing.
25. Until such time, the OCA reserves its rights to challenge FairPoint's characterizations and refusals to respond on the basis of these "general" objections or reservations of rights.

c. FairPoint's "general" objection 7: Proprietary information.

26. The OCA and its consultants are signatories to a Protective Agreement with Verizon and FairPoint in this matter. Therefore, there should be no issue limiting production of confidential information to OCA or its consultants.
27. To the extent that FairPoint refuses to provide a response on this basis, the Commission should require FairPoint to do more than simply make the assertion that the request seeks proprietary information.

¹¹ Any requests that "purport to impose obligations beyond the applicable law and Commission rules and decisional law."

¹² Production of information protected by attorney-client privilege and attorney work product doctrine.

¹³ Production of information and documents other than in the form in which FairPoint stores or maintains data.

¹⁴ Any definition or instruction defining terms at variance with their common meaning.

¹⁵ Any request concerning "that seeks all documents concerning a particular subject as overbroad and unduly burdensome."

¹⁶ Requests which require the disclosure of confidential or proprietary.

¹⁷ Any request "which requests information or documents with respect to matters not addressed within FairPoint's testimony."

28. Instead, the Commission should require Verizon to specifically set forth the basis or bases for asserting this objection and to provide a log of withheld information and documents.
- d. FairPoint's "general" objection 8: Objecting to "any data request which requests information or documents with respect to matters not addressed within FairPoint's testimony."**
29. The duty of the Commission in this case is to determine whether the transaction is in the "public good" pursuant to RSA 374:30. The Commission must review a broad range of information and testimony in order to make that determination. The OCA, as a statutory party to the docket, is charged with ensuring that the interests of residential ratepayers are represented in the docket, and also must undertake an intensive analysis to determine how those interests will be impacted by the proposed transaction. In order for these analyses to occur, a wide range of information must be considered. If the companies were able to limit what information could be considered in the docket to that which they present in their testimony, the analysis undertaken in this case would be severely limited. As a result, it is essential that parties be able to seek discovery of information that is relevant, and necessary for the Commission to make its finding of public good, and not be limited to that which is contained in the applicant's testimony.

B. OCA's Response to FairPoint's Specific Objections

- a. Requests for information and documents related to proceedings in Maine and Vermont**

30. FairPoint objects on one or more grounds to a Group I data request of the OCA related to the petitions filed by Verizon and FairPoint with the Vermont Public Service Board and the Maine Public Utilities Commission: OCA 1-4.
31. OCA 1-4 concerns the differences in the petitions filed by Verizon and FairPoint in New Hampshire, Maine and Vermont. FairPoint, as a joint petitioner and author of these petitions is uniquely situated to know, without much effort, what differences exist and where in these documents. The information sought concerns requests and commitments made by the regions largest telecommunications provider in three parallel state proceedings. In making its decision about whether the proposed transaction is in the public good for New Hampshire, the Commission may receive and consider information about the circumstances surrounding parallel transactions in neighboring states, Maine and Vermont. Based upon discussion with FairPoint, the OCA understands that the only differences concern the law or legal issues. Without waiving the right to request further information at a later time, the OCA would be satisfied if FairPoint would provide a written response to that effect.
- b. Requests for information and documents related to FairPoint's cost of capital and capital structure for its ILECs.**
32. FairPoint objects on one or more grounds to the following Group I data requests of the OCA, which are related to FairPoint's cost of capital or capital structure for its ILECs: OCA 1-37 and OCA 1-111.
33. OCA 1-37 requests documents related to FairPoint's "current/most recently used 'hurdle rate' or 'hurdle rates' for investments in local exchange company

projects and programs.” During the discovery dispute resolution process, the OCA clarified that it sought information on “hurdle rate(s)” for investments, acquisitions, and capital projects. The company agreed to provide a response to part (a) of the request. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

34. OCA 1-111 requests documents “prepared by or on behalf of FairPoint regarding the impact” of two FCC dockets¹⁸ on its business, operations, revenues, or profitability. The company agreed to provide a response concerning these impacts. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

c. Requests for information and documents related to filings made by Verizon and/or FairPoint with public agencies.

35. FairPoint objects on one or more grounds to the following Group I data requests of the OCA that relate to filings made by FairPoint and/or Verizon with public agencies such as the Securities and Exchange Commission (SEC), the Federal Trade Commission (FTC), the Federal Department of Justice (DOJ), and the Federal Communications Commission (FCC): OCA 1-8, OCA 1-11, OCA 1-13, OCA 1-14, OCA 1-16, OCA 1-17, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-23, OCA 1-24, OCA 1-25, OCA 1-26, OCA 1-27, and OCA 1-54.
36. OCA 1-8 requests copies of materials that comprise the Hart/Scott/Rodino (HSR) filing associated with the proposed transaction, to the extent not previously provided. The OCA received FairPoint’s objection to this question

¹⁸ FCC CC Docket 01-92 (intercarrier compensation) and FCC CC Docket 05-25 (special access).

on Friday, April 20th. The HSR filing provides information that is not contained in the Joint Applicant's petition or pre-filed testimony, including financial data, and competitive information (including product and geographic market information.) Specifically, the HSR filing is to include "all studies, surveys, analyses and reports which were prepared by or for any officer(s) or director(s) ... for the purpose of evaluating or analyzing the acquisition with respect to market shares, competition, competitors, markets, potential for sales growth or expansion into product or geographic markets".....(Instructions to FTC Form C4, page V.) Such information is pertinent to the Commission's determination of public good because it will show the extent to which Verizon intends to compete with FairPoint on a post-transaction basis in New Hampshire, and Verizon's own estimations of competitive alternatives, impacts on competition and other information certified and provided under penalty of perjury. These documents are a complete collection of documents relevant to the proposed transaction, because they are generated specifically for the proposed transaction, and contain information which will be relevant to the intervenors analyses and the Commissions consideration of matters pertaining to competitiveness of markets and the public interest. These documents are not burdensome to produce because FairPoint has already collected and produced the documents to another agency.

