

Condor Holdings LLC**Docket No. DT 23-103**

Date Request Received: 03/27/2024

Date of Response: 04/10/2024

Request No.: Joint Petitioners 1-03

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Request from: NH Department of Energy

Witness: Timothy Austin

Reference statement in Petition at Page 12: “The sector-wide conversion to fiber has resulted in many dynamic competitive pressures. These competitive pressures, in turn, created economic conditions that delayed CCHI’s fiber buildout completion date until beyond 2026. This Transaction, however, will give CCHI the near-term financial and operational flexibility it needs to execute its fiber transformation while effectively navigating these dynamic competitive pressures.”

Please describe in detail the impact of the economic conditions cited in the petition on 1) the fiber buildout in New Hampshire and 2) the resulting projected fiber buildout completion date for New Hampshire a) assuming approval of the proposed transaction, and b) assuming denial of the proposed transaction.

Objection: Condor objects that the Request is overly broad and unduly burdensome.

Response: Without waiving any objection, Condor responds:

1. As telecommunications providers in the U.S. continue to transition from legacy copper-based TDM networks to fiber-based IP networks, network providers simultaneously must seek to meet consumer demand to deliver faster broadband speeds and more advanced services over their fiber broadband networks while continuing to provide service to customers who remain on the copper network. As consumer and business customers have increasingly adopted bandwidth-intensive services and applications, companies with copper-based DSL distribution networks (often ILECs, such as Consolidated) have been unable to meet customer bandwidth requirements and as a result have become competitively disadvantaged. In order to return to a more stable competitive position, Consolidated must upgrade its network to fiber, which requires significant investment. Further, competing demands for investment capital become more challenging when credit markets tighten and the cost of capital increases. Finally, inflationary trends and supply chain issues have raised the costs of network investment and thus impair the ability of CCHI to deploy fiber on its planned schedule. These competitive pressures and economic conditions have delayed CCHI’s fiber buildout, including in New Hampshire.

2. As explained in the Joint Petition, CCHI plans to expand multi-Gbps (gigabit-per-second) broadband coverage and improve operational efficiency throughout its service area—including in New Hampshire—and to expand its commercial services and carrier solutions by leveraging consumer fiber buildouts. In 2020, in connection with Searchlight III CVL’s initial investment,

CCHI announced plans to upgrade and expand its fiber network through a five-year build plan with construction beginning in early 2021. The build plan included the upgrade of approximately 1.6 million passings to fiber, which would enable multi-Gigabit-capable services to over 70% of CCHI's passings across the Consolidated footprint by the end of 2026.

For the reasons noted above, CCHI's planned fiber buildout completion date has been delayed beyond 2026. Although the Joint Petitioners have not yet estimated the fiber buildout completion date for any particular projects that will be implemented in New Hampshire post-closing, the Transaction will provide CCHI with near-term financial and operational flexibility that will better enable the company to execute its fiber transformation.

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Request No.: Joint Petitioners 1-04

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Request from: NH Department of Energy

Witness: Timothy Austin

Direct Testimony of Andrew Frey, Page 6, lines 20-21 and page 7, lines 1-2.

- a. Please identify and describe the additional investment in the expansion of the fiber network in New Hampshire that will occur as a result of this transaction.
- b. Please confirm that the current copper network will be fully replaced by a fiber network as a result of this expansion.
- c. Please provide a timeframe for the transition from the current copper network to a fiber network in New Hampshire.
- d. Please describe how the proposed transaction would accelerate that transition.

Objection: Condor objects that the Request is overly broad and unduly burdensome.

Response: Without waiving any objection, Condor responds:

- a. As explained in Joint Petitioners' response to DOE 1-03, CCHI plans to expand multi-Gbps broadband coverage and improve operational efficiency throughout its service area—including in New Hampshire—and to expand its commercial services and carrier solutions by leveraging consumer fiber buildouts. However, the Joint Petitioners have not yet identified the specific fiber network expansion projects that will be implemented in New Hampshire post-closing.
- b. The current copper network is not expected to be fully replaced by a fiber network. Joint Petitioners plan to upgrade the network where such upgrades are economically viable.
- c. Joint Petitioners have not yet estimated the fiber buildout completion date for any particular projects that will be implemented in New Hampshire post-closing.
- d. Access to additional private investment capital from its investors will provide CCHI with increased financial flexibility to adjust to competitive economic pressures, which, as explained in the Joint Petitioners' response to DOE 1-03, have operated to constrain planned investment.

Condor Holdings LLC

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Date Request Received: 03/27/2024

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Request No.: Joint Petitioners 1-06

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Request from: NH Department of Energy

Witness: Timothy Austin

Reference Petition, Page 9, “Searchlight has significant experience working with portfolio companies executing strategies that involve deploying broadband infrastructure, along with a proven track record of partnering with strong management teams to drive long-term value and shareholder returns.” Will the proposed transaction result in any changes to CCNE, CCM, and CCES management or operational staff? If yes, please describe these anticipated changes in detail.

Response:

There are no plans to change CCNE, CCM, or CCES management or operational staff in relation to the proposed Transaction.

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Date Request Received: 03/27/2024

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Request No.: Joint Petitioners 1-07

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Request from: NH Department of Energy

Witness: Timothy Austin

Identify and describe any proposed significant repairs, modifications, or upgrades planned for CNNE and CCM plant and network within five years of the acquisition.

Objection: Condor objects that the Request is overly broad and unduly burdensome.

Response: Without waiving any objection, Condor responds:

Please refer to Joint Petitioners' response to DR 1-03, which is incorporated herein by reference. As explained, CCHI plans to expand multi-Gbps broadband coverage and improve operational efficiency throughout its service area—including in New Hampshire—and to expand its commercial services and carrier solutions by leveraging consumer fiber buildouts. The Joint Petitioners do not currently have specific plans directly related to the proposed Transaction for repairing, modifying, or upgrading the CNNE and CCM plant and network. Nonetheless, CCNE and CCM will continue to undertake repairs to their respective copper and fiber-based networks and related infrastructure in the normal course of business. Power plants, central office batteries and generators, and core network upgrades will continue to be made in this regard as consumer and commercial broadband coverage increases.

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Request No.: Joint Petitioners 1-18

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Request from: NH Department of Energy

Witness: Timothy Austin

Bates page 10 of the petition states:

The refinancing extended CCHI's debt maturities through late 2027 and enhanced liquidity through a substantial increase in the capacity of its revolving line of credit. The refinancing resulted in a new credit agreement that included a five-year \$250 million revolving credit facility and a seven-year term loan in the aggregate amount of \$1.25 billion. The term loan is priced at a coupon rate of 4.75%, plus LIBOR, with a 1.0% LIBOR floor and will amortize at 1.0% per year. The refinancing also included \$750 million in aggregate principal amount of 6.500% senior secured notes due 2028 in connection with a Rule 144A offering and a January 2021 \$150 million term loan on terms similar to the seven-year term loan.

Please describe in detail any impact the proposed transaction would have on CCHI's debt position.

Response: The Joint Petitioners do not expect the proposed Transaction to have any impact on CCHI's debt position. The debt financing described in the Petition will remain in place and will continue to be held by Consolidated Communications, Inc. ("CCI")—the Licensees' parent company and a direct wholly owned subsidiary of CCHI—upon completion of the Transaction.