OCA Exh. Leach 40    P

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

**Respondent:** Walter E. Leach, Jr.
**Title:** Executive Vice President, Corporate Development

**REQUEST:** Office of Consumer Advocate - Rebuttal

**DATED:** September 19, 2007

**ITEM:** OCA R-26 Refer to page 7, lines 8 through 10, of the Rebuttal Testimony of Walter E. Leach, Jr.

a. What is the basis of the commitment to capping existing basic retail rates and CLEC wholesale rates for at least one year, and existing special access rates for at least 18 months, following the closing?

b. How does this commitment compare with commitments made in Vermont and Maine?

c. What is FairPoint's understanding of the process needed and time frame encompassed for seeking and obtaining approval to raise:

   i. Basic retail rates?

   ii. CLEC wholesale rates?

   iii. Special access rates?

d. Please compare the referenced testimony with page 105, line 19 through page 107, line 2. What factors would lead FairPoint to agree to a "mutual two or three year 'stay out'"?

e. Is it still FairPoint's position that in any rate case it would not be obligated to impute directory (yellow pages) revenues? Please explain fully.

**REPLY:** **OBJECTION:** FairPoint objects to Data Request R-26 on the grounds that it seeks legal conclusions and is not reasonably calculated to lead to the discovery of admissible evidence. Subject to and without waiving this objection, FairPoint will provide a response. [Objection served September 25, 2007.]

(a) The basis was to lay out a foundation upon which to ultimately negotiate settlement agreements with the wholesale customers and parties representing the retail customers.

(b) Comments generally similar to these were made in Vermont and Maine.

(c) The responder is not an expert on regulatory matters but assumes the process needed to change any of these rates would require filings with and approvals from the NHPUC, which could take anywhere from six to eighteen months.

(d) The factors that would lead to a two or three year stay out would involve all the conditions likely to be associated with a Commission Order approving the transaction, including conditions impacting FairPoint's capital structure, dividend or debt flexibility, penalties for missing QoS metrics, limitations on cutover flexibility, etc.

(e) FairPoint's position continues to be that it should not be obligated to impute directory revenues in a future rate case because the Merger Agreement does not convey any part of the directory business with the assets transferred and FairPoint never had anything to do with such business.