37. OCA 1-11 requests information related to the 2007 annual meeting of FairPoint's stockholders, to be held in June. Specifically, the request seeks the date of the meeting once it has been determined, and copies of all

materials provided to FairPoint's shareholders regarding the transaction. During the discovery dispute resolution process, the company agreed to provide the date of the meeting, and that it would alert the OCA when the public materials for stockholders are posted to the SEC website. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

38. Data requests OCA 1-13, OCA 1-14, OCA 1-16, OCA 1-17, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-23, OCA 1-24, OCA 1-25, OCA 1-26, and OCA 1-27 relate to the SEC Form S-4 filed by FairPoint. The S-4 includes information provided to the financial community about the proposed transaction under review by the Commission. A comparison of representations made to the financial community with those made to regulators is an important undertaking by the Commission in making its public good determination.
39. OCA 1-13 requests information on the FairPoint management whose attention is presently focused on obtaining regulatory approvals. During the discovery dispute resolution process, the OCA stated that it sought information on key individuals responsible for obtaining regulatory approval in New Hampshire. The company agreed to provide a response including that information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
40. OCA 1-14 requests information listing the FairPoint management personnel whose attention is presently focused on obtaining regulatory approvals.

During the discovery dispute resolution process, the company agreed to provide a response. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

41. OCA 1-17 requests documents provided by FairPoint or Verizon to Morgan Stanley & Co.¹⁹ in connection with the proposed transaction, listing on the FairPoint management personnel whose attention is presently focused on obtaining regulatory approvals. The company agreed to provide, at least in part, a response. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
42. OCA 1-16, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, and OCA 1-24 request documents used during the course of due diligence that are referenced in the S-4, including those prepared and reviewed by the company for its advisors, by its advisors for the company, and in presentations to FairPoint's management. Applicants' representations to shareholders, senior management, Board of Directors, and the financial community are integrally related to this proceeding because they correspond with the Applicants' most in-depth perspective on and facts about the proposed transaction. By contrast, information that is presented to regulators is of a more general nature, aimed at obtaining regulatory approval, and, therefore, necessarily, of more limited use. The publicly filed S-4 and the Joint Applicants' testimony are general and lack the detail and data included in the proprietary documents. Absent access to this information, the Commission and the parties will be unduly

¹⁹ OCA 1-17 requests documents submitted to Lehman Brothers. This portion of the request was in error and, as such, is substituted with Morgan Stanley & Co.

constrained in their ability to independently assess the merits and impacts of the transaction.

43. OCA 1-23 requests documents provided by FairPoint or Verizon to Deutsche Bank and information on its role as an advisor in the proposed transaction. The company agreed to provide a response including that information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
44. OCA 1-25 requests materials provided to the FairPoint board of directors for a January 14, 2007 meeting to consider and act upon the proposed transaction. The company agreed to provide a partial response including non-privileged information in redacted form. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
45. OCA 1-26 requests information and documents relating to Deutsche Bank's discounted cash flow analysis, including its rationale for assumptions. FairPoint's analysis and plans for investments include critical information related to this proceeding and are necessary for the OCA to review in order to fully analyze whether the proposal meets the public interest standard, and whether consumers' interests are protected. This information provides an important supplement to the testimony provided by the company, which lacked sufficient detail on such matters.
46. OCA 1-27 requests assumptions related to industry performance, general business and economic conditions, and other matters, made by Deutsche Bank in its role as advisor to FairPoint in the transaction. FairPoint's analysis of

industry performance, general business and economic conditions, and other related matters include critical information related to this proceeding and are necessary for the OCA to review in order to fully analyze whether the proposal meets the public interest standard and protects ratepayers' interests. This information provides an important supplement to the testimony provided by the company, which lacked sufficient detail on such matters.

47. OCA 1-54 requests "the most current revised versions of the FCC Form 477 semi-annual reports filed for FairPoint's New Hampshire companies for the periods 1999 to current." During the discovery dispute resolution process, the company agreed to provide a response with information dating back to 2000. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

d. Requests for information and documents related to FairPoint's financial and transactional analysis of the proposed transaction.

48. FairPoint objects on one or more grounds to the OCA's Group I data requests concerning its analysis of the proposed transaction: OCA 1-28, OCA 1-30, OCA 1-34, OCA 1-35, OCA 1-38, OCA 1-43, and OCA 1-113.
49. OCA 1-28 requests FairPoint to identify the advisors and consultants it engaged regarding the proposed transaction and to provide specific details concerning the engagements, including the dates, scope and compensation. OCA seeks information related to financial, management, and operational advisors engaged by FairPoint. This information will aid the OCA and other parties in identifying specific costs that are material to the proposed transaction. It is also important for the OCA to know the advisors and

consultants retained by the company to be able to access the materials they have provided to the company that are relevant to the analysis required in this case.

50. OCA 1-30 requests materials reviewed by advisors and consultants engaged by FairPoint. The OCA requires access to such documents in order to assess whether the proposed transaction is in the public interest and adequately protects ratepayer interests. The OCA seeks documents provided by FairPoint to its financial and operational advisors and consultants for the purposes of their analysis of the proposed transaction. Such information is necessary in order to assess the company's assertion that the proposed transaction will result in public benefits from a financial point of view, and whether it adequately protects ratepayer interests.
51. OCA 1-34 requests copies of "documents that will be used for purposes of transition to support the proposed transaction, to the extent not already provided." How the companies plan for and execute the transition from Verizon ownership and management to FairPoint's is a critical aspect of the proposed transaction. The transition service agreement does not provide sufficient information to allow the OCA to assess the impact and the success of the transition period contemplated in the proposed transaction.
52. OCA 1-35 requests copies of documents regarding any and all financial analyses concerning the transaction to the extent not previously provided. The purpose of this question is to ensure that the company has provided all financial analyses of the transaction. During the discovery dispute resolution

process, the company agreed to provide responses to several questions relating to this information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

53. OCA 1-38 requests any cash flow analyses showing post-transaction projected cash flows for FairPoint. During the discovery dispute resolution process, the company agreed to provide responsive materials. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

54. OCA 1-43 requests copies of documents relating to the work product performed by investment advisors for FairPoint regarding the acquisition. During the discovery dispute resolution process, the company has indicated to provide responsive materials. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

55. OCA 1-113 requests, in part, final model documents referred to in Mr. Balhoff's testimony. This is crucial and fundamental information for the OCA to be able to conduct the analysis required to fully understand and analyze the proposed acquisition, and to determine if it is in the best interest of ratepayers. The analysis included in the model used by the company is the basis for a large portion of the testimony of at least two of the company's witnesses. In addition, it is our belief that Commission itself will need to understand the model and the assumptions upon which it is based in order to assess whether the proposal is in the public interest. During the discovery dispute resolution process, the company agreed to provide responsive

materials. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

e. Requests for information and documents related to the proposed transaction.

