

STATE OF VERMONT
PUBLIC SERVICE BOARD

Joint Petition of Verizon New England Inc.,)
d/b/a Verizon Vermont, Certain Affiliates)
Thereof, and FairPoint Communications,)
Inc. for approval of an asset transfer,) Docket No. 7270
acquisition of control by merger and)
associated transactions)

PREFILED REBUTTAL TESTIMONY OF PETER G. NIXON

ON BEHALF OF

FAIRPOINT COMMUNICATIONS, INC.

June 27, 2007

Summary: In response to the Department of Public Service and other parties' testimony, Mr. Nixon provides an overview of the significant progress FairPoint has made since announcing the transaction, addressing in particular: management and transition issues, including the structure of new operation; human resources, including integrating Verizon's employees; retail and wholesale issues; and concerns associated with utility poles.

Mr. Nixon Sponsors the Following Exhibits:

Exhibit PGN-2	Resume of Brian Lippold
Exhibit PGN-3	Resume of Steven Rush
Exhibit PGN-4	Resume of Ralph Wasner
Exhibit PGN-5	Resume of Gracie Coleman
Exhibit PGN-6	FairPoint Management Organization Chart
Exhibit PGN-7	Employee Survey
Exhibit PGN-8	Business Integration Plan

1 **INTRODUCTION**

2 Q1. Please state your name.

3 A1. Peter G. Nixon.

4 Q2. Are you the same Peter G. Nixon who previously filed testimony on behalf of FairPoint
5 Communications, Inc. (“FairPoint”) in this proceeding?

6 A2. Yes.

7 Q3. What is the purpose of your testimony?

8 A3. I will introduce our rebuttal testimony and provide an overview of the substantial
9 progress we have made since announcing the transaction. I will address management and
10 transition issues, including the structure of new operation; human resources, including
11 integrating Verizon’s employees; retail and wholesale issues; and concerns associated
12 with utility poles.

13 Q4. Who else will be providing rebuttal testimony on behalf of FairPoint and what will they
14 cover?

15 A4. FairPoint will offer rebuttal testimony from the following witnesses:

- 1 • Walter E. Leach, Jr., Executive Vice President, Corporate Development, will
2 provide rebuttal testimony primarily to address issues raised in the direct
3 testimony of the Labor Intervenors (primarily the Communications Workers of
4 America and International Brotherhood of Electrical Workers (“CWA/IBEW”)'s
5 witness Randy Barber) and the Department of Public Service (“DPS”) (primarily
6 witnesses Perry L. Wheaton and Christopher J. Campbell) regarding the financial
7 characteristics and soundness of the proposed transaction.
- 8 • William E. King, one of FairPoint’s external expert witnesses, will provide
9 rebuttal testimony primarily to address the reasonableness of certain financial
10 projections prepared in connection with FairPoint’s proposed acquisition of
11 Verizon’s Northern New England properties and other financial-related issues
12 raised by the various witnesses who submitted prefiled direct testimony on behalf
13 of the Department of Public Service as well as the CWA/IBEW Intervenors.
- 14 • Michael J. Balhoff, one of FairPoint’s external expert witnesses, will provide
15 rebuttal testimony primarily in three (3) areas: (i) FairPoint’s investment plan; (ii)
16 allocation of risks in the transaction; and (iii) sensitivity analysis related to cash
17 flows in 2012.
- 18 • Rebuttal panel testimony will be provided through Michael S. Brown, Michael L.
19 Harrington and John Smee with respect to network-related matters, outside plant,
20 inside plant and FairPoint’s plans for broadband expansion within the State of
21 Vermont.

- 1 • Rebuttal panel testimony will be provided through Michael Haga (FairPoint) and
2 Arthur A. Kurtze (Capgemini) concerning the retention and qualifications of
3 Capgemini, the new network system architecture being developed by FairPoint
4 and Capgemini, cutover related issues and the transition process.
- 5 • Brian Lippold will provide rebuttal testimony addressing issues related to
6 wholesale services and issues raised by the as competitive local exchange carriers
7 (CLECs) Intervenors in this docket.
- 8 • Michael T. Skrivan, will provide rebuttal testimony concerning various regulatory
9 issues that have arisen in this docket.
- 10 • Dr. Douglas C. Sicker, the third of FairPoint's external expert witness, will
11 provide rebuttal testimony addressing issues related to: (i) the appropriateness of
12 Digital Subscriber Line (DSL) as an evolutionary technology path for FairPoint to
13 serve the Verizon customer base and related assets in Maine, Vermont and New
14 Hampshire; (ii) the trade-offs between DSL and Fiber-To-The-Home (in terms of
15 technology capabilities, likelihood of ubiquity, speed of deployment, and cost of
16 deployment); and (iii) how FairPoint's broadband plan helps meet Vermont's
17 broadband goals.
- 18 Q5. What will your position be with FairPoint on a post-closing basis?
- 19 A5. Chief Operating Officer, responsible for the operations in Vermont, Maine and New
20 Hampshire, reporting to FairPoint's CEO.

1 Q6. Will you also act as the Chief Operating Officer for the existing FairPoint operating
2 entities?

3 A6. No. Lisa Hood will continue to be the Chief Operating Officer – Telecom Group,
4 responsible for the existing FairPoint operations.

5 **BENEFIT TO VERMONT AND PROGRESS ON IMPLEMENTATION**

6 Q7. Will this transaction will benefit the citizens and communities of Vermont and if so,
7 how?

8 A7. Yes. This transaction will benefit the citizens and communities of Vermont. FairPoint
9 will invest over \$13 million within the first 18 to 24 months of closing to significantly
10 expand broadband availability within the state. To accomplish this, FairPoint is
11 deploying an advanced IP fiber-supported infrastructure, discussed in greater detail in the
12 testimony of Michael Brown. FairPoint is also committed to filling 145 new positions,
13 primarily in the Burlington area. In addition, FairPoint is committed to filling 50 new
14 positions in the Littleton, New Hampshire area which will also benefit the citizens of
15 Vermont.

16 Many of our Vice President level leaders will be located within Northern New England
17 making them accessible to the various stakeholders and constituent groups. Our
18 organizational structure is designed to be “customer facing;” in other words, focused on
19 the customer with clear accountability to ensure that focus. We are also instituting a
20 Field Marketing structure within our marketing organization to place marketing personnel

1 in the communities across Northern New England. They will live and work in the
2 communities and from them we will gather important information about the needs of our
3 customers and the communities in which they reside. We will have in-market staff to
4 support all of our business customers and account representatives to meet at customer
5 locations for our medium and large business accounts.

