

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

FAIRPOINT EXHIBIT 53

Respondent: Michael T. Skrivan
Title: Senior Director,
Regulatory Affairs

**ORAL DATA
REQUEST:**

If a dispute arises under the settlement agreements between FairPoint and the RLECs, what is FairPoint's position regarding whether the costs related to such a dispute will be recoverable as part of New Hampshire intrastate retail rates? (Preliminary Transcript, October 26, 2007, Session 1, pages 18-19)

DATED:

October 26, 2007

REPLY:

The answer depends on the nature of the dispute and whether FairPoint is engaged in a rate-making proceeding. To the extent that the dispute relates to regulated intrastate services (EAS or intraLATA access, for example), the expenses associated therewith would be considered regulated expenses. According to Part 32 Accounting rules, these expenses would be considered Corporate Operating expenses. According to Part 36 Jurisdictional Separations rules, these expenses are not directly assignable to the state or interstate jurisdictions, regardless of the nature of the dispute, but instead are allocated between jurisdictions based on The Big Three Expenses. The portion of the costs allocated to the state jurisdiction would be considered by the Company to be included in a rate case, should a rate case be filed. In the absence of a rate case, the expenses would not be recoverable in New Hampshire intrastate rates. Please refer to Part 32.6720(g) and Part 36.392(c).