56. FairPoint objects on one or more grounds to the OCA's Group I data requests concerning its analysis of the proposed transaction: OCA 1-51, OCA 1-58, OCA 1-75, OCA 1-99, and OCA 1-100.
57. OCA 1-51 requests a complete copy of the "data book" provided to Verizon by FairPoint regarding its operations, as well as any documents referred to in the data book. This information is crucial to the OCA's review of the proposed transaction, as it provides the basis for the due diligence undertaken by Verizon. The company has indicated that it will provide responsive documents other than the full data book. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
58. OCA 1-58 requests all documents reviewed, written or developed by FairPoint concerning the amount of debt and debt issuance related to the transaction. During the discovery dispute resolution process, the company stated that it will consider providing responsive information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
59. OCA 1-75 requests documents containing any analysis conducted by FairPoint or its advisors concerning the likelihood of achieving projected

annual cost savings of \$60 million to \$75 million for the combined operations. This claim is made in a press release issued on January 16, 2007 by the company on page 2. This is critical information that goes directly to whether the proposed transaction is in the public interest, what the financial impact will be on FairPoint, and how ratepayers will be impacted. During the discovery dispute resolution process, the company stated that it would provide responsive information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

60. OCA 1-99 requests information relating to any changes anticipated in existing contracts of the Joint Applicants with other vendors to under take the transaction. During the discovery dispute resolution process, the company stated that it would provide responsive information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

61. OCA 1-100 requests information on whether the Joint Applicants anticipate entering new contracts or service agreements as a consequence of the proposed transaction. During the discovery dispute resolution process, the company stated that it would provide responsive information. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

f. Requests for allegedly proprietary information and documents related to allegedly proprietary testimony of FairPoint witnesses.

62. FairPoint objects on one or more grounds to the OCA's Group I data requests concerning allegedly proprietary information contained in testimony: OCA 1-

114, OCA 1-115, OCA 1-131, OCA 1-132, OCA 1-133, OCA 1-143. These objected to requests are addressed in a separate, confidentially filed motion.

**** PROPRIETARY INFORMATION REDACTED*****

63. FairPoint objects on one or more grounds to the OCA's Group I data requests concerning allegedly proprietary information contained in testimony: OCA 1-114, OCA 1-115, OCA 1-131, OCA 1-132, OCA 1-133, OCA 1-143. These objected to requests are addressed in a separate, confidentially filed motion.
64. OCA 1-114 requests an excel spreadsheet version of Attachment WEL-1 to Mr. Leach's testimony, and OCA 1-115 requests related workpapers and assumptions used in creating the attachment.
65. OCA 1-131 requests information on projects made on a state-by-state basis as referred to in Mr. Leach's testimony, disaggregated between primary and secondary lines. During the discovery dispute resolution process, the company stated that it would provide information relied upon by Mr. Leach in his testimony in its original format(s). Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
66. OCA 1-132 requests information related to Mr. Leach's testimony on FairPoint projections regarding slowing line loss. During the discovery dispute resolution process, the company stated that it would provide information relied upon by Mr. Leach in his testimony in its original format(s). Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

67. OCA 1-133 requests information related to projections about UNE-Loops contained in Mr. Leach's testimony. During the discovery dispute resolution process, the company stated that it would provide information relied upon by Mr. Leach in his testimony in its original format(s). Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.
68. OCA 1-143 requests in part, final model documents that provide the basis for Mr. Leach's testimony. This is crucial and fundamental information for the OCA to be able to conduct the analysis required to fully understand and analyze the proposed acquisition, and to determine if it is in the best interest of ratepayers. The analysis included in the model used by the company is the basis for a large portion of the testimony of at least two of the company's witnesses. During the discovery dispute resolution process, the company stated that it would provide some responsive information in response to OCA and Staff questions regarding the model. Pending the review of the response, the OCA reserves its rights to seek to compel a further response to this question.

****END PROPRIETARY INFORMATION REDACTED****

IV. Compliance with Puc 203.09(i)(4)

69. Puc 203.09(i)(4) requires a motion to compel responses to data requests to "certify that the movant has made a good faith effort to resolve the dispute informally."

70. OCA counsel and witnesses, in good faith, spoke by telephone with FairPoint's counsel and witnesses on April 18, 2007, in order to informally resolve their discovery dispute.
71. The OCA and FairPoint were unable to resolve all discovery disputes despite this effort.

Wherefore, the OCA respectfully requests the Commission to provide the following relief:

- A. Compel FairPoint's responses to OCA Group I data requests: OCA 1-4, OCA 1-8, OCA 1-16, OCA 1-18, OCA 1-19, OCA 1-20, OCA 1-21, OCA 1-22, OCA 1-24, OCA 1-26, OCA 1-27, OCA 1-28, OCA 1-30, OCA 1-34, OCA 1-37, OCA 1-47, OCA 1-114, and OCA 1-115; and
- B. Grant such other relief as justice requires.

Respectfully submitted,

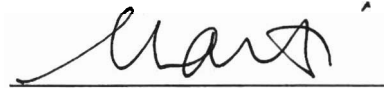


Meredith A. Hatfield
Rorie E. P. Hollenberg
Office of Consumer Advocate
21 S. Fruit St., Ste. 18
Concord, N.H. 03301
(603) 271-1172
meredith.hatfield@puc.nh.gov
rorie.hollenberg@puc.nh.gov

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing motion was forwarded this day to the parties by electronic mail.

April 20, 2006

A handwritten signature in black ink, appearing to read 'M. Hatfield', is written over a horizontal line.

Meredith A. Hatfield

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DT 07-011

VERIZON NEW ENGLAND, INC., BELL ATLANTIC COMMUNICATIONS, INC.,
NYNEX LONG DISTANCE CO., VERIZON SELECT SERVICES, INC.,
AND FAIRPOINT COMMUNICATIONS, INC.