6 Finally, we are committed to supporting our wholesale customers with services, pricing
7 and skilled personnel. These commitments as well as the status of the transaction and our
8 plans are described in greater detail throughout my testimony as well the testimony of
9 others sponsored by FairPoint.

10 Q8. Has FairPoint made significant progress with respect to the transition of Verizon's
11 operations in Vermont, Maine and New Hampshire to FairPoint since the transaction was
12 announced and the present application was filed with the Board?

13 A8. Yes. Since my testimony was filed in March, 2007, FairPoint has made significant
14 progress in system design and vendor selection, cutover planning, organization planning
15 and design, business integration planning, broadband design, and addressing issues raised
16 by many of the stakeholder groups. As Michael Haga and Arthur Kurtze describe,
17 impressive progress has been made in the development of the operations and business
18 support systems architecture. FairPoint's new operations and business support systems
19 will operate as efficiently, if not more efficiently, than the existing Verizon systems,
20 which has been developed and implemented over a significant number of years. The
21 FairPoint systems architecture under development will include current technology, utilize

1 some of the latest advances in technology and, over time, allow FairPoint to offer a
2 broader range of products and services to Vermont residents in comparison to current
3 offerings. Further progress has been made with respect to the cutover as Verizon has
4 refined its Cutover Plan (with FairPoint's input) and FairPoint has refined its Cutover
5 Task List (with Verizon's input), as the two (2) companies are thoroughly detailing every
6 aspect of the data conversion and the business integration that will be necessary for a
7 successful conversion.

8 Q9. What progress has been made on network assessment and broadband expansion?

9 A9. FairPoint's due diligence of the Verizon network in Vermont has enabled FairPoint to
10 determine that Verizon's network is typical of the networks that FairPoint has acquired in
11 the past (although larger) and overall remains in good condition, requiring mainly post-
12 closing maintenance, which maintenance FairPoint is prepared to do. FairPoint's
13 broadband expansion plan has been refined. FairPoint remains confident that its
14 broadband expansion plan provides for addressability to over 40,500 additional access
15 lines in the State of Vermont within 2 years of closing. FairPoint plans to utilize a
16 network which allows for a more efficient use of bandwidth and provides FairPoint with
17 a platform to offer multiple services to Vermont residents. FairPoint plans to build a
18 broadband network which affords availability into the next generation of broadband
19 based services.

20 Q10. Please summarize FairPoint's position on provision of wholesale services, and provide an
21 overview of progress toward meeting wholesale service needs.

1 A10. In summary, wholesale customers will not be harmed by this transaction. FairPoint will
2 assume all of Verizon's wholesale contracts as of the closing. FairPoint agrees to provide
3 anything that Verizon would be required to provide under the 14-point "competitive
4 checklist" set forth in section 271(c)(2)(B) of the federal Communications Act, even
5 though FairPoint is not a Bell Operating Company (BOC) and will not be a BOC after
6 closing. As Brian Lippold explains in greater detail, we believe that CLECs will be
7 getting all the services and elements that have asked us for, so they'll have no reasonable
8 basis to object to this transaction.

9 To elaborate on this important subject, Mr. Lippold reports on the development of the
10 wholesale team and progress FairPoint has made in planning for the transition to new
11 wholesale systems. As part of that testimony, he will explain the testing and training
12 processes which will enable CLECs to prepare for the transition to FairPoint's systems.

13 Mr. Lippold also discusses how existing interconnection and other inter-carrier
14 agreements will be assumed by FairPoint, with no diminution in services to CLECs, and
15 how CLECs will enjoy the same rates (including volume discounts) after the closing.

16 FairPoint will agree to extend in writing all inter-carrier agreements (including
17 interconnection agreements) in effect as of the closing date for one year following their
18 stated expiration date. In addition, for interconnection and other inter-carrier agreements
19 that have expired or are renewed only on a month-to-month basis as of the closing,

20 FairPoint will extend the then-current rates and other terms in writing for one year
21 following the transaction closing. In addition, FairPoint will offer to CLECs all of those

1 services they receive prior to closing from Verizon (whether offered under tariff or
2 agreement), including the Wholesale Advantage (UNE-P replacement) agreements.
3 Some of the specific services that parties have asked about (such as line sharing and
4 certain dark fiber facilities) are not required to be offered in Vermont at state-regulated
5 rates, terms, or conditions, but FairPoint nevertheless intends to continue providing them
6 pursuant to agreements in place at the time of closing.

7 In addition, as noted above, FairPoint is committing to provide anything Verizon would
8 be required to provide under the 14-point "competitive checklist." As to tariffs and rates,
9 FairPoint agrees that it will not seek to increase its interstate or intrastate tariffed special
10 access rates for 18 months after the transaction closing, unless required by law. FairPoint
11 proposes to assume Verizon's rights and obligations under the terms of the Amended
12 Vermont Incentive Regulation Plan. This includes, of course, the agreement under the
13 Plan not to raise rates in tariffs for existing regulated intrastate telecommunications
14 services during the term of the Plan (through December 31, 2010). Also, FairPoint will
15 not withdraw any interstate or intrastate tariffed special access service offering for 18
16 months after the transaction closing, unless required by law or permitted by order of the
17 FCC. FairPoint will also assume Verizon's Statements of Generally Available Terms and
18 Conditions in Vermont.

19 FairPoint also will fulfill all obligations of incumbent local exchange carriers under
20 Section 251(c) of the Communications Act, and commits that it will not try to assert the

1 “rural exemption” in the acquired markets. These very significant commitments, among
2 others FairPoint is making, ensure that CLECs will not be harmed by the transaction.

3 Q11. As Chief Operating Officer, you must be generally aware of although not responsible for
4 preparing the companies’ financial analysis. Based on the evidence FairPoint is
5 submitting, will FairPoint be financially sound, so that it may achieve the benefits you
6 describe?

7 A11. From a financial perspective, the rebuttal testimony confirms that the proposed
8 transaction is financially sound and in the public interest, as it will benefit the combined
9 company’s customers and employees and the communities it serves. Mr. King
10 demonstrates the reasonableness of FairPoint’s financial projections, with critical
11 underlying assumptions supportable and within the range of the observed historical
12 performance of the selected guideline companies. As Mr. Leach covers in detail, the
13 company has modeled reasonable assumptions regarding cash operating expenses and
14 potentially conservative assumptions regarding per line revenues. Projected EBITDA
15 (“earnings before interest, taxes, depreciation, and amortization”) margins fall well below
16 the margins achieved by the guideline company group. Therefore, based upon that
17 analysis there is a reasonable opportunity for FairPoint to outperform the projections,
18 providing a sufficient “margin” to allow the company to weather any unforeseen financial
19 or operating pressures. The company’s financial plan is balanced, sustainable and
20 tailored to meet the needs of relevant constituencies.

