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STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

May 24, 2007 - 7:00 p.m.
Littleton High School
Littleton, New Hampshire

RE: DT 07-011
VERIZON NEW ENGLAND, ET AL:
Transfer of Assets to FairPoint
Communications, Inc.
(Public statement hearing)

PRESENT: Chairman Thomas B. Getz, Presiding
Commissioner Graham J. Morrison
Commissioner Clifton C. Below

APPEARANCES: (No appearances taken)

Court Reporter: Steven E. Patnaude, CCR

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1 P R O C E E D I N G S

2 CHAIRMAN GETZ: Okay. Good evening.
3 We're going to open this public statement hearing in
4 docket DT 07-011. We're improvising a little bit tonight
5 because for some reason the setup wasn't prepared with
6 microphones. And, so, this was the space that was
7 provided to us. So, it's going to be a little difficult
8 perhaps, but what we'll do is, I'm going to read some
9 background, provide some explanation about how we're going
10 to handle things tonight. We have a stenographer up front
11 who's going to be keeping a transcript. We have two
12 members of our Commission Staff, Lynn Fabrizio, up front
13 here, is an attorney in our Telecommunications Division,
14 and Kate Bailey, in the back, is the Director of our
15 Telecommunications Division. They will be handing out
16 sign-up sheets. If you'd like to speak, please take a
17 sheet, sign it, and they will bring it up front. I'll
18 call on folks to make comments in the order I get them.
19 The sheet also provides for, if you want to make a written
20 comment and you don't want to speak, you can do that as
21 well.

22 My name is Tom Getz. I'm the Chairman
23 of the Public Utilities Commission. On my left is
24 Commissioner Graham Morrison, and on my right is

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1 Commissioner Clifton Below. With respect to the filing,
2 on January 31, 2007 Verizon New England and FairPoint
3 Communications filed jointly a petition seeking approval
4 of a series of transactions that, if consummated, would
5 result in FairPoint acquiring the current Verizon New
6 England franchise to provide wireline telecommunications
7 services in New Hampshire and owning the network Verizon
8 New England currently uses to provide these services, and
9 similar petitions have been filed in Vermont and Maine.

10 With respect to background on the
11 Commission and the process that we use for reviewing an
12 application like this, the term "Public Utilities
13 Commission" refers to both the 65 employees that work for
14 the agency, and the three Commissioners that make the
15 decisions in the cases that come before the agency. Three
16 of us will be acting in the same manner as judges in this
17 case, and we are subject to the same kinds of rules as
18 judges. Most important, we are subject to what are called
19 "ex parte rules". This means that we cannot talk about
20 the merits of an ongoing case with anyone outside the
21 agency, except when there is notice and an opportunity for
22 all parties to participate, and this evening is one of
23 those opportunities.

24 As for the process used in this case, it

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1 is a formal, judicial style proceeding, that includes
2 written and oral testimony, discovery, cross-examination,
3 briefs, and a written decision that we issue that is
4 subject to rehearing and appeal to the New Hampshire
5 Supreme Court. This is similar to what happens in a
6 typical civil trial. At this point in the case, the
7 Applicants have filed their petition asking us to approve
8 the transfer of Verizon's assets to FairPoint. We have
9 held the initial procedural hearing, called a "prehearing
10 conference". We've issued a procedural order granting the
11 intervention of more than 20 parties and approved a
12 schedule that culminates in hearings in the last half of
13 September. And, there will be multiple days of hearings
14 at that time. As required by the procedural schedule,
15 Verizon and FairPoint have filed written testimony, and
16 other parties are conducting discovery, which means that
17 these other parties are asking the Companies questions
18 that will help them write their testimony, and they're
19 asking for documentation of assertions that are made as
20 part of the petition.

21 I want to emphasize one very important
22 point about the process and our roles, and which is this:
23 We have formed no opinion on whether the petition should
24 be approved or denied, nor should we. Our job is to hear

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1 all the evidence, and then make a decision based on that
2 evidence, after all of the written and oral submissions
3 and the hearings and the briefs.

4 With respect to what we're trying to
5 accomplish tonight, there's a couple of things. First,
6 the Companies will be given time to briefly explain their
7 proposal. We expect that there are many questions about
8 the proposal, and we are hopeful that the presentation
9 will answer some of them. However, tonight is not the
10 occasion to cross-examine the Companies about their
11 proposal. But they are prepared to stay afterwards and to
12 try to answer individually any questions that you might
13 have for them.

14 Second, this is an opportunity for you
15 to tell us whether you support or oppose the transfer,
16 express your concerns about the proposal, or recommend
17 areas that you think we should be examining. While the
18 statements made tonight, and in the four previous public
19 statement hearings, do not constitute the kind of evidence
20 on which we can ultimately base a decision, these comments
21 prove helpful to us and to staff in identifying areas that
22 can be investigated through discovery and that we can
23 pursue questions on our own during the hearings.

24 As I said before, a stenographer is

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1 here. We're going to ask folks -- well, first, we're
2 going to have the Companies come up. They're going to
3 speak from up here. And, when I call your name to come up
4 to make your comments, if you could come up here to the
5 front also, and that way the stenographer will be able to
6 hear what you're saying and to record it. And, also,
7 maybe people have a little difficulty with it, but if you
8 broadcast a little bit, so everybody in the room can hear
9 that, as well as you can, that would be helpful. I looked
10 around for a podium, couldn't find anything in that regard
11 either. So, I hope you feel as comfortable as you can in
12 making your comments.

13 I'd like to note that Meredith Hatfield
14 is here tonight. She's the Consumer Advocate. Her office
15 is involved as a party in this proceeding. And, her
16 statutory obligation is to protect the interests of
17 residential ratepayers in any cases that come before the
18 Commission.

19 We're going to go through the comments
20 in the order that we receive them. I'll note also that
21 Executive Councillor Ray Burton is here tonight, and that
22 I understand that he'll be speaking. I'm not -- I don't
23 think there's any truth to the rumor that may be that
24 there's going to be -- that he's bringing in milk and

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1 cookies, now that we're in the cafeteria, but I guess that
2 will be up to Councillor Burton to address.

3 So, if there's no questions about
4 process, then I'm going to start with Mr. Nestor from
5 Verizon.

6 MR. NESTOR: Thank you, Mr. Chairman,
7 Commissioners. My name is Shawn Nestor. I'm the Vice
8 President of State Government Relations for Verizon in New
9 Hampshire. And, with me here tonight is Jill Wurm, who is
10 responsible for media relations. We will be available
11 after the public hearing process here to answer questions
12 for parties and individuals.

13 FROM THE FLOOR: Louder please.

14 MR. NESTOR: Okay. Verizon appreciates
15 the opportunity to speak, but we'll do so very briefly.
16 We recognize that this is really the opportunity for the
17 Commission to hear from the public and have them
18 participate in the regulatory process.

19 As the Chairman mentioned, on January
20 31st, 2007, Verizon and FairPoint filed a joint petition
21 with the Commission asking for approval of the transfer of
22 the telephone operations in New Hampshire to FairPoint.
23 Similar petitions were filed in Maine and Vermont at the
24 same time. The residence and business services that are

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1 included in that petition are the local exchange services,
2 instate toll services, enhanced voice and data services,
3 as well as DSL. Carrier services or wholesale services
4 that are provided to carriers are included in this
5 transaction. Verizon wireless services are not included
6 in this transaction.

7 Verizon believes that this transaction
8 represents a fair value for the operations transferred,
9 and we believe it's in the best interest of the citizens
10 of New Hampshire, in that FairPoint has agreed to
11 accelerate the deployment of broadband services, as well
12 as bring additional jobs to the state. We also believe
13 the transaction has been structured to be fair and
14 equitable to employees, and that FairPoint has agreed to
15 honor all union contracts. In sum, we believe that after
16 all the evidence and comments are received, that the
17 Commission will find this transaction in the best interest
18 of the citizens, the Commonwealth, and Verizon's
19 customers.

20 In sum, in finishing, I just want to
21 make one brief point. While Verizon recognizes that
22 change can be unsettling, there's an awful lot of change
23 going on in the telecommunications industry. Here today,
24 as well as over the next year. We've seen tremendous

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1 change in competition and technology. And, not only is
2 that unsettling, but it also presents new opportunities.
3 And, we believe this transaction here will present a new
4 opportunity for the State of New Hampshire. Thank you.