Transfer of Assets to FairPoint Communications, Inc.

**Errata to Objections of FairPoint Communications, Inc. to
First Set of Data Requests by the Office of Consumer Advocate**

NOW COMES FairPoint Communications, Inc. ("FairPoint") and pursuant to New Hampshire Public Utilities Commission (the "Commission") Procedural Order No. 24,733, objects to the following Group I data requests issued to FairPoint by the Office of Consumer Advocate (the "OCA") as follows:

General Objections

1. FairPoint objects to these data requests (including their instructions and definitions) to the extent that they purport to impose obligations beyond the applicable law and Commission rules and decisional law.
2. FairPoint objects to any data request that seeks information or data protected by the attorney-client privilege and attorney work product doctrine. In this regard, FairPoint waives no privilege or objection by (i) inadvertent, unintentional or unauthorized disclosure of such information or documents; and (ii) any information or documents provided by the requesting party to establish a basis for any privilege asserted.

3. FairPoint objects to any request to produce data other than in the form in which FairPoint stores or maintains data in the ordinary course of business.

4. FairPoint objects to any definition or instruction which provides for definitions of terms at variance with their common meaning. In responding to these data requests, FairPoint shall apply the common meanings of such terms.

5. FairPoint objects to any data request that seeks all documents concerning a particular subject as overbroad and unduly burdensome in that FairPoint can and will only produce such documents reasonably relating to a particular subject within FairPoint's custody, possession and control.

6. FairPoint objects to any data request that characterizes any statement, document or transcript of testimony and states that such documents or transcripts speak for themselves.

7. FairPoint objects to any data request the response to which requires disclosure, response or production of confidential or proprietary information of FairPoint, and FairPoint will only produce such information to a party to these proceedings who has entered into the Protective Order in this action and the Commission Staff pursuant to RSA 378:43. FairPoint objects to any data request the response to which requires the disclosure of information or documents from a third party of a confidential or proprietary nature which FairPoint is not authorized to disclose.

8. FairPoint objects to any data request which requests information or documents with respect to matters not addressed within FairPoint's testimony.

Objections to Specific Data Requests

OCA 1-4: Please specifically identify any and all differences between the petitions filed by Verizon and FairPoint in New Hampshire, Maine and Vermont. For each such difference, please include a citation to the page and, if appropriate, line number(s).

FairPoint objects to Data Request 1-4 on the grounds that it is vague, overbroad and confusing, and that it is not reasonably calculated to lead to the discovery of admissible evidence. Moreover, this Data Request is unduly burdensome. The OCA is in a position equal to FairPoint to review and assess the various state filings and determine "all differences" thereto.

OCA 1-5: Please provide a copy of the most recent FairPoint testimony and attachments filed at any state regulatory commission that address and include FairPoint's recommendation of the appropriate cost of capital (including return on equity) for its ILEC operation.

FairPoint objects to Data Request 1-5 on the grounds that it is overbroad and unduly burdensome, and that it is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-6: Please provide a copy of the most recent FairPoint testimony and attachments filed at any state regulatory commission that address and include FairPoint's recommendation of the appropriate capital structure for its ILEC operation.

FairPoint objects to Data Request 1-6 on the grounds that it is overbroad and burdensome. In addition, the information sought through this data request is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-8: To the extent not previously provided, please provide copies of any materials that comprise the Hart/Scott/Rodino filing association with this proposed transaction.

FairPoint objects to Data Requests 1-8 on the grounds that it is overbroad and seeks some of FairPoint's most confidential and proprietary information, and that the request may seek confidential or proprietary information of a third party which FairPoint is not authorized to disclose. Additionally, the request seeks FairPoint and/or Spinco Hart/Scott/Rodino Act (the HSR Act) filings. The HSR Act, together with Section 13(b) of the Federal Trade Commission Act and Section 15 of the Clayton Act, enables the Federal Trade Commission and the Antitrust Division of the Department of Justice to obtain relief against anticompetitive mergers under federal law. In general, the HSR Act requires that certain proposed acquisitions of voting securities or assets must be reported to the federal agencies prior to completion. The primary purpose of the federal statutory scheme is to provide the antitrust enforcement agencies with the opportunity to review mergers and acquisitions before they occur. The request for information on HSR Act filings seeks information not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-9: If and when the Joint Applicants file any revisions to their Form S-4 (proxy statement), which was recently filed with the SEC, please provide the following: date(s) of revisions and reasons for the revisions.

FairPoint objects to Data Request 1-9 on the grounds that it is overbroad and burdensome. In addition, the information sought through this data request is not reasonably calculated to lead to the discovery of admissible evidence. The OCA may have access to publicly available information in the same manner as so made available to the general public.

OCA 1-11: Re the statement: "We cordially invite you to attend the annual meeting of FairPoint stockholders to be held on June • , 2007 at the Westin Hotel, 601 S. College Street, Charlotte, NC 28202, at • , local time."

- a. Once determined, please indicate the date of the meeting.
- b. As and when they become available, please provide copies of any and all materials provided to FairPoint's shareholders regarding the transaction.

FairPoint objects to Data Request 1-11 on the grounds that it is overbroad and burdensome. In addition, the information sought through this data request is not reasonably calculated to lead to the discovery of admissible evidence. The OCA may have access to publicly available information in the same manner as so made available to the general public.

OCA 1-13: The S-4 further states, "In addition, until the spin off and merger are completed, the attention of FairPoint management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on obtaining regulatory approvals."

- a. Please identify any and all FairPoint management whose attention is presently focused on obtaining the regulatory approvals.

FairPoint objects to Data Request 1-13 on the grounds that it is overbroad and burdensome. In addition, the information sought through this data request is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-14: The S-4 states: "During the summer of 2005, FairPoint asked Lehman Brothers, Inc., referred to herein as Lehman Brothers, to convey to Verizon FairPoint's interest in acquiring rural access lines. That led to an initial meeting on September 30, 2005 between management of FairPoint and Verizon. Based on Verizon's initial reaction, FairPoint's management, at FairPoint's December 14, 2005 board of directors meeting, requested approval to pursue further discussions with Verizon, which approval was granted. In December 2005, FairPoint signed a non-disclosure agreement with Verizon." Provide any and all documents prepared for and/or using during the meeting of September 30, 2005.