1 In addition, the projections provide for capital investment on a per line basis that exceeds
2 Verizon's investment levels (excluding FiOS) in recent years. The capital budgets were
3 developed on the basis of enhancing service quality, and, critically, accelerating and
4 expanding the deployment of broadband. As Mr. Balhoff establishes, FairPoint is
5 committing to significant investment in the region, contrary to allegations of a plan for
6 "disinvestment." As Mr. Balhoff states, far from investing "as little as possible," the
7 company's investment plans are robust and consistent with industry metrics and trends.
8 Finally, Mr. Balhoff is clear that the equity holders bear the fundamental risk in the
9 proposed transaction, and it is clear that the CWA/IBEW witness expert is wrong that the
10 risk is borne disproportionately by customers, employees and the citizens of Vermont.

11 **MANAGEMENT AND TRANSITION**

12 Q12. Please describe the organizational structure for Vermont, Maine and New Hampshire.

13 A12. As I described in my initial testimony, FairPoint's guiding principle is to create an
14 organization that is customer-facing with senior-level decision makers located within the
15 three states. FairPoint conducted a systematic process to identify our needs and locate
16 very-high-quality individuals to help us meet those needs. To that end, my direct reports
17 now and following the transaction closing will include:

- 18 • Brian Lippold – Vice President Business & Wholesale Services; Exhibit PGN-2 is
19 Mr. Lippold's resume.

- 1 • Steve Rush – Vice President Consumer & Small Business, Sales & Service;
2 Exhibit PGN-3 is Mr. Rush’s resume.
- 3 • Ralph Wasner – Vice President Information Services/Information Technology;
4 Exhibit PGN-4 is Mr. Wasner’s resume.
- 5 • Gracie Coleman – Vice President Human Resources; Exhibit PGN-5 is Ms.
6 Coleman’s resume.
- 7 • Several positions to be filled including:
 - 8 ○ Vice President Operations & Engineering,
 - 9 ○ Vice President Regulatory & Governmental Affairs,
 - 10 ○ Vice President Marketing & Product Management, and
 - 11 ○ Vice President Staff Support.

12 With the exception of the Vice President Human Resources and Vice President of Staff
13 Support, all of these positions will be located in Maine, New Hampshire or Vermont. I
14 am providing as Exhibits PGN-2 through PGN-5 resumes for the senior personnel
15 FairPoint has hired to-date. As you will see, they constitute an impressive group of
16 individuals, who will make significant contributions to FairPoint, to the states of
17 Vermont, Maine and New Hampshire and to their communities.

18 In addition, other senior FairPoint professionals are and will continue to provide critical
19 leadership and support for the three states. These include John Smee, Michael Haga,
20 Michael Harrington, and Michael Brown. FairPoint will also benefit from a number of
21 senior Verizon employees who will continue with FairPoint at closing.

1 Q13. Please describe the management structure for the Vermont, Maine and New Hampshire
2 operations and the status of the development of that structure.

3 A13. Exhibit PGN 6, labeled "FairPoint Leadership Team," is the most current Management
4 Organization Chart. Page 1 of the chart shows FairPoint's executive leadership team.
5 Page 2 documents the executives who report to me. Each of the remaining pages of the
6 exhibit documents those employment positions that will report to the senior leadership
7 team (which reports to me).

8 Q14. How will the Vermont, Maine and New Hampshire operations relate to FairPoint's
9 current operating entities?

10 A14. The two subsidiaries to be owned by the entity currently referred to as "Spinco" and the
11 existing FairPoint companies will be subsidiaries of FairPoint. FairPoint will be the
12 overall parent entity or holding company of the telephone companies.

13 Q15. How will decisions be made about investment, operations, policy, human resources and
14 other key matters for the Vermont, Maine and New Hampshire operations?

15 A15. The regional team will be accountable for the operational performance, financial results
16 and customer satisfaction within Northern New England and, as such, will be given the
17 appropriate levels of authority to meet their commitments. To the extent possible,
18 decisions will be made locally, taking into consideration the needs of customers,
19 employees, and the Vermont, Maine and New Hampshire operations. Customers and

1 regulators in the State of Vermont, as well as in the States of Maine and New Hampshire,
2 will be able to interact more directly with our regional executive team.

3 FairPoint recognizes that in a competitive environment, customers will decide to remain
4 with FairPoint or switch to an alternate carrier based on the value of the services that
5 FairPoint provides: price, quality of service, timeliness of installation and repair, and
6 services that meet their needs (e.g., broadband). This is the rationale behind the concept
7 and implementation of a customer-facing organization. Our vice presidents for
8 wholesale, business and consumer markets will be accountable for those customer
9 relationships in terms of service quality, revenues and direct expenses for that line of
10 business across all three states. Within FairPoint, those individuals will have meaningful
11 budgetary authority and profit and loss (P&L) accountability. Each of those individuals
12 will live in one of the three states of Maine, New Hampshire or Vermont.

13 For example, Steve Rush, Vice President Consumer & Small Business, Sales & Service,
14 will be responsible for inbound customer service, outbound telemarketing, operator
15 services, and directory assistance. Mr. Rush is accountable for the entire consumer and
16 small business relationship. In many organizations, these functions exist in separate
17 "silos," even though such functions jointly affect the customer experience. Similarly,
18 Brian Lippold, Vice President Business & Wholesale Services, will be responsible for the
19 inbound, outbound, and alternate sales channels supporting the medium and large
20 business and entire wholesale segments. Traditionally the organizational approach has
21 been to have all of the inbound call centers report to one senior-level director or vice

1 president, outbound to another, and operator and directory assistance to another, all of
2 which, in my opinion, tends to diffuse the accountability to the customer.

3 Q16. Please describe the process for Verizon employees in Vermont, Maine and New
4 Hampshire to continue their employment at the close of the transaction.

5 A16. Based on analysis of the information we received from Verizon in May 2007,
6 approximately 2,700 to 2,800 Verizon employees will continue their employment after
7 the close. These employees include managers, regulatory staff, installation and repair
8 technicians, central office technicians, splice-service technicians, engineers, customer
9 sales and service representatives and others. FairPoint tracks the status of Verizon
10 employees via an employee identification number (not by name), job classification and
11 associated years of service, on a monthly basis. FairPoint is able to track any significant
12 variance in employees by work function and/or years of service. FairPoint recognizes the
13 value of the Verizon's skilled workforce and hopes to work closely with the unions in the
14 months ahead. It is important to note that Verizon is contractually required to run the
15 business in the "normal course" and as such must staff the Vermont, Maine and New
16 Hampshire operations accordingly.

17 Q17. Will training be an important part of the transition for current Verizon employees
18 continuing with FairPoint after the closing?