5 CHAIRMAN GETZ: Ms. Prior. And, there
6 are some open seats up front, if people are having a tough
7 time back there and want to come up or just move your
8 seats along the sideline.

9 MS. PRIOR: Good evening. I'm Audrey
10 Prior. I'm the Director of Regulatory and Legislative
11 Affairs for FairPoint. And, I have with me here Bruce
12 Ballantyne, who's our Director of Engineering &
13 Operations. And, as the Chairman indicated, we'll be
14 happy to stay after and answer any questions that we can
15 for you. We also thank the Commissioners for this
16 opportunity to speak briefly on behalf of FairPoint
17 tonight. And, I would like to talk just a little bit
18 about FairPoint and just briefly about our history, and
19 then the reasons why we do think this is a good
20 transaction for the citizens of New Hampshire.

21 To start off with, FairPoint was
22 incorporated in 1991, and with an eye towards own and
23 operating telephone companies across the United States.
24 We made our first acquisition in 1993. And, we now

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1 operate 30 phone companies across 18 states. And, many of
2 the states that we operate in are just like the ones here
3 in Maine, New Hampshire, and Vermont. So, we do have some
4 background and experience in operating telephone
5 companies.

6 I'd like to move into why we think this
7 is a good transaction for the customers, for the
8 communities, and for the employees. First of all, for the
9 customers, as a result of this transaction, there will be
10 no rate increases for customers. FairPoint has agreed to
11 honor the terms and conditions that Verizon has today.
12 So, there will be no rate increase for customers and there
13 will be no change in the terms and conditions by which we
14 operate, including both the wholesale and retail
15 customers. But, as importantly, we feel, is that we will
16 -- we are making a strong commitment to immediately
17 increase broadband deployment across the three-state area.
18 We, in the three-state area, in the footprint that we
19 operate today, FairPoint offers broadband accessibility to
20 about 93 percent of our customers. In the same three
21 states, Verizon offers it to about 62 percent of their
22 customers. So, we see this as a significant and an
23 immediate opportunity to bring broadband to customers who
24 might not otherwise have it, and we're committed to doing

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1 so.

2 Let me just move into the communities.
3 As a result of this transaction, we'll be adding 600 new
4 jobs into the communities of Maine, New Hampshire, and
5 Vermont. Much of our back end office work that's done out
6 of the states today for Verizon will be brought back into
7 the states, in these three states. So, we'll be hiring
8 positions such as ISIT, programming positions, we'll be
9 adding positions such as network operation center
10 technicians, and then administrative functions, like
11 regulatory, accounting, and finance type positions will be
12 brought back into the three-state area. So, we have not
13 made a decision or an announcement where those 600 jobs
14 will be going yet. But we certainly have made a
15 commitment all across to the governors of all of the
16 states that we will do the best we can to spread those
17 jobs out among all three states. So, what we do know is
18 that New Hampshire will surely benefit from some of those
19 jobs that we'll be bringing in.

20 And, then, lastly, let me just move into
21 the employees. As a result of this transaction, we have
22 agreed to honor the union contracts. We have agreed that
23 there will be no loss in jobs for either FairPoint or
24 Verizon. We've also agreed that there will be no

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1 reduction in benefits. And, for those Verizon employees,
2 who have worked long and hard to build up pension plans,
3 those pension plans will be coming over to FairPoint fully
4 funded. So, there would be no -- there will be 3,000
5 Verizon employees that come to FairPoint as a result of
6 this transaction, and we want, need and look forward to
7 working with those employees.

8 And, for the reasons that I've stated,
9 we do think this is good for the citizens of New
10 Hampshire. We, at FairPoint, look forward to serving the
11 customers in New Hampshire. And, we also look forward to
12 being a good, strong corporate citizen. Thank you very
13 much for your time this evening.

14 CHAIRMAN GETZ: Thank you. The first
15 speaker is Christina Swenson.

16 MS. SWENSON: I'm a loud talker, so you
17 in front might want to -- Good evening. My name is
18 Christina Swenson, and I'm a public school teacher. I
19 teach computer sciences and telecommunications at a
20 regional public high school. I like to think of our high
21 school as a window into the entire State of New Hampshire,
22 and I'm going to briefly explain that.

23 My regional high school services seven
24 towns. The only things these communities have in common

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1 is that we all touch the same lake. Although we share
2 this lake, each town likes to think of themselves as a
3 unique community, and every community has a right to make
4 this claim. We have a community of farmers and horse
5 ranchers, another community services tourists year round,
6 and yet another is known as a home for a prestigious
7 private residential high school. One of our communities
8 even continues to operate one of the three remaining
9 one-room school houses in the State of New Hampshire, with
10 multi-age and multi-leveled students.

11 In the school where I work, I see some
12 of the poorest students and some of the richest students
13 who reside in this state. Some of my students live on
14 farms built by their ancestors, where their towns were
15 established 200 years ago, while others live in
16 multi-million dollar homes with private beaches on that
17 shared lake. I see poverty and privilege every day when I
18 go to work.

19 But no matter what the situation of a
20 student or their status outside of the building, once
21 inside my class room, I treat and teach them equally.
22 And, I do this because it's -- not because it's required
23 by the nature of my job, but I believe that is how a
24 public servant should behave. And, tonight I would like

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1 to address the behavior of Verizon in this sale and how it
2 is not addressing the public interest by selling our state
3 to a much smaller and less capable company.

4 First off, our telephone systems were
5 not put here by Verizon. They were put here two
6 generations ago using the money that my grandparents and
7 my parents invested each month when they paid their
8 telephone bill. It is my generation and that of my
9 children that will be the primary investors in the future
10 of telecommunications hardware. Verizon claims ownership
11 of these lines, when they are really just the caretakers
12 and service providers. Verizon has not shown the
13 mentality of a public servant, and this sale is no
14 exception.

15 Verizon is profit-driven and has proven
16 it by the service it's provided in New Hampshire. And, if
17 Verizon was market-driven, then FiOS would be as far as
18 north as Concord right now, and our northern towns would
19 already have affordable DSL, with FiOS on its way. So,
20 why should we believe Verizon has put the time and energy
21 to research the best solution for New Hampshire now that
22 it wants to sell us out.

23 Verizon made its choice with FairPoint
24 based on profit. It found a company small enough to

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1 qualify for the Reverse Morris Trust, a \$700 million
2 tax-free bonus on top of the \$2.7 billion FairPoint will
3 pay Verizon to become the new caretakers of our publicly
4 paid for phone lines. In fact, if this deal is approved,
5 how will FairPoint even have the capital to pay for the
6 improvements it claims it can make? I'll break down the
7 math.

8 FairPoint Communications submitted a
9 Corporate Fact Sheet to the FCC. In their own fact sheet,
10 they claimed to have made revenues of \$270 million during
11 the year ending December 31st, 2006. This full year's
12 revenue is only 10 percent of the \$2.7 billion it will be
13 paying Verizon to take over the residential lines of the
14 three states that Verizon claims is not profitable enough
15 for even them to keep. That means that FairPoint will be
16 coming in with a deficit 10 times their annual revenue
17 from the 18 states they currently service. That would be
18 like me, by myself, as a public school teacher, going out
19 tomorrow and buying a \$330,000 house from a millionaire,
20 who did not take care of that home. The pipes leak,
21 there's a hole in the roof, and the foundation is
22 crumbling, but this school teacher will borrow and beg to
23 own this \$330,000 home in order to raise my net worth.
24 So, here I am living in this crumbling house, scraping to

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1 pay my creditors, so they won't take away this -- take
2 this house away from me. And, if my primary focus will be
3 on paying my creditors, so I don't lose my home, then
4 where is the money for repairs, the taxes, and the
5 maintenance?

6 Based on FairPoint's fact sheet, the
7 average access line currently brings in approximately \$868
8 in revenue per year. FairPoint is willing to pay \$1,688
9 per access line in this sale. If FairPoint were to make a
10 revenue equal to what they currently make per access line,
11 and sink every dollar of that into paying back its debt,
12 it would take two years to generate enough revenue for
13 FairPoint to break even. This does not even take into
14 account the interest FairPoint will inevitably be charged
15 to borrow \$2.7 billion. So, in this deal, we will
16 probably have to wait at least five years for FairPoint to
17 make good with the creditors, before it can start
18 seriously investing in the telecommunications
19 infrastructure of New Hampshire, Vermont, and Maine. And,
20 when the time comes for investing in infrastructure, it
21 will not be the laments of the rural communities where I
22 live and teach that will be answered. Instead, it will be
23 that of larger populations who can supply the volume of
24 business that FairPoint will need in order to pay the debt

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1 it will come in with.