FairPoint objects to Data Request 1-14 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to the extent Data Request 1-14 to the extent it seeks information protected from disclosure by the attorney client privilege and the work-product doctrine.

OCA 1-15: The S-4 states: "On March 20, 2006, FairPoint engaged Lehman Brothers as a financial advisor in connection with a proposed transaction with Verizon." Provide any and all documents provided by FairPoint and/or Verizon to Lehman Brothers in connection with its role as a financial advisor and describe fully the scope of Lehman Brother's engagement.

FairPoint objects to Data Request 1-15 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-15 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection FairPoint will provide information concerning the scope of Lehman Brother's engagement.

OCA 1-16: The S-4 states: "On April 20, 2006, FairPoint submitted a revised proposal based on its review of additional information provided by Verizon to FairPoint." Provide all information that Verizon provided to FairPoint

- a. Originally, and
- b. As part of the additional information that this excerpt references.

FairPoint objects to Data Request 1-16 on the grounds that the information sought is not reasonably calculated to lead to the discovery of admissible evidence. In addition, such request is covered by a confidentiality agreement between the parties.

OCA 1-17: The S-4 states: "On May 19, 2006, FairPoint engaged Morgan Stanley & Co. Incorporated, referred to herein as Morgan Stanley, as a financial advisor in connection with a

proposed transaction with Verizon.” Provide any and all documents provided by FairPoint or Verizon to Lehman Brothers in connection with its role as a financial advisor and describe fully the scope of Lehman Brother’s engagement.

FairPoint objects to Data Request 1-17 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-17 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection FairPoint will provide information concerning the scope of Lehman Brother’s engagement.

OCA 1-18: The S-4 states: “Thereafter, on June 26, 2006, Verizon made a management presentation to FairPoint in Boston, Massachusetts covering financial and operating aspects of the Northern New England business.” Provide a copy of the management presentation and identify the Verizon and FairPoint employees and outside advisors present at the meeting on June 26, 2006.

FairPoint objects to Data Request 1-18 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to the extent Data Request 1-18 is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-19: The S-4 states: “Negotiations progressed, and, from June 27 to June 29, FairPoint’s working team and its bankers and attorneys conducted due diligence in Verizon’s data room in Dallas, Texas.” Provide any and all documents reviewed during the course of due diligence.

FairPoint objects to Data Request 1-19 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-19 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-20: The S-4 states: "On July 12, 2006, FairPoint gave a management presentation to Verizon and its financial advisor, Merrill Lynch, Pierce Fenner & Smith Incorporated, referred to herein as Merrill Lynch, covering financial and operational aspects of FairPoint's business at FairPoint's headquarters in Charlotte, North Carolina. Two weeks later, on July 26, 2006, FairPoint's management had a conference call with FairPoint's board to discuss Lehman Brothers' and Morgan Stanley's preliminary analyses of valuation projected free cash flow accretion/dilution and pro forma impact of the proposed transaction on FairPoint."

Provide copies of the management presentation referenced.

FairPoint objects to Data Request 1-20 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-20 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-21: The S-4 states: "On November 29, 2006, FairPoint's management team and its board of directors, with the participation of Lehman Brothers, held a conference call to discuss the status of the proposed transaction." Provide copies of any and all documents prepared by Lehman Brothers and Merrill Lynch regarding the proposed transaction.

FairPoint objects to Data Request 1-21 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint

objects to Data Request 1-21 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-22: The S-4 states: "On December 11, 2006, FairPoint's and Verizon's senior management and advisors met again in New York City to discuss the key deal points. At its meeting on December 13, 2006, FairPoint's board of directors received a report on the progress of negotiations and discussed the proposed transaction, including a projected transaction schedule." Provide the referenced report and any and all other documents prepared for and used during the two meetings referenced.

FairPoint objects to Data Request 1-22 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-22 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-23: The S-4 states: "On January 2, 2007, FairPoint's board of directors met telephonically with FairPoint's management team, legal counsel and financial advisors to discuss the status of the proposed transaction. . . Representatives of Deutsche Bank Securities Inc., referred to herein as Deutsche Bank, whose engagement as financial advisor to FairPoint was confirmed on January 4, 2007, participated in the meeting and addressed the scope of the work completed by them in connection with the evaluation of the proposed transaction and indicated that further due diligence in certain areas was required." Provide any and all documents provided by FairPoint or Verizon to Deutsche Bank in connection with its role as a financial advisor and describe fully the scope of Deutsche Bank's engagement.

FairPoint objects to Data Request 1-23 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint

objects to Data Request 1-23 on the grounds that it is overly broad, unduly burdensome and seeks information which is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, FairPoint will provide information concerning the scope of Deutsche Bank's engagement.

OCA 1-24: The S-4 states: "On January 10, 2007, FairPoint's board of directors met telephonically to discuss various matters relating to the proposed transaction. Prior to this meeting, the board members had received a variety of background materials for their review, including the most recent drafts of the transaction agreements, drafts of bank financing commitment letters and presentation materials of FairPoint's management team." Provide all of the "background materials" provided to board members for the referenced meeting.

FairPoint objects to Data Request 1-24 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to Data Request 1-24 on the grounds that it is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-25: The S-4 states: "On January 14, 2007, FairPoint's board of directors met at Paul Hastings' offices in New York City, to consider and act upon the proposed transaction. Prior to this meeting, FairPoint's board of directors had received various materials, including substantially final drafts of the transaction documents." Provide the "various materials" referenced.

FairPoint objects to Data Request 1-25 on the grounds that it is overbroad and unduly burdensome, and that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it seeks information which is not reasonably calculated to lead to the discovery of admissible evidence. In addition, information prepared by FairPoint's counsel

is subject to the attorney-client privilege and the work-product doctrine. Furthermore, FairPoint objects to Data Request 1-25 on the grounds that it seeks some of FairPoint's most confidential and proprietary information. Subject to and without waiving these objections, FairPoint will produce non-privileged, redacted information presented to FairPoint's Board of Directors related to the merger transaction during the meeting of January 14, 2007.