19 A17. Yes. FairPoint considers career advancement and training to be an important component
20 of the transition process. There are three primary components to the upcoming career
21 advancement and training for the Verizon employees transitioning to FairPoint:

1 1. Opportunities for promotion and career advancement. With the move to place
2 senior leaders “in market,” there will be promotion and career advancement
3 opportunities for current Verizon employees. This will enable FairPoint to
4 recognize leaders within the current Verizon organization and help FairPoint
5 retain critical “institutional knowledge.”

6 2. Technical training. Between closing and cutover, FairPoint will train current
7 Verizon employees on the new FairPoint system architecture and processes. To
8 accomplish this task, FairPoint plans to increase staff levels with temporary
9 employees during the transition to accommodate training needs and allow the
10 transitioning Verizon employees to focus on training while continuing to meet
11 service commitments to our customers.

12 3. ”Employee engagement.” FairPoint will have a process to identify the level of
13 engagement of employees through employee surveys. One of the objectives is to
14 repeat this process on a regular basis in order to track trends. We are developing
15 a training plan now to address this transition. It will include employee surveys to
16 track job satisfaction. Exhibit PGN-7, Employee Survey, is the current outline of
17 the survey process and timeline.

18 Q18. You have already described a number of the recently-hired senior management personnel.
19 Have you engaged Verizon in discussion of other key personnel needs?

20 A18. Yes. I have described our orderly process and our success in hiring high-quality people
21 who are excited about the opportunity to continue to serve the customers in Vermont,

1 Maine and New Hampshire. The FairPoint functional leads, including several new key
2 hires, are in continual discussion with Verizon, making and refining detailed plans to
3 identify positions that FairPoint must fill in order to supplement Verizon's workforce and
4 meet the needs of the business and customers. Based on this sharing of information, we
5 are determining appropriate hiring intervals for various levels of employment positions.
6 For example, FairPoint has filled some of the senior positions more quickly to assist in
7 system evaluation and vendor selection, help develop policies and procedures, design
8 their organization, and develop business integration plans so that the business can run
9 smoothly following closing and cutover. Front-line positions will be filled prior to when
10 they are actually required (closing or cutover) to provide for the appropriate training
11 interval.

12 Q19. What are the additional key employment positions FairPoint has filled?

13 A19. FairPoint has recently filled the following positions:

- 14 • Business and Wholesale organization
 - 15 • Michelle Hymson - Assistant Vice President Wholesale Services
 - 16 • Jeff McCarthy – Assistant Vice President – Business Sales
 - 17 • Jeff Allen – Assistant Vice President – Customer Operations
- 18 • Operations organization
 - 19 • Bernie Hagan – Manager – Facilities
 - 20 • Ralph Thomas – Director, Supply Chain
 - 21 • Donald Romano – Manager, Network Operations Center

- 1 • Gilbert Lamarre – Manager Provisioning
- 2 • IS/IT organization
- 3 • Ken Poulin – Director, IT Ops and Systems
- 4 • Dwight Turner – Manager, Database Administrator
- 5 • Richard Finkelson - Manager Software Dev, Sup & Maintenance
- 6 • Ash Khamas – Sr. Network Administrator
- 7 • Justin McAlister – Sr. Microsoft Systems Administrator
- 8 • Finance and Accounting organization
- 9 • Pat Hogan – Sr. VP & Corporate Controller
- 10 • Timothy Ricketts – Manager, Treasury
- 11 • Regulatory organization
- 12 • Mike Skrivan – Sr. Director, Regulatory Affairs

13 Q20. What positions is FairPoint is in the process of seeking to fill?

14 A20. At the outset, FairPoint has focused on filling senior leadership positions within Vermont,
15 Maine and New Hampshire operations, as well as those employment positions that are
16 necessary to develop and start up the new data center. Several positions to be filled
17 include: Vice President Operations & Engineering, Vice President Regulatory &
18 Governmental Affairs, Vice President Marketing & Product Management and Vice
19 President of Staff Support, Manager - Repair Resolution Center and two Directors for the
20 Consumer and Small Business Customer Care Centers. FairPoint is actively recruiting
21 for these positions.

1 Q21. In your previous testimony you described the creation of three new support centers to be
2 located in Northern New England. Please describe your progress in implementing that
3 plan.

4 A21. FairPoint's senior leadership team continues to work closely with the state economic
5 development agencies to determine the labor pools that can support these functions and
6 with Verizon to determine where there may be available owned space in which to locate
7 the positions. Based upon the information gathered we have decided to locate the
8 majority of the new employees as follows:

- 9 • Burlington, Vermont
- 10 • Manchester, New Hampshire
- 11 • Littleton, New Hampshire
- 12 • Portland, Maine and
- 13 • Bangor, Maine.

14 Q22. You also announced the creation of 600 new positions in Vermont, Maine or New
15 Hampshire. Please provide an update concerning those positions, including their nature,
16 location, and when they are likely to be filled.

17 A22. In order to replace those functions that are currently being performed by Verizon outside
18 of Northern New England, improve service quality, and increase our focus on the
19 residential and business customers, FairPoint will fill over 700 positions in Northern New
20 England. FairPoint will bring at least 145 additional jobs to Vermont alone, primarily in

1 the greater Burlington area. The specific workgroups include business & wholesale
2 services, circuit provisioning, collections, Interexchange Customer Service Center,
3 service technicians, regulatory, field marketing and IT internal desktop support. In
4 addition, FairPoint is going to fill approximately 50 new positions in Littleton, New
5 Hampshire. These functions will be primarily in the area of collections.

6 Q23. What is the process for implementing the transition?

7 A23. There are two fundamental work streams associated with this project:

- 8 • System implementation, testing and deployment, and
- 9 • Business operations and organization preparation.

10 Since January 2007, our primary focus has been on development of FairPoint's Cutover
11 Task List, coordinated with Verizon's Cutover Plan, and system and specifications
12 design. The Cutover Task List and the Cutover Plan are discussed in detail within the
13 rebuttal panel testimony of Mr. Michael Haga and Mr. Arthur Kurtze on behalf of
14 FairPoint and Mr. Stephen Smith on behalf of Verizon. Once the companies exchanged
15 the preliminary draft of these documents in mid April-2007, the parties assigned subject
16 matter experts to meet on a regular basis to share the information and knowledge
17 necessary to transition the business. These business integration discussions are focused
18 on making sure systems work across all functions, not just within the particular system;
19 that is, from the moment a customer calls or goes on-line to place an order all the way
20 through to order fulfillment, billing, receipt of the payment and proper General Ledger

1 accounting. Development of the organizational needs is nearing completion as are
2 staffing requirements and Key Performances Indices (KPIs).