2 Of course, the revenue per access line I
3 quoted is an approximation based on the numbers given in
4 FairPoint's fact sheet. Since revenue comes from the
5 customers who pay their monthly phone bills, like you and
6 me, the consumers, I decided to do some comparison price
7 shopping. I concentrated on residential DSL, since access
8 to DSL seems to be the primary complaint of small town
9 residents. According to Verizon's website, a residential
10 consumer will pay 14.99 a month for up to 768 kilobytes
11 per second. FairPoint charges its current residents 69.95
12 for the same speed. FairPoint customers pay \$660 more per
13 year for the same DSL speed. By the way, 768 kilobytes is
14 the highest advertised speed on FairPoint's website. In
15 fact, they call this their "Premium" package. The same
16 768 kilobytes is advertised as Verizon's slowest speed,
17 they call this their "Starter" package. Verizon's "Power
18 Plan" is 3 megabytes per speed, a speed not even offered
19 by FairPoint. So, which part is benefitting the consumer,
20 the slower DSL speeds or the higher prices?

21 As I said earlier, Verizon chose to take
22 on the role of a public utility when it became the
23 caretaker of the phone lines that our grandparents and our
24 parents paid for. Now, Verizon has decided that it no

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1 longer wants to be the caretaker of the public utility,
2 and wants to break it into pieces; the profitable business
3 section and the non-profitable residential section.

4 Verizon is picking and choosing who it will serve in a
5 public utility business. They are turning our phone lines
6 into their bottom line.

7 And, as a teacher, as a public servant,
8 if I were to stand at my classroom door and only let those
9 students through that had the potential of going to
10 college or who were well behaved or who made the Honor
11 Roll, and leave all the others in the hallway to fend for
12 themselves, the public would be outraged. With my
13 background and education, I could be working in the
14 private sector as an IT professional or programmer, making
15 twice as much, even four times as much, but I'm -- that I
16 make as a teacher. But, like Verizon, I made a choice to
17 be a public servant. Now, Verizon has chosen profit over
18 public interest. FairPoint might be willing to step in,
19 but it is not able to meet the market needs and wants the
20 consumers -- the needs and wants of the consumers in this
21 state.

22 If Verizon wants to sell us out, then
23 the PUC should make them look for a company that can offer
24 comparative or better speeds at a more reasonable price

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1 than FairPoint. The Company that comes into New England
2 should be able to bring the capital needed to the table to
3 back up the promises that it makes. Verizon should not be
4 allowed to pick and choose who they service in this state.
5 They should be made to hand over all our phone lines to a
6 new company so that the new company can make -- take the
7 profits from the business side and invest it into the
8 residential side. A company that charges the prices that
9 FairPoint charges will deepen the technological divide in
10 New Hampshire. Our rural communities, who think this will
11 benefit their infrastructure, will look back and scratch
12 their heads wondering which promise it was that led them
13 to believe that fairy tale.

14 This is not the type of state that
15 believes every town for themselves, and we do not draw a
16 red line between north and south. We are a collection of
17 communities that appreciate our differences and celebrate
18 our heritage and take pride in our involvement in the
19 political process. We cannot be bullied by corporate
20 giants like Verizon or a paid spokesman for FairPoint. We
21 need to put our foot down and demand that every community
22 be treated fairly as our telecommunication needs grow
23 drastically over the next few years. Yes, high speed
24 Internet to every home in every corner of the State of New

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1 Hampshire, but not based on short-term promises. We need
2 a company that is established, with forward thinking and
3 proven products equivalent to FiOS. We need a company to
4 accommodate the rapid growth that New Hampshire is
5 experiencing, and we continue to experience. We need
6 technology put in place that will attract businesses to
7 set up shops throughout our state, urban and rural. And,
8 we need all this at prices our residents can really afford
9 to pay.

10 Before I conclude, I would like to
11 remind the PUC that just a few years ago it had to deal
12 with the bankruptcy of PSNH. With the amount of debt
13 FairPoint will be coming in with, it will be inevitable
14 that the PUC will have to hold another series of hearings
15 regarding FairPoint's bankruptcy. Voting against this
16 sale and forcing Verizon to search for a reasonable buyer
17 is the preventative measure you can take against consumer
18 gouging and another utility bankruptcy in this state.

19 I oppose the sale of Verizon to
20 FairPoint. And, thank you for your time.

21 CHAIRMAN GETZ: Jeff Milot.

22 MR. MILOT: Good evening. I'd like to
23 first thank the Commission for holding this public
24 hearing. I hope to see more hearings in the future, if

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1 possible, perhaps in locations such as Manchester,
2 Concord, Portsmouth and Laconia, but with additional
3 notice and advertisements.

4 I come here today as a concerned
5 consumer. My wife runs a small business from home, and
6 relies a great deal on telephone and Internet. I was very
7 skeptical when I heard -- first heard of the sale of
8 Verizon lines to a small company from North Carolina,
9 called "FairPoint", which purchased its first company just
10 14 years ago.

11 Verizon Corporation, a collection of
12 baby Bells, has been in the telecommunications business
13 for over 100 years. They are, without question, one of
14 the top telecom companies in the U.S., if not the world.
15 They have virtual endless abilities in technology,
16 infrastructure, and financial resources. Verizon has
17 always been counted on for maintaining the highest level
18 of service from storm damage to E911.

19 Sadly, Verizon wants to say goodbye to
20 New Hampshire, along with Maine and Vermont. Antiquated
21 copper telephone lines have become a burden to them, and
22 installing a new fiber network here in New Hampshire out
23 of the question due to cost. Verizon plans to take the
24 proceeds from this sale to supplement their fiber

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1 networks, called "FiOS", outside of our state.

2 After about a year of having Maine, New
3 Hampshire, and Vermont for sale, Verizon found a buyer.
4 The key to this sale is that acquiring -- is that the
5 acquiring company must be small enough that Verizon could
6 take advantage of a tax loophole called the "Reverse
7 Morris Trust", saving them about \$700 million in taxes.
8 Along comes FairPoint, a company that's definitely small
9 enough. A rural miniature telephone company sparsely
10 scattered throughout the U.S. Already debt laden, it
11 needs to borrow almost \$2 billion for this transaction.
12 To make themselves look appealing, they're promising
13 everything to everyone, with their focus point being to
14 provide more than 80 percent of current Verizon customers
15 in New Hampshire with DSL. Isn't it curious how FairPoint
16 can provide what Verizon, a company over 200 times its
17 size, couldn't on a budget of borrowed funds? The
18 skepticism of their own abilities is evident in their fine
19 print following their press release of the sale containing
20 their so-called "promises".

21 The following are direct quotes from
22 FairPoint: "This press release may contain
23 forward-looking statements that are not based on
24 historical fact, including, without limitation, statements

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1 containing the words "expects", "anticipates", "intends",
2 "plans", "believes", "seeks", "estimates", and similar
3 expressions and statements relating to potential cost
4 savings and synergies expected to be realized in the
5 proposed merger with the northeast wireline operations of
6 Verizon Communications. Because these forward-looking
7 statements involve known and unknown risks and
8 uncertainties, there are important factors that could
9 cause actual results, events or developments to differ
10 materially from those expressed or implied by these
11 forward-looking statements."

12 I don't know about you, but this doesn't
13 sound like a company brimming with confidence. And, after
14 completing copious amounts of research on FairPoint, I
15 know their reason for uncertainty.

16 If Verizon wants to sell the northern
17 states so badly, at least let us have a commendable
18 company with solid experience and resources, such as AT&T.
19 We need to keep Verizon or an equivalent that has what it
20 takes to provide telecommunications that support the
21 future, not the archaic technology and limited funds that
22 FairPoint offers. Talk is cheap. Let FairPoint go
23 practice on someone else to prove they're a player in the
24 industry. If this deal goes through, there's no turning

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1 back. We, the people of New Hampshire, deserve and demand
2 more than being a guinea pig for FairPoint. If it looks
3 and smells like a skunk, it probably is. Let's move
4 forward, not backwards. And, I hope you agree that the
5 sale of Verizon isn't good for anyone, but the Verizon
6 Corporation. Thanks.

