



STATE OF NEW HAMPSHIRE
DEPARTMENT of RESOURCES and ECONOMIC DEVELOPMENT
OFFICE of the COMMISSIONER
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GEORGE M. BALD
Commissioner
May 25, 2012

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Debra A Howland
Executive Director and Secretary
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord NH, 03301-2429

Re: DT 07-011 Order No 25,360 Addressing Broadband Investment with Service Quality Penalties

Dear Secretary Howland:

The Department of Resources and Economic Development supports FairPoint Communications' proposed plan to use Service Quality Penalties for broadband expansion to unserved and underserved communities in New Hampshire and the North Country.

For our perspective there are several benefits. The communities in rural regions will have an improved ability to recruit and retain business, increase business profitability and tax revenue, and greater ability to attract the "creative class". Investment incentives will encourage our rural Public Safety Agencies to communicate more effectively and provide faster emergency response times with improvements to infrastructure. Lastly, residents will have better access to educational opportunities, employment, and health care improving their economic future and quality of life. Properties will retain their value and be able to compete for local investment while producing a solid municipal tax base.

A few statistics on the impact of Broadband on a National and NH Level.

- For every \$1.00 invested in Broadband, the economy benefits nearly \$3.00 (Bureau of Economic Analysis)
- For every 1% increase in BB penetration, employment will increase by .2 - .3% per year (Source: The Effects of Broadband Deployment on Output and Employment: A Cross-sectional Analysis of U.S. Data. Robert Crandall, William Lehr and Robert Litan, the Brookings Institution)
- According to the Internet Innovation Alliance Study "Real cost of the digital divide" After factoring in the average cost of a broadband connection \$490 – the typical family could save more than 7,200 per year through discounts and sales only available to online consumers. Saving on entertainment, travel, housing, food, apparel, automotive, newspapers, non-prescription drugs, and bill pay.

In addition New Hampshire has the strongest Information, Communications, and Technology (ICT) Industries of the 3 Northern New England States.

- The total impact of a 7% increase in broadband penetration by state records New Hampshire share close to \$650 Million.
- Jobs created or saved 11,374.
- Direct Income growth \$191 Million.
- Average Healthcare costs saved \$446 Million

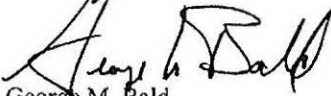
(The Economic Impact of Stimulation Broadband Nationally," Connected Nation, Inc, 2008).

FairPoint Communications may be in the best position to bridge the infrastructure "digital divide" that we are working to solve. Solving the last mile challenge is among the key priorities federal funding is

attempting to resolve. While fiber to the home is the preferred vehicle for broadband connectivity, in many cases, DSL expansion will continue to be relied upon for broadband for many communities in the foreseeable future.

Once again, we believe that the plan provided by FairPoint is an appropriate vehicle for investment in New Hampshire and North Country infrastructure. I welcome further questions on the issue.

Sincerely,

A handwritten signature in black ink, appearing to read "George M. Bald". The signature is stylized with a large initial "G" and "B".

George M. Bald
Commissioner