3 Q24. Please provide more information concerning the anticipated timeline of the development
4 of the Vermont, Maine and New Hampshire operations.

5 A24. Exhibit PGN-8, labeled "Business Integration – Operations: Design, Build & Launch"
6 (Business Integration Plan), contains the current timeline. The hiring plan is expected to
7 be completed during July 2007 with the next planned installment of hiring to begin in
8 August 2007.

9 Q25. You have described the regional focus for Vermont, Maine and New Hampshire. Will
10 there be key personnel located in Vermont specifically (Pariseau at 3-4, 11; Wierson at
11 14-15, 18)?

12 A25. Yes. First, Vermont regulators and customers all can expect the Vice Presidents I have
13 already described to be readily available within the region. In addition, there will be
14 Vermont-based employees responsible for state regulatory affairs, field marketing,
15 customer service, business account executives, and a Vermont-based sales force.

16 Q26. Will FairPoint's management plan for operational management include quantifiable
17 measurement tools (metrics) to allow management to monitor service levels and to make
18 adjustments as necessary (Wierson at 12-13)?

19 A26. Yes. In addition to the service quality objectives mandated by the Board, FairPoint will
20 establish KPIs by functional area of responsibility. Those KPIs are being developed now

1 so that they can be incorporated into the new FairPoint system and process designs.

2 These KPIs will focus on areas such as

- 3 • improving customer satisfaction
 - 4 ○ Troubles not cleared within 24 hours
 - 5 ○ Mean time to repair
 - 6 ○ Installation trouble Report
 - 7 ○ Repeat trouble rate
 - 8 ○ Due date performance
 - 9 ○ Speed of answer in call centers (customer service, repair, operator and
 - 10 directory assistance)
 - 11 ○ Abandon rate in call centers
 - 12 ○ Responses to customer surveys
- 13 • Broadband availability
- 14 • Broadband penetration
- 15 • Number of double poles
- 16 • Average response time to emergency-pole replacement requests due to
- 17 accidents
- 18 • Wholesale performance
 - 19 • Pre-order Intervals
 - 20 • Order Intervals
 - 21 • Repair Intervals
 - 22 • Billing accuracy

- Days-Sales-Outstanding (A/R)

1
2 Q27. Will FairPoint's management team include executives experienced in labor relations and
3 capable of implementing service improvement programs within the constraints of the
4 existing union agreements (Wierson at 12-13)?

5 A27. Yes. My direct reports responsible for the functions in which there are predominantly
6 union-represented employees are all experienced in large-company union/labor relations.
7 John Smee, Director of Operations (formerly with NYNEX); Steven Rush, Vice
8 President Consumer & Small Business, Sales & Service (formerly with AT&T); and
9 Gracie Coleman, Vice President Human Resources(also from AT&T). All have
10 significant experience with unionized labor relations.

11 Q28. Will the management plan include "a staffing plan (delineated in the management plan)"
12 (Wierson at 18)?

13 A28. The senior team members are working closely with their Verizon counterparts to
14 thoroughly understand the functions and staffing levels required within their areas of
15 responsibility and are developing the staffing plans accordingly. That Staffing Plan is part
16 of the Business Integration Plan identified as Exhibit PGN-8, labeled "Business
17 Integration – Operations: Design, Build & Launch."

18 Q29. Will the management plan include "a plan . . . for the incorporation of operational metrics
19 and training for all employees as well as . . . employee incentive programs to eliminate
20 possible network failures and improve delivery performance" (Wierson at 16)?

1 A29. Yes, as I have already described. In addition, I expect that the current Verizon employee
2 plans will be continued. FairPoint also will abide by the terms of the current collective
3 bargaining agreements.

4 Q30. Will the management plan include a separate "Quality Assurance Team" (Wierson at
5 20)?

6 A30. Concerning the Verizon-FairPoint cutover, Mr. Smith describes in his rebuttal testimony
7 the quality assurance-related functions of the Cutover Planning Committee. Going
8 forward, there is not a separate quality assurance team. However, quality assurance is an
9 important responsibility within each functional area of operation that I have described,
10 with reports flowing up to me and responsibility ultimately residing with me. Each of my
11 direct reports throughout the organization will have specific performance, quality-of-
12 service goals and objectives. These goals and objectives for my direct reports will be
13 established prior to closing. A Staff Support organization is being established, reporting
14 to me, whose functions will include tracking and reporting on operational and customer
15 satisfaction metrics.

16 Q31. Will FairPoint develop a Quality Assurance/Quality Control plan for New England or for
17 Vermont specifically, and if so, please describe its contents, and would FairPoint be
18 willing to file such a plan with the Board?

19 A31. We are not planning to have a Quality Assurance/Quality Control plan separate from the
20 organization and systems that I have described. However, as I have outlined, there will
21 be service quality objectives identified within each organization. FairPoint will provide

1 the information and reports currently required of Verizon to demonstrate the results
2 FairPoint is achieving after closing.

3 Q32. Is FairPoint assembling transition management capable of managing through the
4 Transition Services Agreement (TSA) period with Verizon and implementation of the
5 new Capgemini-designed platform (Wierson at 12-13)?

6 A32. Yes. As I previously described, FairPoint hired a number of its Vermont, Maine and
7 New Hampshire-based executives early in this process in order to help design the
8 organization and processes, thereby enabling FairPoint to “run the business” during and
9 after the TSA period. In addition, FairPoint’s contract with Capgemini requires
10 Capgemini to provide the staff necessary to assist during the cutover and transition
11 process.

12 Q33. In the event the new management team is lacking in any of these areas, has FairPoint
13 contracted with an experienced outside management firm to help transition during the
14 first 12-24 months and are these positions set to be in place during the TSA period
15 (Wierson at 12-13)?

16 A33. Yes. While we do not expect any gaps, FairPoint has retained Capgemini to provide
17 comprehensive and detailed assistance through and after the cutover. Capgemini will
18 provide the necessary assistance through the final release, currently scheduled for six
19 months following cutover. This will provide more than ample support while FairPoint
20 staffs to meet these needs. Within FairPoint, our three transition leads, Michael Haga,

1 Michael Brown, and Janet Brack (Vice President, Nor'easter Transition Project
2 Management), are responsible for the management of the Capgemini relationship.

3 Q34. Does FairPoint agree with the proposed condition that FairPoint "should establish a
4 suitable monitoring effort to ensure that the company is taking the appropriate steps to
5 mitigate the risks related to the transaction (Wheaton at 28)?"