OCA 1-26: The S-4 states: "Discounted Cash Flow Analysis of Spinco. Deutsche Bank performed a discounted cash flow analysis for Spinco on a stand-alone basis based on financial estimates for 2007 through 2012 provided by FairPoint. FairPoint management's financial estimates for 2007 through 2012 assumed that FairPoint will make certain capital investments related to the Spinco business after the execution of the merger agreement. Deutsche Bank calculated the discounted cash flow values for Spinco as the sum of the net present values of (i) the estimated future cash flow that Spinco would generate for the years 2007 through 2012, plus (ii) the value of Spinco at the end of that period." Provide any and all information, assumptions and documents upon which Deutsche Bank relied in order to conduct its discounted cash flow analysis, including the rationale for any and all assumptions. For data provided, please provide in a machine-readable Excel format.

FairPoint objects to Data Request 1-26 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to the extent Data Request 1-26 is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence and would require FairPoint to create evidence that does not currently exist.

OCA 1-27: The S-4 states: "In connection with its analyses, Deutsche Bank made, and was provided by FairPoint management with, numerous assumptions with respect to industry

performance, general business and economic conditions and other matters, many of which are beyond the control of FairPoint, Verizon and Spinco.” To the extent not already provided, provide any and all such assumptions.

FairPoint objects to Data Request 1-27 to the extent it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose. In addition, FairPoint objects to the extent Data Request 1-27 is overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-28: Identify any and all advisors and consultants engaged by FairPoint regarding the proposed transaction, the date of such engagement, the scope of the engagement, and the compensation for such engagement.

FairPoint objects to Data Request 1-28 on the grounds that it is vague, overbroad and confusing, and that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-29: Identify any and all FairPoint employees who have or are participating in the transaction. Indicate also, the dates and scope of their involvement.

FairPoint objects to Data Request 1-29 on the grounds that it is vague, confusing, overbroad, unduly burdensome and is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-30: Provide any and all materials reviewed by any and all advisors and consultants engaged by FairPoint.

FairPoint objects to Data Request 1-30 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably

calculated to lead to the discovery of admissible evidence. In addition, FairPoint objects to Data Request 1-30 on the grounds that it is overbroad and unduly burdensome.

OCA 1-34: Please provide copies of any documents that will be used for purposes of transition to support the proposed transaction, to the extent not already provided in the filing of or in response to other interrogatories (or in addition to filed documents).

FairPoint objects to Data Request 1-34 on the grounds that it is vague, overbroad and unduly burdensome. In addition, FairPoint objects to Data Request 1-34 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine.

OCA 1-35: To the extent not already provided, please provide a copy of any and all documents regarding any and all financial analyses concerning the transaction.

FairPoint objects to Data Request 1-35 on the grounds that it is vague, overbroad and unduly burdensome. In addition, FairPoint objects to Data Request 1-35 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine.

OCA 1-36: Please provide copies of FairPoint's capital budgets for the period 2002 to current, including supporting schedules and workpapers.

FairPoint objects to Data Request 1-36 on the grounds that it is vague, overbroad and confusing, and that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence and that the data request seeks information prior to 2003. Subject to and without waiving these objections, FairPoint will produce what it considers to be "capital budgets" from fiscal year ended 2002 through the present.

OCA 1-37: Provide documents which show FairPoint's current/most recently used "hurdle rate" or "hurdle rates" for investments in local exchange company projects and programs.

- a. Provide documents which show how each "hurdle rate" is derived (*e.g.*, development of cost of capital components plus risk/uncertainty added if any); and
- b. Provide documents which show capital projects by state that were considered but rejected due to a failure to meet hurdle rate thresholds, from 2000 to date.

FairPoint objects to Data Request 1-37 on the grounds that it is vague, overbroad and unduly burdensome. In addition, FairPoint objects to Data Request 1-37(b) on the grounds that it seeks information not reasonably calculated to lead to the discovery of admissible evidence and that the Data Request seeks information prior to 2003.

OCA 1-38: Please provide copies of any cash flow analyses showing post-transaction projected cash flows for FairPoint, including cash from operations, transaction costs, operational savings or costs estimated from the transaction, capital requirements, debt service and repayment requirements, dividend requirements, etc., and "free cash flow".

FairPoint objects to Data Request 1-38 on the grounds that it is vague, overbroad and unduly burdensome.

OCA 1-43: Provide copies of documents relating to the work performed by investment advisors for FairPoint regarding acquisition of the Verizon New England properties.

FairPoint objects to Data Request 1-43 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence. In addition, FairPoint objects to Data Request 1-43 on the grounds that it seeks information proprietary to third parties not under the control of FairPoint.

OCA 1-44: To the extent not already previously provided, please provide copies of all presentations to FairPoint's Board of Directors or any of its committees, working groups, etc., concerning the purchase of the Verizon land lines in Maine, New Hampshire and Vermont.

FairPoint objects to Data Request 1-44 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence. In addition, FairPoint objects to Data Request 1-44 on the grounds that it is overbroad and unduly burdensome, and seeks some of FairPoint's most confidential and proprietary information. Subject to and without waiving these objections, FairPoint will produce non-privileged, redacted information presented to FairPoint's Board of Directors related to the merger transaction during the meeting of January 14, 2007.

OCA 1-45: To the extent not already previously provided, please provide copies of all presentations to FairPoint's shareholders, or any of its committees, working groups, etc., concerning the purchase of the Verizon land lines in Maine, New Hampshire and Vermont.

FairPoint objects to Data Request 1-45 on the grounds that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, the OCA is directed to all information available to the public as posted within the website of the United States Securities and Exchange Commission.

OCA 1-46: Please provide a detailed step-by-step explanation of what consummation of the proposed transaction will mean to a small shareholder (100 shares) of FairPoint stock, including any cash payments and dividends.

FairPoint objects to Data Request 1-46 on the grounds that it is vague, overbroad and confusing, and that it is not reasonably calculated to lead to the discovery of admissible

evidence. Moreover, FairPoint can not reasonably estimate facts and circumstances as to how the proposed transactions might impact a hypothetical "small shareholder" other than as described within the Joint Application of FairPoint and Verizon as filed with the Commission and all attachments thereto.