7 CHAIRMAN GETZ: Councillor Burton.

8 COUNCILLOR BURTON: Mr. Chairman and
9 members of the Commission, I'm Ray Burton. I serve in two
10 capacities here in the State of New Hampshire. One, going
11 into my 29th and 30th year as a member of the New
12 Hampshire Executive Council. That's a five-member
13 constitutionally seated group, we're elected by districts.
14 The district that I've represented now 29 years starts in
15 the Tilton exit and goes through to the Canadian border,
16 98 towns and four cities, approximately 249,000 people.
17 The second job that I'm under oath of office to serve you,
18 in this region, is as a County Commissioner, have 19 towns
19 and approximately 30,000 people reside in those towns.

20 I rise in support of this sale, with
21 four conditions. Number one, that, if the sale goes
22 through, every single one, every single one of the current
23 employees of the selling company are offered a job,
24 complete benefits, retirement packages, and everything.

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1 And, I mean every single employee, including new hires.
2 Second point, I want a call center north of Franconia
3 Notch. I want employees up here.

4 Number three, we -- there are many of us
5 who have been trying and trying to get broadband going.
6 Here in Essex, Orleans, Caledonia Counties in Vermont, and
7 Grafton, Coos and Carroll here in the northern part of the
8 State of New Hampshire. I'd like to see that happen
9 within one year, if this sale is approved by the Public
10 Utilities Commission. Fourth point, I expect major
11 capital improvements to be made to the poles, the wires,
12 the cables, whatever out there. There's no question.

13 There's a willing seller and a willing
14 buyer. As I understand it, the only state oversight is
15 through these three people here, Public Utilities
16 Commission, and the Consumer Advocate. We, at Governor
17 and Council, just recently approved I believe it was a
18 \$150,000 contract for Meredith Hatfield to watch over this
19 as time goes forth, because the Attorney General's office,
20 even the Consumer Protection Division, apparently can't
21 get involved. It's all up to the Public Utilities
22 Commission under New Hampshire law. And, I have a card
23 with Meredith Hatfield's number on it.

24 Also, you've got elected officials, and

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1 some are in this room, including myself. If this sale
2 goes through and something doesn't seem to be quite
3 clicking or happening, I'm ready, as I always have been,
4 to respond to people in my district.

5 So, thank you, Mr. Chairman, for doing
6 these hearings around. Your official meetings start this
7 fall sometime?

8 CHAIRMAN GETZ: September.

9 COUNCILLOR BURTON: In September. Thank
10 you.

11 CHAIRMAN GETZ: Tom Campbell.

12 MR. CAMPBELL: Good evening. Tom
13 Campbell, retired, resident of Littleton for 37 years.
14 When I first heard about this sale, I was pretty upset,
15 and wrote a letter to the Public Utilities Commission
16 saying I opposed it, and I opposed it for a variety of
17 reasons. One, my own experience. When I built a new
18 house, I was told I couldn't have a phone for two months.
19 I said, "I'm sorry, I want a phone before that." "Well,
20 we can't do it." So, I called the Public Utilities
21 Commission three different times, for three different
22 pieces of action, before I finally got a phone when I
23 wanted it. And, I gave them plenty of notice. That
24 didn't make me very happy about Verizon, and I wrote a

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1 letter, explained the process, and never heard back a
2 word.

3 If you look around the Town that's
4 supposed to be the ninth beautiful community of its size
5 in the United States, you will discover sawed-off poles on
6 almost every street. Why? Because the telephone company,
7 in their great wisdom, closed their garage here in town,
8 and they can't get up here to take their lines off those
9 poles and transfer them, half of the poles belong to them
10 and half belong to Littleton Water & Light. And, I have
11 it from the Director of the Littleton Water & Light that
12 they often replace Verizon's poles, because it takes them
13 so long to get up here. That's not service. And, that's
14 one of their purposes.

15 I don't believe in monopolies, and I
16 don't believe monopolies should be given such a
17 monumental, obscene tax break as they are being offered
18 with this deal. And, third, who will serve us who live in
19 a rural -- in rural areas and still like good Internet
20 services? Verizon happens to be my Internet provider,
21 because they gave me the best price. But, if it wasn't
22 for Yahoo, I would never get a single e-mail. I can send
23 out on Verizon, but I have to receive on Yahoo. I don't
24 think they're ready to sell the Company. I think they

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1 need to do their homework and complete what they have
2 started in these various communities, get rid of all those
3 sawed-off poles, then we'll talk about sale. Thank you.

4 CHAIRMAN GETZ: Tony Fernandez.

5 MR. FERNANDEZ: Well, I'm not going to
6 be as eloquent as some of the other speakers. But I
7 oppose this sale for the simple reason that FairPoint says
8 they're going to be the new company. Well, if they're
9 going to be the new company, why is Verizon holding
10 60 percent of the stock, and why are six out of the nine
11 directors going to be from Verizon? To me, that doesn't
12 make any sense. It's just Verizon dumping the three
13 northern states, but still kind of running the show the
14 way they want to do it.

15 Also, we were told that FairPoint offers
16 93 percent DSL to their customers, as opposed to Verizon's
17 62. My question is, the 93 percent is how many customers?
18 A thousand? Two thousand? As opposed to the 15 or 20,000
19 that Verizon supplies with their 62 percent. The fact
20 that they're going to take in \$1.7 million in debt on this
21 sale, to me, doesn't mean that they're going to be able to
22 turn around and do what they say. To expand the DSL, to
23 offer it to everybody, to me, I know it's been said
24 before, but it just doesn't make any sense. How can you

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1 be upset -- how can you get 1.7 million in debt, and then
2 say "oh, we're going to do this to improve"? To me, it
3 doesn't -- it just doesn't sound right.

4 So, my thing to the Commission is to
5 check into this, as opposed, like I said, 60 percent of
6 the stock is staying with Verizon, and six of the nine
7 directors are going to still be Verizon directors. So, is
8 FairPoint just like a mouthpiece, and Verizon is still
9 going to run the show?

10 That's all I really have to say, short
11 and sweet. Thank you.

12 CHAIRMAN GETZ: Thank you. Bryant Pale.

13 MR. PAKE: Pake.

14 CHAIRMAN GETZ: Pake.

15 MR. PAKE: I'd like to thank the
16 Commissioners again for the opportunity to speak and to
17 make our views known of this transaction that's pending.
18 One thing that triggered my interest in this transaction
19 was the article in the Union Leader on May the 9th. And,
20 in that article it says "FairPoint reports net loss for
21 first quarter." And, if you read all of the
22 specifications, you read the reports, they're going to be
23 bringing a financial strength into this transaction, but
24 yet this is telling us that the financial strength is not

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1 really there, that their finances are on the downward
2 trend. They lost something like \$6.8 million year over
3 year, quarter to quarter, for 2006 to 2007. And, then,
4 they're making some promises that are trying to convince
5 us that they're going to be able to perform and do what
6 they are hoping that they can do, but possibly don't have
7 the financial strength to carry it through, follow
8 through, and do justice by the New Hampshire ratepayers.

9 We live in a very, pretty much a hostile
10 weather environment, and we have all kinds of wires down.
11 We were out, back in the last April storm, in Randolph,
12 for about three days, over four feet of snow. And, we had
13 the -- our utilities were down, both for the phone and the
14 electric. And, I'm proud to say that Verizon did come in,
15 and so did Public Service, and get us back into service in
16 a short period of time.

17 I have an elderly neighbor that depends
18 upon that. It could be a life-and-death situation. If we
19 get a provider coming in who says "well, I can't come to
20 the North Country today, I've got big problems in
21 Manchester, not enough people to cover them, I'll be back
22 next week", we could be dead next week.

23 So, I do not favor this transaction, and
24 I hope that the Commission sees that same view. Thank

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1 you.

2 CHAIRMAN GETZ: Hans Larsson.

3 MR. LARSSON: My name is Hans Larsson,
4 and I'm a geek. I first started using the Internet not
5 long after Al Gore invented it. I have observed over the
6 years how the Internet has changed. Way back when, it was
7 used mostly by corporations and schools, for exchanging
8 e-mails, text files, and other documents. When consumers
9 first connected to the Internet, it was over analog
10 modems, at speeds ranging from 300 to 9,600 bits per
11 second. Pretty slow. This worked fine, as most of the
12 content on the Internet at that time didn't tax the
13 capabilities of those old modems.