6 A34. Such a condition is neither required nor appropriate, based on the intensive and extensive
7 approach to standing up the new operation described by FairPoint's rebuttal witnesses.
8 FairPoint has already built a seasoned senior leadership team and is in the process of
9 expanding the Vermont, Maine and New Hampshire management further. FairPoint
10 understands that a significant amount of the business remains subject to regulation and
11 that an effective regulatory program is essential. We also understand that a workforce
12 that is fairly compensated and motivated is essential to successfully competing in today's
13 economy. FairPoint will provide updated information as the development of the
14 Vermont, Maine and New Hampshire operations continues. I therefore believe that
15 establishing such a condition is unnecessary.

16 With respect to the proposed condition of "negotiating a reasonable union contract in
17 2008," please note that FairPoint has met with senior members of the unions that
18 constitute the Labor Intervenors. Most recently, FairPoint met in Maine with senior
19 members of the unions. Overall, I believe the meetings provided a forum for constructive
20 dialogue. Nonetheless, the Labor Intervenors continue to oppose the transaction. We did

1 however extend an offer to them that if they requested an extension of the August 2008
2 agreements, we would meet with them to discuss it.

3 Q35. Does FairPoint agree with the proposed condition that FairPoint “[s]hould appoint a
4 senior level person with responsibility for communicating with the Board and
5 Department. This person should be located in Vermont to be readily accessible by the
6 Board and Department” (Lafferty at 40, Wierson at 12-13, Mills at 18, Wheaton at 24 and
7 28)?

8 A35. In general, yes. FairPoint’s Vice President of Regulatory and Governmental Affairs will
9 reside in one of the three states of Vermont, Maine or New Hampshire. In addition, there
10 will be a senior staff person directly responsible for regulatory affairs resident in
11 Vermont.

12 Q36. How will FairPoint assure adequate staff to respond to a widespread emergency, like a
13 natural disaster (Campbell at 9)?

14 A36. FairPoint will develop an Emergency Response/Restoration plan to address emergencies
15 such as natural disasters. These plans will include arrangements with vendors, other
16 FairPoint employees, employees of other telecommunication companies, the utility
17 companies and contract firms (subject to the provisions of the Collective Bargaining
18 Agreement).

19 Q37. Does FairPoint agree with the proposed condition that FairPoint should create a plan
20 within ten to twelve months after closing to transition and train Verizon employees, who

1 are accustomed to Verizon's procedures, into FairPoint's operational processes (Wierson
2 at 17)?

3 A37. Yes. However in order to have a successful conversion we will need to complete the
4 training after closing and prior to cutover. Training on the new FairPoint systems and
5 procedures will take place prior to the conversion to those systems, most of which are
6 currently scheduled to take place within five months of closing. Capgemini is developing
7 the training for the newly developed systems. More importantly, we are looking to
8 replicate the look and feel of as many of the Verizon systems as we can in our own
9 systems.

10 **HUMAN RESOURCES**

11 Q38. Your prefiled direct testimony (page 16) stated that, "experienced Verizon company
12 employees—both union and non-union—are the cornerstone of our plans going forward."
13 What steps have you taken to advance that vision?

14 A38. As I explained, my direct reports responsible for the functions in which there are
15 predominantly union-represented employees are all experienced in large-company
16 union/labor relations. I have also described our efforts to support employees through the
17 transition.

18 Q39. Will FairPoint's management plan address union-represented employees' labor-related
19 issues in order to ensure that the workforce is capable of implementing service

1 improvement programs within the constraints of the existing union agreements (Wierson
2 at 12-13)?

3 A39. Yes. We have found that regardless of whether employees are union represented or not,
4 service level improvements generally fall into three main categories: (1) workforce
5 management (i.e., job prioritization, overtime and related matters); (2) staffing
6 augmentation; and (3) investment in the network. FairPoint will identify service levels
7 that require improvement, perform root cause analysis, and develop a plan to respond as
8 appropriate. That can be accomplished within the context of the current labor
9 agreements. Based upon our current analysis, FairPoint believes that service quality,
10 specifically the out-of-service-over-24 hours, can be improved with the addition of
11 additional service technicians and has committed to doing so after closing.

12 Q40. Does FairPoint have any “data regarding whether current number of union
13 installers/technicians is sufficient or will prevent FP from rolling out DSL” (Wheaton at
14 8-9)?

15 A40. Yes. FairPoint receives information from Verizon on a monthly basis concerning the
16 Verizon employees who will transition to FairPoint. As such, FairPoint is able to monitor
17 the number of technicians. In addition, Verizon is obligate to run the business in the
18 “ordinary course.” Lastly, FairPoint intends to meet its broadband commitments within
19 the terms and provisions of the various collective bargaining agreements, and FairPoint
20 may seek to increase the number of employees. After closing, FairPoint will work with

1 the unions to ensure the necessary workforce is available to ensure that the DSL “rollout”
2 proceeds as scheduled.

3 Q41. What steps has FairPoint and its management taken to: (i) “acclimate itself to labor
4 unions . . . [and] familiariz[e] themselves with laws pertaining to their particular
5 situation”, and (ii) acquire expertise in the area of operations experience with union labor
6 (Wierson at 17)?

7 A41. As I have described, my direct reports responsible for the functions in which there are
8 predominantly union-represented employees, including Human Resources, are all
9 experienced in large-company union/labor relations. In addition, FairPoint has engaged a
10 labor relations attorney who resides and practices in Northern New England.

11 Q42. Please describe FairPoint’s experience with organized labor in its current operations?

12 A42. I have been involved with labor relations and contract negotiations since 1978 in both the
13 private and public sectors. FairPoint has employees who are represented by the IBEW or
14 CWA.

15 Q43. Recognizing that FairPoint is not currently responsible for dealing with Verizon’s
16 employees and their union representatives, what initial steps has FairPoint made to
17 address employee and union concerns about employment, benefits, and retirement
18 benefits?

19 A43. Before the transaction was announced, we began working hard to understand and address
20 likely employee and union concerns. We sincerely offered the hand of partnership and

1 continue to extend that offer. The first phone calls I made on the morning of the
2 announcement were to the three Governors and the employees' union representatives.
3 The day after the announcement, our CEO led a webcast for Verizon employees. We
4 have had two substantive meetings with union leaders and made other public statements
5 to respond to their concerns. As I stated, we intend to mirror Verizon's benefit plans.
6 The pension plan will be fully funded. We will honor current collective bargaining
7 agreements. We have offered to meet to discuss extension of the current contract if the
8 union(s) made such a request. We have announced plans to expand broadband (which
9 will likely require additional employees), to improve service quality (which may require
10 more employees), to address issues raised by electric companies and municipalities
11 (which may require more employees), and to add over 700 new positions, some of which
12 would be eligible to be represented by a union.