OCA 1-47: Provide documents which show the extent to which any party other than FairPoint made serious offers to purchase the Verizon land lines in Maine, New Hampshire, and Vermont.

FairPoint objects to Data Request 1-47 to the extent that it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose.

OCA 1-50: Please provide copies of all unredacted annual reports submitted by FairPoint to the Commission for the years ending 2001 to date.

FairPoint objects to Data Request 1-50 on the grounds that it is overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence and that the Data Request seeks information prior to 2003. Subject to and without waiving these objections, FairPoint will provide the information for the years 2003 through 2006 upon review of counsel and subject to a determination of counsel that no further objections or privileges are warranted.

OCA 1-51: Please provide a complete copy of the "data book" assembled by FairPoint to provide information to Verizon regarding its operations, including any documents referenced in the data book.

FairPoint objects to Data Request 1-51 on the grounds that it is vague, overbroad and unduly burdensome. Subject to and without waiving these objections, FairPoint will disclose

information from the "data book" upon review of counsel and subject to a determination of counsel that no further objections or privileges are warranted.

OCA 1-52: Please provide documents that show volumes for the following, for FairPoint operations in New Hampshire, for the most recent time period for which data are available (specify time period), separately by wire center:

- a. Residential UNE-P
- b. Business UNE-P
- c. Residential resale
- d. Business resale
- e. UNE-Loop
- f. Collocation
- g. Retail primary residential lines
- h. Retail additional residential lines
- i. Verizon DSL lines
- j. Number of households in territory served by wire center
- k. Number of Lifeline customers
- l. Number of households eligible for Lifeline
- m. Number of retail business lines
- n. Include statewide totals for all categories specified in this question.
- o. Provide the information and data described above in electronic spreadsheet readable file format.
- p. Include the CCLI code of the wire center and the plain English name of the wire center.
- q. Separately for each of the responses to parts a through o indicate whether the data includes MCI quantities.
- r. Separately for each of the responses to parts a through o, where relevant, provide quantities of lines that were previously served by MCI.

FairPoint objects to Data Request 1-52(o) on the grounds that it is overly broad and unduly burdensome and that the request would require FairPoint to create evidence that does not currently exist.

OCA 1-53: Please provide documents that show volumes for the following, for FairPoint operations in New Hampshire, for the most recent time period for which data are available (specify the time period), separately by each CLEC that purchases wholesale facilities from Verizon and FairPoint. If the CLEC names are masked, please provide a guide to the masking, *i.e.*, a complete name of the CLEC.

- a. Residential UNE-P
- b. Business UNE-P
- c. Residential resale
- d. Business resale
- e. UNE-Loop
- f. Collocation
- g. Include statewide totals for all categories specified in this question.
- h. Provide the information and data described above in electronic spreadsheet readable file format.

FairPoint objects to Data Request 1-53(h) on the grounds that it is overly broad and unduly burdensome and that the request would require FairPoint to create evidence that does not currently exist.

OCA 1-54: Provide the most current revised versions of the FCC Form 477 semi-annual reports filed for the FairPoint New Hampshire Telephone Companies for the periods 1999 to current. Provide the electronic version as filed with the FCC.

FairPoint objects to Data Request 1-54 on the grounds that it is overly broad and unduly burdensome, and information sought is not reasonably calculated to lead to the discovery of admissible evidence and that the data request seeks information prior to 2003.

OCA 1-58: Provide all documents reviewed, written, or developed by FairPoint concerning the establishment or evaluation of the amount of debt and debt issuance related to the proposed transaction. Provide documents that relate to such things as the financial risk

associated with the debt issuance, plans for use of the funds, and any justification for the use of those funds.

FairPoint objects to Data Request 1-58 on the grounds that it is vague, overbroad and unduly burdensome. In addition, the information sought through this data request is not reasonably calculated to lead to the discovery of admissible evidence and that the data request seeks information prior to 2003. The OCA may have access to publicly available information in the same manner as so made available to the general public.

OCA 1-59: Please provide documents that show the plans and objectives for FairPoint's capital structure prior to the proposed transaction, including debt/equity target percentages, and the basis for those plans and objectives.

FairPoint objects to Data Request 1-59 on the grounds that it is vague, overbroad and confusing, and that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving these objections, FairPoint will produce responsive information concerning FairPoint's pre-closing capital structure within FairPoint's custody and control.

OCA 1-60: Please provide documents that show the plans and objectives for FairPoint's capital structure subsequent to the proposed transaction, including debt/equity target percentages, and the basis for those plans and objectives.

FairPoint objects to Data Request 1-60 on the grounds that it is vague, overbroad and confusing, and that it is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving these objections, FairPoint will produce responsive information concerning FairPoint's post-closing capital structure within FairPoint's custody and control.

OCA 1-65: For each New Hampshire ILEC, provide documents that show beginning of year/end of year accounts receivable balances from any FairPoint affiliates, by affiliate, for the period 2001 to present.

FairPoint objects to Data Request 1-65 on the grounds that it is overbroad, unduly burdensome and not reasonably calculated to lead to the discovery of admissible evidence and that the data request seeks information prior to 2003. Subject to and without waiving these objections, FairPoint will respond to this Data Request for the period 2003 through 2006.

OCA 1-75: Please provide documents that contain any analyses (including sensitivity analyses) conducted by FairPoint or its advisors concerning the likelihood of achieving projected annual savings of \$60 million to \$75 million from “back office” support functions currently provided by Verizon.

FairPoint objects to Data Request 1-75 as vague, overbroad and confusing, and that it seeks information protected by the attorney-client privilege and attorney work product doctrine, and that it is not reasonably calculated to lead to the discovery of admissible evidence.

OCA 1-77: Please provide the most recent actuarial study or report for each pension plan that covers existing and retired employees of Verizon New Hampshire or any predecessor companies.

FairPoint objects to Data Request 1-77 to the extent that it seeks confidential or proprietary information of a third party which FairPoint is not authorized to disclose.

OCA 1-82: Provide copies of any responses made by Verizon or FairPoint to interrogatories of any other party in this proceeding.

FairPoint objects to Data Request 1-82 as vague, overbroad and confusing, and that it seeks information protected by the attorney-client privilege and attorney work product doctrine,

and that it is not reasonably calculated to lead to the discovery of admissible evidence. Without waiving this objection, FairPoint intends to serve the OCA with copies of its responses to Data Requests issued by parties to these proceedings to the extent FairPoint responds or objects thereto.