14 However, as time progressed, computer
15 capabilities have continued to follow what they call
16 "Moore's Law", which states that computer processors would
17 double in complexity every two years. Computers could do
18 more and more things for us, the programs they ran became
19 bigger and more complex, and the documents they produced
20 grew bigger and better.

21 Dial-up modems improved to 19.2 kilobits
22 per second, then to 28.8, 33.6, and finally to nearly 56
23 kilobits, if you happen to have a good line. And, content
24 on the Internet grew also to take advantage of that.

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1 Websites included bigger images, music files, downloadable
2 applications in documents. Consumers started buying
3 digital cameras, which over time also improved in quality
4 and image size. Some old models boasted 1.3 megapixels,
5 while current cameras today take upwards of 6 megapixels.

6 Files like these pictures, music files
7 and programs could take hours to download on a dial-up
8 modem. Fortunately, DSL and cable modems arrived on the
9 scene, allowing consumers to exchange these files at more
10 reasonable rates, from 1 to 8. -- 1 to 8 Megabits per
11 second. Moreover, as consumers' capabilities increased,
12 businesses on the Internet increased the size and
13 complexity of their websites. Their websites now had
14 pop-up windows, moving, interactive graphics, background
15 music, and even little video clips.

16 In addition, consumers soon added
17 digital video cameras to the mix, so they not only
18 e-mailed still images of Junior's graduation, they could
19 also send a little video. Of course, even at DSL and
20 cable modem speeds, transferring any amount of video would
21 still take quite a while, unless you reduce the quality of
22 the video.

23 Now, Verizon has developed the next
24 generation of Internet connection, the fiber optic

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1 service. Faster, more reliable, and, unlike DSL,
2 unlimited by distance. It also offers an easy path to
3 future speed increases, as Moore's Law, and business and
4 consumer demands continue to push the status quo of
5 personal computing power.

6 FiOS offers speeds now of 15 to 45
7 Megabits per second, and provides multiple telephone
8 lines, and television programming, including High
9 Definition content and video on demand. FiOS is robust
10 enough to send that graduation video in short order, in
11 fact, you'll well suited to send the HD home video when HD
12 becomes the standard for digital cameras.

13 FiOS allows engineers, architects and
14 others to telecommute, easily exchanging their huge work
15 files with their home office. It allows businesses to
16 host high quality video conferences between their
17 headquarters and their offices in Manchester or Laconia or
18 Errol. It allows clinics across the state to exchange
19 patient's information quickly, including detailed MRIs and
20 x-ray images. It allows distance learning, from
21 kindergarten to college level. It opens up a huge window
22 of opportunity to the creative minds all across this state
23 to use FiOS's power to develop new and exciting
24 businesses.

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1 If New Hampshire stumbles now and hands
2 the telecommunication reins over to the disciples of DSL,
3 FairPoint, who only plan to maintain and deploy DSL, we
4 will be left behind for a long time. Certainly, Intel,
5 IBM, and Apple will not stop improving the power of their
6 personal computers. Sony, Texas Instruments, and Kodak
7 will continue to push the capabilities and demands of the
8 consumer electronics that work with those PCs. If there
9 isn't an exodus of businesses and talent from New
10 Hampshire, future growth will surely be stunted. Will the
11 University of New Hampshire, Plymouth State, and New
12 Hampshire College bother teaching New Hampshire students
13 about technology that does not exist in New Hampshire?
14 Will they be sending their graduates to other states that
15 have the latest technology?

16 Right now, dial-up is nearly useful --
17 useless for accessing the Internet. The content has
18 become too demanding for the connection speed. As fiber
19 optic speeds become the standard, we will soon look back
20 at DSL in the same way. "How could mom and dad possibly
21 have used that dawdling connection?"

22 I strongly suggest that this deal is
23 against the interests of New Hampshire, as we can't afford
24 a company whose resources and vision are so limited that

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1 they are not even interested in moving New Hampshire
2 forward. Whoever is running the telecommunications system
3 for New Hampshire should be capable and committed to
4 providing the best possible services, and FairPoint is
5 neither. Thank you.

6 CHAIRMAN GETZ: Jerry Surlocco or
7 Sorlucco.

8 MR. SORLUCCO: It's pronounced
9 "Sorlucco". Thank you. I'm Jerry Sorlucco. And, I thank
10 the Commission for coming to the North Country. I'll try
11 to speak loudly, because it will torment you, but maybe
12 people in the rear will hear me. I rise to speak against
13 the Verizon/FairPoint deal. I voice the opinions of those
14 that have spoken before, because I think they're on track.
15 And, I have some other comments to make.

16 Data from the Organization of Economic
17 Cooperation and Development recently ranked the U.S. 15th
18 out of 30 member nations in per capita broadband use.
19 Down from 12th six months before, and from 4th place in
20 2001. In other words, the problem is getting even worse.
21 It really stinks that this country is not doing better.

22 How will cash-strapped FairPoint,
23 incurring large debt in this deal that's proposed, do its
24 share of making it better? FairPoint is a small, rural

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1 phone company, offering limited phone and Internet
2 services over old copper network. Their promise of
3 expanded DSL offers little comfort. It's an old
4 technology. Verizon, on the other hand, is deploying the
5 most advanced fiber-optic network in the telecom,
6 Internet, and video industry.

7 I think New Hampshire would be left with
8 old horse-and-buggy technology that will adversely affect
9 our economy and development and standard of living, which
10 is a very serious matter for those in the North Country.

11 In the past few months, weather knocked
12 down telephone lines all over the state. Verizon had the
13 ability to deal with it promptly. Will FairPoint? How
14 will the telephone rates fare? I don't think they will
15 fare well, nor do I think they'll deal with it well. They
16 do not have the assets. Verizon also provides about a
17 thousand good paying union jobs in New Hampshire. Does
18 anyone doubt that, in the short order, these jobs will see
19 forced cuts in wages and benefits, with FairPoint
20 struggling to survive? I certainly do not.

21 I'm a retired airline pilot. I dealt
22 with this in the airline industry. I know where it's
23 going. It's a very serious issue. I don't wish to see us
24 go that way.

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1 I think the deal is a way for Verizon to
2 skate on its responsibilities to rural communities, not
3 only in New Hampshire and in New England, but in the
4 country. And, that the Commission should turn it down as
5 injurious to the State of New Hampshire. Thank you very
6 much.

7 CHAIRMAN GETZ: Susan Bruce. And
8 William Rioux will follow Ms. Bruce.

9 MS. BRUCE: Hi, everybody. My name is
10 Susan Bruce. Thank you, Commissioners. Thank you for
11 everybody that's here tonight. I live in Jackson, in
12 northern Carroll County. And, I'm one of the lucky folks
13 in the north, I have access to DSL. And, in fact, Verizon
14 is my provider. And, I work out of my home a lot of the
15 time. I rely on DSL to get my work done. I was at the
16 hospital emergency room last week. An ambulance was
17 bringing in somebody. And, I was, you know, hanging out,
18 waiting for somebody's test to come in, and, at the desk,
19 a member of the staff was talking to the ambulance, to the
20 EMTs on the phone. And, they had a computer going. So,
21 they were monitoring this person's vital signs as they
22 were talking, and realized how badly this person was
23 doing, managed to call a helicopter that came, you know,
24 within minutes of the ambulance arriving, to whisk this

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1 person off to Maine Med, in Portland. So,
2 telecommunications doesn't just help business, it's vital
3 to the business of saving lives. We who live in the North
4 Country have watched NAFTA and other trade agreements
5 destroy our manufacturing base. Berlin has little hope of
6 resurrecting itself without access to modern technology.
7 The North Country needs to have the kind of
8 telecommunications networks that will enable us to join
9 the 21st century. We have no chance of developing any
10 kind of sustainable economic future here without it.

11 You've heard all the arguments. I know
12 you guys have certainly heard all the arguments. Verizon
13 gets a huge tax break, controls 60 percent of the Board,
14 while FairPoint gets all the debt. Well, New Hampshire
15 has been giving Verizon a break for nearly two decades, by
16 not charging them property tax for the public property
17 their poles and lines are on. They have received millions
18 of dollars in these tax breaks, while failing to honor
19 their promise to bring FiOS to every part of our state.
20 If you allow them to renege on this deal, they'll be
21 laughing all the way to the bank, having unloaded the low
22 rent rural customers after years of bilking our taxpayers.