13 **RETAIL AND WHOLESALE SERVICE**

14 Q44. Please provide an overview of FairPoint's plans to upgrade service in Vermont, Maine
15 and New Hampshire.

16 A44. As I stated in my initial testimony, broadband is core to our plan for serving Northern
17 New England. We plan a significant expansion of broadband within twelve to eighteen
18 months of closing. This includes not only pushing out broadband to many more
19 customers, but also significant investment in the backbone network. The rebuttal witness
20 panel comprised of Msrs. Brown, Harrington and Smee has provided more detailed pre-

1 filed rebuttal testimony with respect to these issues. In addition, Dr. Douglas Sicker has
2 reviewed our plan and is submitting rebuttal testimony setting forth his analysis.

3 FairPoint will improve upon many Quality of Service metrics by focusing on the
4 customer service goals, managing productivity, and where necessary utilizing additional
5 overtime. Specifically, FairPoint will hire approximately a half dozen splice service
6 technicians in Vermont where SQIs are lower than targets. Additional splice service
7 technicians will be hired in the other two states as appropriate. We will utilize forces
8 from Vermont along with those from New Hampshire and Maine both to improve the
9 quality of the plant, thus reducing trouble reports, and to more rapidly attend to troubles
10 after they are reported.

11 Q45. Are you able yet to provide any detail about initial capital commitments in Vermont?

12 A45. Yes. With respect to FairPoint's broadband initiative, please refer to the testimony
13 referenced above provided by Brown/Harrington/Smee including capital expenditure
14 information.

15 Q46. The Vermont Department of Public Service obtained a survey of other states where
16 FairPoint provides service (Exhibit FWL-2). Are you familiar with that survey?

17 A46. Yes, as presented in the testimony.

18 Q47. What is your reaction to the results?

1 A47. FairPoint is generally recognized for high service quality and constructive relations with
2 the boards, commissions and their staffs in the states we are privileged to serve.

3 Q48. In your initial testimony, you also provided an overview of FairPoint's approach to
4 wholesale customers. Please describe what progress has been made implementing that
5 approach.

6 A48. The wholesale segment is the second largest revenue stream in the three states and as
7 such is very important to the future success of the company. As Vice President Business
8 and Wholesale Service, Brian Lippold's objective is to grow the wholesale business
9 through high quality service, competitive prices and competitive service and product
10 offerings.

11 Q49. Dr. Kenneth Peres opines that "the most direct way to improve service quality is to
12 allocate more capital and resources directly to service quality" (Peres 15:21). Do you
13 agree that it is important to allocate capital and resources to service quality?

14 A49. Yes. Allocating capital and other resources is important to service quality. However,
15 these factors are among several factors to consider when running a business as complex
16 as the operations in Vermont, Maine and New Hampshire. As I have already described,
17 we are committed to delivering high quality service.

18 Q50. Do you believe other factors are important as well?

19 A50. Yes. I believe in and practice functional accountability and resource allocation, as
20 suggested in the organizational approach I have already described. Root cause analysis is

1 a critical tool to target resource allocation. Adding resources and spending money absent
2 a plan or strategy for the expenditure of time, money and effort leads to wasted resources
3 and opportunities. Instead, a focused assessment of the best and highest use of resources
4 is critical to maximize the benefits to the Vermont, Maine and New Hampshire customers
5 and the community. Most importantly, FairPoint fosters a culture of high quality service.

6 Q51. Is FairPoint in fact allocating capital and resources to service quality?

7 A51. Yes. Please refer to the testimony, referenced earlier, provided by the panel of Messrs.
8 Brown/Harrington/Smee. This testimony addresses, among other issues, the state of
9 Verizon's network in Vermont and the results of FairPoint's inspection of certain
10 network infrastructure.

11 Q52. FairPoint's initial testimony suggested the transaction was financially viable based in part
12 on cost savings and synergies it believes it will achieve. Who will discuss these cost
13 savings and synergies?

14 A52. Please refer to the rebuttal testimony provided by Mr. Walter E. Leach, Jr., Mr. William
15 E. King and Mr. Michael J. Balhoff.

16 Q53. How will consumers benefit from these cost savings and synergies when they materialize
17 (Campbell 15)?

18 A53. The synergies discussed by Mr. Leach, myself and others within FairPoint will enable
19 FairPoint to allocate more resources to provisioning broadband and meeting service
20 commitments than would otherwise be the case. With implementation of FairPoint's

1 plan, residents of Vermont will receive the benefits of expanded broadband infrastructure
2 and internet service, as well as enhanced telecommunications customer service. The
3 benefits to residents of Vermont have been described further in the prefiled rebuttal
4 testimony provided by the Haga/Kurtze and Brown/Harrington/Smee panels.

5 **POLES**

6 Q54. Are you aware of concerns raised by the electric companies and others concerning pole
7 issues?

8 A54. Yes. Members of FairPoint's team have met with representatives of the various utility
9 companies and other stakeholders in Vermont and intend to meet with Vermont Electric
10 Cooperative ("VEC") as well. I have personally met with representatives of electric
11 utilities in New Hampshire, who have articulated similar concerns.

12 Q55. Do you understand that VEC and Verizon have a joint ownership and maintenance
13 agreement for poles; that it is alleged that Verizon has failed to adhere to its share of
14 maintenance; and that it is specifically alleged that VEC has had problems in getting
15 Verizon to share in tree trimming costs, pole inspections, obtaining easements, and giving
16 prior notification (Hallquist 4:4-13)?

17 A55. Yes. I am aware of these allegations. On behalf of FairPoint, I want to assure the Board
18 and the utility companies that FairPoint intends to honor all ownership and maintenance
19 agreements related to poles. FairPoint is interested in working out these contract issues
20 with VEC and has some ideas that might be helpful. For example, Fairpoint suggests that

1 VEC and FairPoint each designate an employee to serve as joint pole coordinators.

2 FairPoint suggests that the joint pole coordinators (1) meet regularly to discuss and
3 review joint pole operations, procedures, budget-related issues and general methods of
4 improving joint pole administration; (2) be responsible for maintaining contact with other
5 relevant stakeholders including, but not limited to, municipal and state officials within the
6 State of Vermont; and (3) attempt to resolve all issues which might arise related to pole
7 maintenance, tree trimming and similar issues.

8 In addition, FairPoint proposes that each of the utility companies and FairPoint designate
9 a senior management representative with final responsibility for joint pole operations.

10 Any issues that cannot be resolved by the joint pole coordinators should be referred to
11 these senior managers for final negotiations and decisions.

12 FairPoint has listened to and discussed the concerns of the utility companies'
13 representatives. FairPoint is prepared to partner with the utility companies to resolve the
14 outstanding issues which apparently have arisen between Verizon and the utility
15 companies. However, the proper forum for resolving contract issues such as those raised
16 by VEC is direct and substantive discussion between the parties, not litigating them in
17 this docket. FairPoint is aware of the informal process that Mr. Mertens mentions in his
18 testimony and suggests these issues will be most constructively addressed there.

