

THE STATE OF NEW HAMPSHIRE



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**PUBLIC UTILITIES COMMISSION**

21 S. Fruit Street, Suite 10  
Concord, N.H. 03301-2429

April 20, 2007



Ms. Debra Howland  
Executive Director  
New Hampshire Public Utilitise Commission  
21 South Fruit Street, Suite 10  
Concord, NH 03301

Re: DT 07-011 Verizon Transfer of New Hampshire Assets to FairPoint  
Motion to Compel

Dear Ms. Howland:

I enclose for filing an original and seven copies of the Commission Staff's Motion to Compel Verizon's Response to certain data requests in the above-referenced proceeding. I will forward an electronic copy to the service list.

Please do not hesitate to contact me with any questions or concerns.

Sincerely,

Lynn Fabrizio  
Staff Attorney

Enclosure

Cc: Service List by email and first-class mail

**Joint Petition by  
Verizon New England, Inc., et al. and FairPoint Communications, Inc.  
Transfer of New Hampshire Assets of Verizon New England, Inc. et al.**

**DT 07-011**

**MOTION TO COMPEL VERIZON RESPONSE TO DATA REQUEST**

Now comes the Staff of the New Hampshire Public Utilities Commission (Staff) and respectfully requests the N.H. Public Utilities Commission (Commission) to compel Verizon to respond to certain data requests propounded by the Staff in these proceedings. In support, the Staff states:

1. On April 6, 2007, Staff propounded data requests to Verizon.
2. On April 13, 2007, Staff received Verizon's objections to certain of the data requests propounded.
3. Verizon objected to Staff 1-31, 1-32, and 1-33.
4. Staff challenges Verizon's objections to 1-31, 1-32, and 1-33.

Staff 1-31

5. Staff 1-31 sought a detailed description (including but not limited to the net proceeds realized) of the sale by Verizon of the directory entities or business operations that produced revenues recently determined by the Commission to be "above-the-line" for ratemaking purposes.
6. Verizon objected to this request on the grounds that the request seeks information "not reasonably calculated to lead to the discovery of admissible evidence regarding whether the transaction with FairPoint in New Hampshire that is

currently before the Public Utilities Commission meets the no net harm standard and will be for the public good.”

Staff 1-32

7. Staff 1-32 sought the regulatory accounting entries made by Verizon to reflect the New Hampshire portion of the net proceeds of the sale referred to in Staff 1-31.
8. Verizon objected to this request, citing back to its objection to Staff 1-31.

Staff 1-33

9. Staff 1-33 sought a description of how the proceeds of the sale referred to in Staff 1-31 and 1-32 were apportioned to New Hampshire for regulatory accounting purposes.
10. Verizon objected to this request, citing back to its objection to Staff 1-31.

\* \* \* \*

11. Verizon’s objections to Staff 1-31, 1-32, and 1-33 must fail.
12. The directory margins have been determined by the Commission in Docket No. DT 02-165 to be relevant in the New Hampshire retail rate-setting process. Verizon has in some fashion sold its directory business.
13. In that docket proceeding, the Commission ordered Verizon to impute \$23 million in revenues annually from the sale of the Yellow Pages directory to Verizon New Hampshire for purposes of regulatory assessment, and that a final quantification of the revenue to be imputed would be determined in a subsequent phase of the proceeding.
14. The New Hampshire Supreme Court has upheld the remedy ordered by the Commission.

15. No final resolution has been made pursuant to the Commission Order in a second phase of the proceeding.
16. It is not clear from the FairPoint-Verizon Joint Application whether the Applicants have agreed to replace the directory margins, given the sale of that business.
17. Further, it is not clear what the size of the margin was at the time of the sale of the business or how to determine that value, given the sale.
18. Without the answers to Staff 1-31, 1-32, and 1-33, it will be impossible to determine the annual contribution from the directory business at the time of the sale, the changes in that contribution across future years, or the net present value across the life of the contributions.
19. The impact of the directory contributions has been substantial enough in the past that it is very likely to be material in assessing the potential harm or benefit to customers of the proposed FairPoint-Verizon transaction, if a method for continuing or replacing those contributions is not proposed by the Applicants.
20. If the proposed merger transaction occurs without addressing Verizon's imputation of the \$23 million revenue valuation to New Hampshire ratepayers, the remedy is likely to be rendered meaningless.
21. Verizon's responses to Staff 1-31, 1-32, and 1-33 are critical to a complete and meaningful review of the transaction under review in this proceeding and, as a result, are in the public interest.
22. Pursuant to the procedural schedule approved by the Commission in Docket No. DT 07-011, Staff hereby moves to compel responses to Staff 1-31, 1-32, and 1-33,

and as reasons therefore states that the Data Requests comprise a reasonable effort on the part of Staff to exercise its responsibility to investigate the matters at issue in this docket thoroughly.

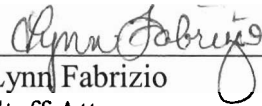
**Compliance with Puc 203.09(i)(4)**

23. Puc 203.09(i)(4) requires a motion to compel responses to data requests to “certify tha the movant has made a good faith effort to resolve the dispute informally.”
24. The undersigned counsel contacted Verizon’s counsel in an effort to informally resolve the dispute detailed herein.
25. Despite this effort, Staff and Verizon were unable to resolve the dispute.

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

- A. Compel Verizon’s responses to Staff 1-31, 1-32, and 1-33; and
- B. Grant such other relief as deemed just and equitable.

Respectfully submitted,

  
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