23 Meanwhile, FairPoint gets \$1.7 billion
24 in debt added to the 610 million they already have. They

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1 won't be able to afford to grow FiOS or even DSL into the
2 North Country. The most likely outcome for us is rate
3 increases, while service decreases.

4 I went to the Public Utilities
5 Commission website today and looked at your Mission
6 Statement. The PUC is charged with acting on behalf of
7 the people. This is their Mission Statement: "To ensure
8 that customers of regulated utilities receive safe,
9 adequate and reliable service at just and reasonable
10 rates. To foster competition where appropriate. To
11 provide necessary customer protection. To provide a
12 thorough but efficient regulatory process that is fair,
13 open and innovative. And, to perform their
14 responsibilities ethically and professionally in a
15 challenging and supportive work environment."

16 I urge you to honor your commitment to
17 the people of our state by refusing this sale. Let
18 Verizon stay here, and let us all make them keep their
19 promises. Let us pass legislation that will establish
20 strict guidelines for these types of sales and mergers.
21 New Hampshire must develop a plan for stimulating
22 investment in telecommunications in our state. Our
23 economic future depends on it.

24 And, just one more thing. I urge all of

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1 you to call your Congressperson, either Paul Hodes or
2 Carol Shea Porter. Congressman Dennis Kucinich is going
3 to -- is calling for a hearing to review Verizon's sale to
4 FairPoint. He's the chairman of the Domestic Policy
5 subcommittee of the Government Oversight and Reform
6 Committee, which, by the way, Paul Hodes is a member of.
7 This subcommittee has jurisdiction over the FCC and the
8 Security & Exchange Commission, and will be asked whether
9 or not the Verizon/FairPoint deal is in the best interest
10 of the public. So, call your Congressperson and say, you
11 know, "Support this. Let's have an investigation. Let's
12 see if this is in our best interest." And, let's do
13 what's right for the people in our state. Thank you.

14 CHAIRMAN GETZ: Mr. Rioux.

15 MR. RIOUX: Just a couple things real
16 quick. I think my biggest problem with this whole sale is
17 we have a real -- we have a company that's really small.
18 We understand that. They're greatly in debt. If they
19 pull this type of sale off, and be able to maintain some
20 kind of semblance of service, it's going to be a real
21 problem. After these last storms we had back in April, I
22 happened to be riding around on a Sunday, and I live in
23 the northern most town of the state, in Pittsburg, I was
24 coming down to Littleton, which is a drive. And,

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1 basically, I think that day I must have saw 20 or 30
2 trucks, and this was on a Sunday. Is this company of
3 FairPoint going to be able to maintain that type of
4 service to keep people in service?

5 And, as far as the DSL promise that they
6 have promised, DSL is a technology that Verizon is already
7 abandoning with their I guess they call it "FiOS",
8 whatever the fiber optic to the businesses is -- to the
9 homes is. So, why are we going to let a company come in
10 here to give us something that's an antiquated service,
11 that we should be asking for a lot more? We shouldn't be
12 asking for a technology that's already gone by. And, we
13 should be asking for the best technology that we can get.
14 The northern towns, and we strive for businesses, I mean,
15 the last lady spoke of Berlin. I mean, Groveton lost its
16 papermill. Lost how many jobs there? There was quite a
17 few. Ray Burton has been involved in some of this.

18 I just think that if we don't -- we
19 can't step backwards with letting this sale go by. We
20 have to step forward. And, this Commission has to go
21 along with the idea that they're going to make Verizon
22 step up to the plate, do what they're supposed to be
23 doing, and give us decent service to these towns that need
24 the service, to bring in the people and keep the people

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1 here, and keep the young people that we have graduating
2 from schools, keep them in a community where they can work
3 and strive. Right now, we're losing our job base for the
4 young people. The young people are leaving the northern
5 area because they have no access, they can't work. There
6 is no jobs. We've lost mills everywhere. We've lost good
7 paying jobs everywhere. We need to keep that, and one way
8 is by keeping businesses surviving, and we're not. We're
9 letting businesses go, and part of it is because of
10 communications.

11 I mean, there's very few towns in
12 Northern New England -- northern New Hampshire here that
13 have even the DSL service. And, where it is, it is a very
14 viable service, but it only reaches so far. And, most of
15 us live too far away to get that type of service. So, DSL
16 is not the answer. When they come in here, and if you
17 look at their rate structures, if you look at what they're
18 paying in Maine, they're paying \$44 for a line that
19 Verizon's charging less than \$20 for. You talk about "no
20 rate increases". Eventually, we're going to pay that.

21 So, they're saying one thing and their
22 practicing others already. So, I just -- I'm totally
23 against the sale. I think that the Commission really
24 should look at it very strongly. And, the financial

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1 problems that this company has incurred, we know, in the
2 past 13 or 14 years they have been in business, they have
3 been close to going out of business more than once. And,
4 I don't think this State of New Hampshire needs to be put
5 up with a company that's a second rate company that's on
6 the edge of slipping over the bankruptcy problem. Thank
7 you.

8 CHAIRMAN GETZ: Richard Polonsky.

9 MR. POLONSKY: I think the comments were
10 great. I'm just wondering, if the Commission, I realize
11 you can't comment specifically on what you're hearing, but
12 it would be helpful to know the process that you use in
13 evaluating this. Obviously, there's got to be an economic
14 analysis that you do. And, I was wondering if you could
15 talk a little bit about what your process is for
16 evaluating this?

17 CHAIRMAN GETZ: Well, I think I covered
18 most of the procedural aspects in the opening statement.
19 But it's a general public interest standard. And, we'll
20 just review the facts, review the assertions. There may
21 be arguments of law about what the standards are. So,
22 it's really -- it's really difficult for me to tell you
23 exactly what particular number of tests there are going to
24 be. It's a very general standard of the public interest

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1 that we'll be applying to this proposal.

2 MR. POLONSKY: You look like you were
3 going to say something, Cliff?

4 CMSR. BELOW: Well, just one comment. I
5 mean, we have staff that works on this, as well as the
6 OCA. And, the OCA has a consultant, the PUC also is
7 engaging outside expertise to assist in the evaluation.
8 And, that all gets presented, along with all the parties
9 who intervened can present testimony, both written
10 testimony that gets filed, which may be accessible on the
11 website. There's a goal to have a lot of the materials
12 filed on the website. And, then, there's
13 cross-examination of that, as Chairman Getz explained
14 early on. There is like a whole trial. And, part of
15 leading up to that is discovery, which is parties asking
16 each other information, primarily the Applicant. So, all
17 the different parties that have intervened, including some
18 of the unions that represent some of the Verizon
19 employees, can be involved in this discovery process, as
20 well as the PUC staff and the Consumer Advocate. And, the
21 business groups that may be supporting it, different
22 groups will ask for information, and they will go back and
23 forth, and then present the case like a trial.

24 MR. POLONSKY: Okay. Thank you.

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1 CHAIRMAN GETZ: And, we have Todd
2 Bedard.

3 MR. BEDARD: I have a prepared speech
4 here first, but one thing I'd just like to speak to is
5 Councillor Burton speaking earlier. With all due respect,
6 I think you probably still believe in the Easter Bunny, if
7 you think you're going to get all four of those things for
8 them to promise, for them to do it, it's just not going to
9 happen. It just seems like a little bit not enough, too
10 late, it's just not going to happen. It's my belief that,
11 as part of the Executive Board, you oversee the hiring and
12 recommendation of or the firing of members on this board
13 here also. And, it kind of seems to me to be a conflict
14 of interest for you to be even speaking towards this sale.
15 I understand -- I understand that, in your other job, that
16 you may have some type of constituents that you're looking
17 for there. But, I think, as your main job as a 29 year
18 councillor, it doesn't fit for you to be standing in front
19 of these gentlemen and giving your opinion, when, in a
20 little while, you may say that "Nah, you don't recommend
21 them to stay on the Committee."

22 So, with that said, I'll start with
23 this. My name is Todd Bedard. And, I would like to thank
24 you gentlemen for the opportunity to speak tonight. I

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1 would first like to say that I am a Verizon employee and a
2 member of the union. I also teach martial arts, enjoy the
3 outdoors, and like Kentucky Fried Chicken. All of these
4 things are part of me, but they do not individually define
5 me. I say this in response to the legal representation
6 for FairPoint's off-the-cuff remark in Newport this week,
7 that all union members are like terrorists. We are
8 passionate about this deal, because we have designed,
9 built, and maintained the very network that FairPoint
10 would like to control. We know the ins and outs of the
11 technology, the limitations, the abilities of -- and the
12 abilities of every technology installed. We do not come
13 out here and shout out to the rafters that we are union
14 members. We are employees, we are consumers, we are
15 businessmen and woman. We are just as much a part of this
16 community as any other customer. But every time something
17 seems to go wrong with FairPoint's plan, they seem to yell
18 out "union" like it's a dirty word. It's not. And,
19 rhetoric certainly doesn't speak too well on how they
20 would deal with us if they -- if we were to become their
21 employees.