19 Q56. Does FairPoint agree with the proposed condition that "FairPoint should be required to
20 engage their electric utility partners in upgrading response to customer service requests
21 and pursue improvements in joint operations when filling new service requests. To

1 objectively measure the success of these efforts, we believe a tracking report measuring
2 the time required to serve new customers be maintained and a target goal reflecting good
3 service be established (Mertens at 4)?

4 A56. We do not see the need for imposition of any conditions like this, as FairPoint is actively
5 seeking constructive resolution of pole-related issues. Please refer to my earlier testimony
6 concerning FairPoint's approach to the utility companies and FairPoint's proposal to
7 establish the joint pole coordinators.

8 Q57. Does FairPoint agree with the proposed condition that "All dual poles should be
9 inventoried and a remediation plan be established? Communication with municipalities
10 and other utilities should be enhanced on this matter to assure timely transfer of facilities
11 and pole retirement going forward" (Mertens at 4)?

12 A57. No. FairPoint believes an inventory and remediation plan to be unnecessary. FairPoint
13 intends to develop and maintain a pole inspection program designed for all jointly-owned
14 poles to be inspected initially at or before the age of twenty years and thereafter re-
15 inspected at a maximum of ten year intervals. FairPoint also proposes that the utility
16 companies maintain their respective existing pole inspection programs. This approach,
17 combined with the communications to be fostered through the joint pole coordinators,
18 will allow the utility companies and FairPoint to resolve all outstanding issues related to
19 poles and pole maintenance. I do agree, however, that communication with
20 municipalities and the utility companies could be enhanced to assure the timely transfer
21 of facilities and pole retirement on a going-forward basis.

1 Q58. Does FairPoint's agree with the proposed condition that "Joint FairPoint-electric utility
2 protocols for responding during emergencies should be formalized to facilitate timely
3 customer restorations" (Mertens at 4)?

4 A58. In general, yes. FairPoint intends to meet with representatives of the utility companies in
5 order to formalize protocols for response during emergencies. FairPoint proposes that it
6 be afforded a transition period of six months following the closing. After that interval,
7 FairPoint and the utility companies shall use all commercially reasonable efforts to
8 achieve an average emergency-response time from the initial call report until arrival on
9 scene of the on-call supervisor, technician or repair crew (as required) of not more than
10 two hours. Of course, "major" weather events or weather-related emergencies may
11 require an increased response time, but FairPoint intends to adhere to this two hour
12 timeframe to the extent possible.

13 Q59. Does FairPoint's agree with the proposed condition that "FairPoint should commit to
14 globally clarifying responsibilities and perform root cause analysis for most of the joint
15 operational problem areas identified during the 2006 workshops between Verizon and the
16 Vermont electric utilities" (Mertens at 4)?

17 A59. In general, yes. Such a condition should be established within the framework as set forth
18 within my prior testimony on these issues.

19 Q60. Does FairPoint's agree with the proposed condition that "FairPoint should develop an
20 acceptable pole attachment agreement with AOT" (Mertens at 5)?

1 A60. No. While FairPoint will negotiate with AOT in good faith, the Board should not
2 establish a condition related to any agreement with AOT. FairPoint understands the need
3 to upgrade traffic-signal systems. Nonetheless, the Board should not impose a condition
4 which essentially would disadvantage FairPoint during negotiations.

5 Q61. Does FairPoint agree with the proposed condition that “FairPoint must commit to
6 continue to improve inter-company cooperation to maintain landline infrastructure within
7 Vermont. 1:25-2:2. Specifically, FairPoint should commit to cooperating with other
8 utilities to jointly operate and maintain poles and making emergency repairs to downed
9 poles” (Mertens 2:13-3:6)?

10 A61. In general, yes. Although not yet in control of the operation, FairPoint has already
11 undertaken to improve inter-company cooperation concerning infrastructure and other
12 matters. As noted in my earlier testimony, FairPoint’s proposals commit FairPoint to
13 cooperating with utility companies with respect to all pole-related issues.

14 Q62. Does FairPoint agree with the proposed condition that FairPoint must implement a plan
15 to: (a) identify all locations where Verizon has yet to move its wires to new poles; and
16 (b) set a schedule for relocating all lines to new poles (Hallquist 3:1-9)?

17 A62. In general, yes. FairPoint will work with the utility companies to identify the locations
18 requiring the movement of wires to new poles. In addition, FairPoint will meet with the
19 utility companies to discuss the scheduling of the movement of lines to new poles. As
20 noted earlier in my testimony, however, FairPoint proposes that it be afforded a six
21 month transition period prior to finalizing this schedule.

1 Q63. Should the Board require FairPoint to pay half the costs of all pole inspections (Hallquist
2 6:10-11)?

3 A63. No. The Board should allow FairPoint and the utilities to negotiate all issues related to
4 pole inspections. The Board should not impose a condition that essentially would
5 disadvantage FairPoint during negotiations and rewrite the parties' Joint Ownership
6 Agreement.

7 Q64. Does FairPoint's agree with the proposed condition that the Board should "require
8 FairPoint to share the costs with VEC of doing a pole survey for the former Citizens
9 Telecom system" (Hallquist 7:22-8:4)?

10 A64. No. The Board should allow FairPoint and the utilities to negotiate all issues related to
11 pole inspections.

12 **CONCLUSION**

13 Q65. Will the Board's approval of the merger transaction and the approval of the transfer of
14 control of Verizon's Vermont, Maine and New Hampshire operations to FairPoint benefit
15 the public interest in the State of Vermont?

16 A65. Yes. FairPoint has demonstrated that the Board's approval of this transaction and the
17 transfer of control of Verizon's Vermont, Maine and New Hampshire operations will
18 benefit the residents of Vermont, as well as the residents of Maine and New Hampshire.
19 FairPoint has demonstrated a commitment to serving the Vermont, Maine and New
20 Hampshire communities through an in-region workforce (including senior management)

1 whose members will live and work in this region. In addition, FairPoint's new systems
2 architecture, with its more current technology in comparison to Verizon's existing
3 systems, will allow FairPoint to effectively provide service offerings to the residents and
4 businesses located in Vermont, Maine and New Hampshire. FairPoint's broadband
5 infrastructure plans will extend broadband capabilities and internet service more rapidly
6 than contemplated by Verizon. The transition of the Verizon Vermont, Maine and New
7 Hampshire operations to FairPoint will thus benefit, be in the public interest and promote
8 the general good for all of the residents and businesses of the State of Vermont.

9 Q66. Does this conclude your testimony?

10 A66. Yes.