OCA 1-83: Provide copies of any interrogatories submitted to Verizon or FairPoint by any party in proceedings on this proposed transaction before the Maine Commission, or before the Vermont Board.

FairPoint objects to Data Request 1-83 on the grounds that it is overbroad and unduly burdensome. Subject to and without waiving these objections, public answers and the corresponding “interrogatories” will be posted on the website maintained by Pierce Atwood. The website may be made available upon request of a party.

OCA 1-93: State what limits to FairPoint management actions are necessary or anticipated in order to maintain the tax-free status of the proposed transaction. State how long these limitations will last.

FairPoint objects to Data Request 1-93 on the grounds that it is vague, overbroad and confusing and that it calls for legal conclusions. Subject to and without waiving these objections, FairPoint will answer generally to the best of its ability.

OCA 1-99: Do the Joint Applicants anticipate any changes in any existing contracts of the Joint Applicants with other vendors (e.g., engineering, information technology, management services, maintenance, etc.)? If so, describe each such contract and the nature of the anticipated change.

FairPoint objects to Data Request 1-99 on the grounds that it is vague, overbroad and unduly burdensome.

OCA 1-100: Do Joint Applicants anticipate entering into any new contracts, lease arrangements, or service agreements as a consequence of the proposed transaction? If so, will any of the entities with whom the Joint Applicants will enter said contract(s) or agreement(s) be affiliated in any way with the Joint Applicants, or any of their employees, stockholders, officers, contractors, consultants or directors? If so, identify and describe each such instance.

FairPoint objects to Data Request 1-100 on the grounds that it is vague, overbroad and unduly burdensome.

OCA 1-110: Please describe fully the regulatory treatment that FairPoint anticipates will govern its operations at closing (*e.g.*, rate of return, price cap, other forms of alternative regulation).

FairPoint objects to Data Request 1-110 on the grounds that it is vague, overbroad and unduly burdensome. Subject to and without waiving these objections, FairPoint will answer to the best of its ability as to New Hampshire.

OCA 1-111: Provide any and all documents prepared by or on behalf of FairPoint regarding the impact of the following on its business, operations, revenues, or profitability:

- a. FCC CC Docket 01-92 (intercarrier compensation); and
- b. FCC CC Docket 05-25 (special access).

FairPoint objects to Data Request 1-111 on the grounds that it is vague, overbroad and unduly burdensome. Subject to and without waiving these objections, FairPoint will provide a response concerning these impacts.

OCA 1-113: Re page 5, lines 17-18. Mr. Leach testifies that a projection through 2015 was prepared and reviewed by the FairPoint Board of Directors. Please provide a copy of that document, in spreadsheet format. At page 17, Mr. Balhoff testified that the model was updated

in early January 2007 (see, line 11 referring to a “final model”). Please provide the “final” model documents including any and all work papers.

FairPoint objects to Data Request 1-113 on the grounds that it is overbroad and seeks some of FairPoint’s most confidential and proprietary information, and that the request may seek confidential or proprietary information of a third party which FairPoint is not authorized to disclose.

OCA 1-114: Please provide an excel spreadsheet version of Attachment WEL-1.

FairPoint objects to Data Request 1-114 on the grounds that it is overbroad and seeks some of FairPoint’s most confidential and proprietary information, and that the request may seek confidential or proprietary information of a third party which FairPoint is not authorized to disclose.

OCA 1-115: Please provide any workpapers (in excel spreadsheet format, if available) used to create Attachment WEL-1, including any and all assumptions and the rationale for such assumptions (including but not limited to assumptions regarding demand and prices for telecommunications offerings).

FairPoint objects to Data Request 1-115 on the grounds that it is overbroad and seeks some of FairPoint’s most confidential and proprietary information, and that the request may seek confidential or proprietary information of a third party which FairPoint is not authorized to disclose. Subject to and without waiving these objections, FairPoint will provide a list of underlying assumptions.

PROPRIETARY INFORMATION

OCA 1-131: Re table on page 21.

- a. Did FairPoint make projections on a state-by-state basis (*i.e.*, for New Hampshire on a stand alone basis) as well? If so, please provide the summary data and

underlying detailed data and calculations in electronic spreadsheet format when available.

- b. Please disaggregate the data between primary and additional residential lines.

FairPoint objects to Data Request 1-131 on the grounds that it is overbroad in that the request would require FairPoint to create evidence that does not currently exist.

OCA 1-132: Re page 22, lines 4-6. Mr Leach testifies that Fairpoint projects it can slow the pace of access line losses. Please provide any and all studies, projections, and workpapers related to that estimate. Please provide in electronic spreadsheet format when available.

FairPoint objects to Data Request 1-132 on the grounds that it is overbroad in that the request would require FairPoint to create evidence that does not currently exist.

OCA 1-133: Re page 22, lines 11-13. Mr. Leach details projections regarding UNE-Loops. Please provide the basis for these projections, including all workpapers and studies relied upon. Please provide in electronic spreadsheet format when available.

FairPoint objects to Data Request 1-133 on the grounds that it is overbroad in that the request would require FairPoint to create evidence that does not currently exist.

OCA 1-143: Re page 24, Table 5. Please provide all workpapers and the sensitivity analysis (in electronic excel spreadsheet format) summarized.

FairPoint objects to Data Request 1-143 on the grounds that it is overbroad and seeks some of FairPoint's most confidential and proprietary information, and that the request may seek confidential or proprietary information of a third party which FairPoint is not authorized to disclose.

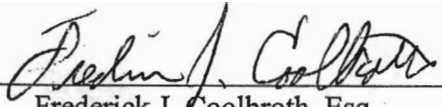
Respectfully submitted,

FAIRPOINT COMMUNICATIONS, INC.

By its Attorneys,

DEVINE, MILLIMET & BRANCH,
PROFESSIONAL ASSOCIATION

Dated: April 20, 2007

By: 
Frederick J. Coolbroth, Esq.
49 N. Main Street
Concord, NH 03301
(603) 226-1000
fcoolbroth@devinemillimet.com