22 There is not a single lawyer,
23 accountant, or public relations spin that is going to
24 convince us that you know the telephone system better than

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1 we do. We are here to bring the other side to this forum,
2 and that side is based in fact, reality, and the truth.

3 With that said, I'd like to speak to you
4 about the sale. I know that you've heard everything that
5 there is with the DSL versus FiOS issue between both
6 companies, as well as the large disparity between each
7 company's financial resources. So, I don't plan to talk
8 much about those issues. I would like to, however, speak
9 to several side issues that I haven't seen or heard much
10 about, but I believe are just as important to this sale
11 and the residents of New Hampshire. And, I will finish
12 off by stating why this deal is not good for the public.

13 With apologies to Hans, decades ago,
14 when Al Gore invented the Internet, he envisioned a global
15 network where citizens young and old, rich and poor, urban
16 and rural could exchange ideas, share life experiences,
17 keep in touch with each other, and maybe play a game or
18 two. Since the mid '60s, the Internet has evolved from a
19 fledgling and crude way to send data from one coast to
20 another, to a worldwide phenomenon that has created its
21 own market. Consumers all across the globe do not just
22 hope for Internet access, they expect it. Many up here in
23 the North Country don't understand why Verizon hasn't
24 installed DSL to their house yet. They are sick of tying

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1 up their phone lines just to get incredibly slow dial-up
2 Internet access. So, some see FairPoint as the knight in
3 shining armor that will bring them a new technology. I
4 would like to strongly caution everyone that is ready to
5 jump on that bandwagon, just as Al Gore inventing the
6 Internet is a fairy tale, so aren't FairPoint's promises.

7 Many of you have heard FairPoint's
8 coverage numbers in Maine and other locations. The towns
9 that they sell their service to are much like Littleton.
10 They are either rural towns or on the outskirts of rural
11 towns. The product FairPoint offers is not better. In
12 fact, in many cases, it's the only product that a consumer
13 can buy. In FairPoint covered towns, they claim around 90
14 percent coverage. Now, let's remember, that's just
15 coverage. It doesn't mean that 90 percent of the
16 consumers actually use the service. In fact, just around
17 20 percent do. Using simple math, if you had a thousand
18 customers in your town, only 200 would choose FairPoint.
19 The other 800 would choose cable, satellite, dial-up, or
20 nothing at all. I ask you, is this the broadband
21 revolution that you are going to bring to New Hampshire?

22 What FairPoint is doing here is playing
23 a statistics game. Anyone with the right numbers and the
24 right words can make themselves sound appealing. If I say

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1 "90 percent coverage", it sounds a lot better than
2 "20 percent usage", doesn't it? Other stats they play
3 with are their financials. They fail to mention that, if
4 the sale is approved, they will lose a significant amount
5 of the welfare they receive from the government in the
6 form of the Universal Service Fund. Reported estimates
7 currently state that Verizon receives approximately \$30 a
8 line, while FairPoint receives around 400, and that is
9 going to drop. They fail to mention that, in a
10 drastically larger market, they will be competing against
11 a different dynamic of companies, and a choosier consumer
12 than they are used to. They fail to mention that their
13 payment structure for the Internet access varies greatly
14 from Verizon's. With most of FairPoint's plans, you pay
15 extra for multiple e-mail addresses. You may more -- I'm
16 sorry -- for speeds that they say are fast, but are
17 actually slower than anything Verizon offers. You pay
18 more for a static, as opposed to a dynamic IP address, and
19 several other items that they will nickel and dime you
20 for. When you get that same service from DSL, it's all
21 included in one price, from Verizon, I mean.

22 They don't address the steady loss of
23 landlines over the past ten years and the loss of income
24 that comes with it. They don't talk about the reduction

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1 in key budget areas, like maintenance, research, back
2 office functions and fleet maintenance, or the loss of
3 exemption from burdensome interconnection rules. They
4 tell you that Verizon never had plans to install DSL up
5 here. But the facts are that Verizon has been steadily
6 installing and updating DSL all throughout New Hampshire,
7 until the sale was announced. Is it going slow? Yes. Is
8 it just too expensive in some towns to install?
9 Absolutely. But it is happening.

10 You should also note that Verizon said
11 they will not be able to install FiOS in upstate rural New
12 York years ago. That is why they tried to sell their
13 stake in that region. But the prospect fell through.
14 And, now, FiOS is being installed in those very same towns
15 that they were deemed unfit only four years ago.

16 FairPoint says that current DSL prices
17 won't go up. But you need to listen carefully to what
18 they say. They say that it won't go up in communities
19 where DSL is already offered. But what about a community
20 that doesn't have DSL yet? Are they going to have to pay
21 more for the exorbitant installation costs? You bet.
22 They also don't speak to the massive limitations of IPTV,
23 one of their many promises. It doesn't work in most rural
24 areas. And, in fact, FairPoint only offers it in a

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1 handful of their own rural communities. That does not say
2 much about their belief in it.

3 We also know that the Internet changes
4 at a lightning pace. What seems great today will be
5 obsolete in two years. That is why Verizon has dedicated
6 itself to installing and maintaining a next generation
7 fiber network, without relying heavily on government
8 handouts. The network is designed and built to be
9 flexible and upgradable. FairPoint has no plans, or even
10 visions of plans to upgrade. That is why they want to
11 offer DSL to you at some point in the future, at least
12 that's what they say. They haven't committed to what
13 towns, regions, or states DSL will be installed in first.
14 Will they focus on northern New Hampshire first? Or will
15 it be in Maine, where they already have a foothold and
16 have promised "DSL in every port"? There's a lot of ports
17 in Maine. How about Vermont, where nearly every town is
18 without DSL or broadband access?

19 The equipment doesn't get installed in a
20 day, a week, or even a month. Remember, that they have
21 only said that they will accelerate Verizon's plan to
22 reach 80 percent coverage before 2010. So, if they get
23 80 percent coverage on 2009, July 30th, yeah, they did it.
24 It's not much. It's a long and expensive process, and I

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1 don't think that they fully understand what they need to
2 do.

3 I would also like to challenge something
4 that I find personally offensive. If you visit
5 FairPoint's website, read their brochures, or listen to
6 their executives speak, you read -- excuse me -- you hear
7 them describe themselves as a "phone company". But, if
8 you take even a moment to read through their description,
9 their company description or their all annual reports, you
10 will see that they describe themselves as a "telephone
11 acquisition firm". You often hear the executives saying
12 "acquisition" instead of "sale", like we're all some juicy
13 piece of investment property, at least for now anyways.
14 Two statements that repeat themselves over and over are
15 "investor dividends" and "acquisition". The second line
16 in their company description reads "We were incorporated
17 in 1991 for the purpose of acquiring and operating
18 traditional telephone companies in rural markets." It
19 also states, "We believe that our traditional telephone
20 business is attractive because there is limited
21 competition and a favorable regulatory environment." It
22 gets a little different here. Does that sound like a
23 telephone company to you or just a bunch of investors that
24 are looking for a way to make some money?

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1 In searching through SEC reports and
2 FairPoint annual reports, I have come across countless
3 quotes that I would love to share with you. Yet, time
4 will not permit me to do so. But I would be remiss if I
5 didn't share a couple, and then share my opinion.

6 The first is taken from the FairPoint
7 2006 Annual Report. It reads: "Approximately 70 percent
8 -- 77 percent of access lines serve residential customers,
9 23 percent serve business customers. Most of our business
10 customers are predominantly in the agriculture, light
11 manufacturing and service industries." How is it that
12 FairPoint will bring their vaunted marketing skills from
13 farmers to worldwide businesses like BAE and Fidelity
14 Investments?

15 Another, under the title labeled
16 "Internet competition" says: "Many of our competitors
17 have substantially greater financial, technical,
18 marketing, personnel, name-brand recognition, and other
19 resources than those available to us." That's inspiring,
20 isn't it?

