

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

FAIRPOINT EXHIBIT 18

Respondent: Arthur Kurtze
Title: Advisor, Capgemini

ORAL DATA REQUEST: Please provide the reference in the Hawaiian Telcom S-4 to payments in late 2004 to early 2005 to Bearing Point. (Preliminary transcript, October 22, 2007, Session 3, p. 68.)
STAFF

DATED: October 22, 2007

REPLY: Please refer to the attached document, page F-35 to the Hawaiian Telcom Communications, Inc. S-4 filed with the Securities and Exchange Commission on January 19, 2006.



Hawaiian Telcom Communications, Inc.
Notes to Financial Statements—(Continued)
(Dollars in thousands)

A full valuation allowance has been provided at December 31, 2004 by the Company for the deferred tax assets because of the uncertainty of future realization of such amounts. The Company will continue to assess the recoverability of deferred tax assets and the related valuation allowance. To the extent that the Company generates taxable income in future years and it determines that such valuation allowance is no longer required, the tax benefit of the remaining deferred tax assets will be recognized at that time.

4. Commitments and Contingencies

BearingPoint

The Company has engaged BearingPoint to build and operate an information technology solution environment including software applications and systems and hardware that the Company will use in its business. The Company has agreed to a fixed fee for build-services and operate-services subject to adjustment based on the amount of services provided. Unless renewed, the agreement with BearingPoint expires in 2010. Annual fixed fee commitments under the agreement with BearingPoint, including certain hardware and software acquired from other vendors, amounts to \$187,689 in the aggregate with \$87,400 for 2005; \$32,030 for 2006; \$21,555 for 2007; \$21,555 for 2008; \$21,555 for 2009; and \$3,593 for 2010. During the period from inception on May 21, 2004 to December 31, 2004, the Company incurred fees under this agreement amounting to \$6,495.

Litigation

The Company is involved in litigation arising in the normal course of business. The outcome of this litigation is not expected to have a material adverse impact on the Company's financial statements.

5. Transactions with the Sponsor

At December 31, 2004, the Sponsor (defined below) had advanced \$25,000 to HoldCo of which \$15,680 of funds were advanced to the Company. These advances to the Company are reflected in other current liabilities in the December 31, 2004 balance sheet and have since been repaid.

6. Subsequent Event

On May 21, 2004, the Company and HoldCo, both new entities formed by the private equity firm of The Carlyle Group (the "Sponsor"), entered into an Agreement of Merger, which was subsequently amended and restated on April 8, 2005, with GTE and Verizon HoldCo LLC, both subsidiaries of Verizon Communications Inc., to acquire Verizon's Hawaii Business. The merger was consummated on May 2, 2005 (the "Acquisition"). The total consideration for the Acquisition was approximately \$1,600,000 which included the assumption of existing debentures with an outstanding principal balance of \$300,000.

F-35