21 And, lastly, under "Merger risks" it
22 reads: "If our rural exchange carriers were unable to
23 receive support from the Universal Service Fund or if such
24 support was reduced, many of our carriers would be unable

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1 to operate as profitably as they have historically. Any
2 shift in our universal service regulation could have an
3 adverse affect on our business, revenue, and
4 profitability." It is an accepted fact that FairPoint
5 will have a large reduction in their Universal Service
6 Funds. How is that money going to be made up?

7 Well, recently, FairPoint executives
8 have been quoted saying that they are looking into
9 lobbying for a change on how the Universal Service Fund is
10 distributed. That's pretty convenient. So, their
11 strategy is not actually to develop a better service or
12 offer a better product, but instead to lobby the
13 government to change decades old Universal Service Fund
14 calculations that would fit with their proposed change in
15 size. To me, that does not sound like a plan, it sounds
16 like a prayer.

17 All of this brings me to why this
18 acquisition is not in the public good. Verizon has not
19 fulfilled its promises to New Hampshire residents in
20 concern to broadband build-out. They have had many years,
21 many tax breaks, and the financial means to do it. We
22 should all not forget that FairPoint already tried to sell
23 its phone and DSL service in New Hampshire as a CLEC.
24 They failed. And, they sold that end of the business to

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1 Choice One. Now they come back offering the exact same
2 technology, with primarily the exact same people in
3 charge, promising us it's all going to be different.
4 FairPoint has cherry picked rural telephone companies in
5 several states. In those mostly closed markets, they have
6 made inroads with a dramatically different makeup than
7 what we see here in New Hampshire. Their plan to bring
8 broadband to New Hampshire does not remotely address the
9 62 percent of us that already have DSL access. They have
10 no plans to move forward. They believe that a stagnant,
11 slow broadband access is all New Hampshire needs, because,
12 in order to provide a faster, better Internet service,
13 they would have to cut their investor dividend, and it
14 seems to them that dividends are more important than
15 customers. New Hampshire deserves more, both the urban
16 and rural areas, and it seems that the only people that
17 don't believe that right now are Verizon and FairPoint.

18 Just a day or two -- excuse me. Just a
19 day or two ago, the Senate presidents and leading
20 representatives of New Hampshire, Maine, and Vermont
21 released a press statement that said they "all stand
22 together wanting the best company and the best technology
23 for New Hampshire." In my opinion, it doesn't take much
24 to read between the lines. They don't trust that

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1 FairPoint is a good fit for New Hampshire.

2 Gentlemen of the Commission, I ask you
3 to vote for what is best for New Hampshire. You must know
4 in your heart that FairPoint will not take New Hampshire
5 forward. They will stick around long enough to make a
6 buck, and then, when the well runs dry, they will leave,
7 sell, or do God knows what. Thank you.

8 CHAIRMAN GETZ: That was the last
9 speaker who had submitted a form. Councillor Burton, did
10 you want to say something?

11 COUNCILLOR BURTON: If I could be
12 recognized, Mr. Chairman.

13 CHAIRMAN GETZ: Please.

14 COUNCILLOR BURTON: Tom referred to a
15 relationship with the Public Utilities Commission. Yes,
16 indeed, the Governor nominates, to the five members of the
17 Council, nominees to this three-person board. The
18 Governor and Council employed by commission of employment
19 352 commissioners and directors who run and administer
20 some 60 different departments in your state government.
21 Yes, I voted for all three of them. But, when this window
22 opened on this particular topic, and I guess you call it a
23 "docket" there, if I even hinted to any of these three
24 members my position for or against, they could show me the

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1 door or take me to the Attorney General's office.

2 MR. BEDARD: You did here. You said
3 right in the very beginning that you are for the sale.

4 COUNCILLOR BURTON: But the door -- the
5 door is open now for anybody who wants to register an
6 opinion, and that's why they're here, to gather opinions
7 or written testimony.

8 MR. BEDARD: I just think it's a
9 conflict of interest.

10 COUNCILLOR BURTON: So, -- But, if you
11 believe that it's a conflict of interest, that I have
12 violated my oath of office, put it in writing, send it to
13 the Attorney General, Kelly Ayotte, 30 Capitol Street,
14 Concord, New Hampshire, and I'm sure she will have a
15 response.

16 MR. BEDARD: I'll do that.

17 COUNCILLOR BURTON: But I should also
18 mention that Governor Lynch has nominated for another term
19 Mr. Getz, the presiding officer and the Chairman. We, the
20 five members of the Council, are required, not maybe, we
21 are required to hold a hearing. That hearing has been
22 duly posted, noticed on Tuesday, June 12th, at 2:00, in
23 the Council chambers, if you have an opinion on his
24 nomination. But, as the senior member of the Council, if

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1 you appeared and started talking about this particular
2 docket, I would have to say "Wait a minute. We are -- The
3 question that the Council has is a "yes" or "no", "should
4 Mr. Getz get another term on the three-member Public
5 Utilities Commission?" And, Mr. Chairman, if I have
6 interpreted that wrong, please correct me. And, if any of
7 you believe that I have violated my oath of office,
8 please, don't stop with me, the Attorney General is the
9 chief law enforcement officer of the state. Thank you.

10 CHAIRMAN GETZ: Thank you. Sir.

11 MR. PACKARD: Would you like one more?

12 CHAIRMAN GETZ: Would you like to speak?

13 MR. PACKARD: Can I?

14 CHAIRMAN GETZ: Yes.

15 MR. PACKARD: My name is Barry Packard.
16 I've been fortunate enough to have a front row seat, so I
17 got to hear everybody well tonight. And, there's two
18 people, two companies that I kind of thought might have
19 would have been here tonight, and that would have been
20 Time Warner and Comcast. I'm sure they're very much in
21 favor of this sale. Because, if this goes through, and
22 the best we got is DSL, our cable rates, which is
23 something nobody has mentioned tonight, are going to go
24 up. Because, with the FiOS, it gives competition to the

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1 cable TV companies. In the areas that FiOS has been
2 activated and TV is available, cable TV rates dropped like
3 a rock overnight, because they had competition.

4 If FairPoint takes over, we will never
5 have FiOS here. We will never have any competition. Your
6 phone rates are going to go up and your cable rates are
7 going to go up, too. Just another point to think about.
8 Thank you.

9 CHAIRMAN GETZ: Sir.

10 MR. SMITH: Alan Smith. I remember you
11 from a hearing in Birch Hill. I'll give your fingers a
12 rest in a minute, I think. I think you should vote with
13 your gut, and not your heart, on this deal.

14 FROM THE FLOOR: Louder. We can't hear
15 you.

16 MR. SMITH: Can you hear me? No? I
17 think you should vote with your gut, and not your heart,
18 on this deal. And, going from a small company to a Bell
19 System company was as American as apple pie. And, I have
20 some very serious concerns about them, if they're going to
21 be able to work, make the system work. They are still, in
22 my opinion, at the crawling stage. They're going to run
23 it. Verizon, New England Telephone, is in the running
24 stage, been like that. So, this is a bad deal altogether.

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1 And, I would be very careful and I would urge you to vote
2 "no", vote against it, because why fix something that
3 ain't broke? Thank you very much.

4 CHAIRMAN GETZ: Okay. I believe that's
5 our last speaker for this evening. Just note that we're
6 -- this is the conclusion of the fifth public statement
7 hearing. We are planning to have the adjudicative
8 hearings are going to start in Concord, in September. We
9 thank you all for coming out, and the comments have been
10 very helpful. Sir.

11 MR. BEDARD: When's the next public
12 meeting that we'll be able to go to? When is the next
13 public, any meeting that we'll be able to go to at all or
14 is there another one or will there be another one?

15 CHAIRMAN GETZ: The next scheduled
16 hearing would be the adjudicative hearings in Concord in
17 September.

18 MR. BEDARD: But the public won't be
19 able to speak at those hearings or will they?

20 CHAIRMAN GETZ: We typically, either at
21 the beginning or at the end of the hearings, we'll provide
22 an opportunity for a public comment session. But it would
23 be in Concord in the fall.

24 MR. BEDARD: So, we'll be able to speak

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1 again?

2 CHAIRMAN GETZ: There will be the
3 opportunity --

4 MR. BEDARD: Okay. Thank you.

5 CHAIRMAN GETZ: -- to speak again.
6 Okay. Thank you.

7 (Hearing ended at 8:23 p.m.)

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