

STATE OF NEW HAMPSHIRE

PUBLIC UTILITIES COMMISSION

July 23, 2024 - 9:03 a.m.
21 South Fruit Street
Suite 10
Concord, NH

RE: **DT 23-103**
CONSOLIDATED COMMUNICATIONS HOLDINGS,
INC., AND CONDOR HOLDINGS, LLC:
Joint Petition to Approve Transfer
of Control. (*Hearing on the merits*)

PRESENT: Cmsr. Pradip K. Chattopadhyay, *Presiding*
Commissioner Carleton B. Simpson

Sarah Fuller, Esq./*PUC Legal Advisor*

Doreen Borden, Clerk

APPEARANCES: Reptg. Condor Holdings, LLC:
Nancy S. Malmquist, Esq. (*Downs Rachlin*)
Joshua D. Leckey, Esq. (*Downs Rachlin..*)
(*of Downs Rachlin Martin*)

Reptg. Consolidated Communications
Holdings, Inc.:
Patrick C. McHugh, Esq. (*CCHI*)
Matthew R. Johnson, Esq. (*Devine...*)
(*of Devine Millimet & Branch*)

Reptg. New Hampshire Dept. of Energy:
Marie-Helene B. Bailinson, Esq.
Paul B. Dexter, Esq./Director-Legal Div.
Amanda Noonan, Dir./Consumer Affairs
(*Regulatory Support Division*)

Court Reporter: Steven E. Patnaude, LCR No. 52

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P R O C E E D I N G

CMSR. CHATTOPADHYAY: Good morning, everyone. I'm Commissioner Chattopadhyay, and I'm joined today by Commissioner Simpson.

We are here this morning for a hearing in Docket Number DT 23-103. The authority to convene a hearing in this matter is provided in RSA Chapter 541-A, RSA 362:8, RSA 374:22-p, RSA 374:30, II.

We are considering testimony and evidence concerning the proposed Petition to Transfer Indirect Ownership Interests in Consolidated Communications of Northern New England Company and Consolidated Communications of Maine Company, to Condor, pursuant to RSA 374:30, II.

The Petitioners filed this Petition on December 27, 2023, and requested approval of the Petition pursuant to RSA 374:30, II. The proposed Plan of Merger will result in Condor acquiring all of the issued and outstanding common stock of CCHI.

This hearing will review the Petition, and focus on whether or not Condor possesses the

1 technical, managerial, and financial
2 capabilities, to ensure that the Licensees
3 continue to maintain all of the obligations of
4 incumbent local exchange carriers. They are
5 excepted local exchange carriers as set forth in
6 RSA 362:8 and RSA 374:22-p.

7 So, let's begin with the appearances.
8 Let's go to the Petitioners first. Consolidated,
9 please.

10 MR. McHUGH: Good morning,
11 Commissioners. Patrick McHugh, on behalf of
12 Consolidated Communications Holdings, Inc. With
13 me today is Attorney Matthew Johnson, of Devine,
14 Millimet & Branch, and Consolidated
15 Communications' witness, Michael Shultz.

16 CMSR. CHATTOPADHYAY: Let's go to
17 Condor Holdings.

18 MS. MALMQUIST: Good morning,
19 Commissioners. My name is Nancy Malmquist. I'm
20 with Downs, Rachlin, Martin, PLLC, in Lebanon,
21 New Hampshire. I'm here today on behalf of
22 Condor Holdings, LLC. With me today is my fellow
23 attorney, Josh Leckey, and our witness, Timothy
24 Austin.

1 CMSR. CHATTOPADHYAY: Thank you. Let's
2 go to Department of Energy.

3 MS. BAILINSON: Good morning,
4 Commissioners. My name is Marie-Helene
5 Bailinson. And I'm here on behalf of the
6 Department of Energy. With me is Attorney Paul
7 Dexter, who is the Director of the Legal
8 Division, and Director Noonan, who is the
9 Director of Consumer Services for the Department.

10 CMSR. CHATTOPADHYAY: Thank you.

11 All other intervenors in this matter
12 have either withdrawn or notified the Commission
13 that they are not participating in today's
14 hearing. That's confirmed, right?

15 *[Multiple parties indicating in the*
16 *affirmative.]*

17 CMSR. CHATTOPADHYAY: Okay.

18 MR. MCHUGH: Correct.

19 CMSR. CHATTOPADHYAY: So, we'll go to
20 preliminary procedural matters.

21 There's a Motion for Confidential
22 Treatment filed on 15 July 2024. Can the
23 Petitioners confirm that the following documents
24 are included in their Motion for Confidentiality:

1 Material produced in discovery to the DOE, and
2 the testimony of Amanda Noonan, representing
3 NHDOE, that made reference to the confidential
4 responses provided. I just want to make sure?

5 MS. BAILINSON: Well, from the
6 Department's side, there are two confidential
7 responses, yes. I believe they are -- let me get
8 my exhibits out. Yes, Exhibit 13, or identified
9 as "Exhibit 13", we have responses to Request
10 1-02 and 1-05(b).

11 CMSR. CHATTOPADHYAY: That is it,
12 right? Anybody -- anything else?

13 MR. McHUGH: Yes, Commissioner.
14 Exhibit 7, that has been premarked for
15 identification, has been -- I'm sorry, contains
16 confidential information, as does Exhibit 9.
17 Collectively, they are the Petitioners', mostly
18 this is Condor Holdings' confidential information
19 supplied in response to Department of Energy data
20 requests.

21 CMSR. CHATTOPADHYAY: Okay. Is there
22 any objection to the Petitioners' Motions for
23 Confidential Treatment from the Department of
24 Energy?

1 MS. BAILINSON: No objection from the
2 Department. Thank you.

3 CMSR. CHATTOPADHYAY: Thank you.

4 MR. McHUGH: No objections have been
5 filed.

6 CMSR. CHATTOPADHYAY: Thank you.

7 There is nothing additional on those
8 motions, right, that we should consider?

9 MR. McHUGH: Correct.

10 CMSR. CHATTOPADHYAY: Thank you. The
11 final order in this matter will address the
12 pending Motions for Confidential Treatment of
13 disclosed records. For the purpose of this
14 hearing, the records remain confidential pursuant
15 to Puc 203.08(c).

16 The parties filed an Exhibit List on
17 the 17th of July, 2024. There were Exhibit 1
18 through Exhibit 15. Are there any additional
19 exhibits that the Commission should take note of?

20 MR. McHUGH: None on behalf of the
21 Petitioners.

22 MS. BAILINSON: None on behalf of the
23 Department. Thank you.

24 CMSR. CHATTOPADHYAY: Thank you.

[WITNESS: Shultz]

1 The parties filed a Joint Witness List,
2 and I'm going to go ahead with the swearing in.
3 I want to make sure that is the intent that the
4 Petitioners will have one panel, and DOE will go
5 next? Go ahead.

6 MS. MALMQUIST: Our plan is to have
7 Consolidated's witness appear, and then have the
8 witness for Condor Holdings appear second.

9 CMSR. CHATTOPADHYAY: So, okay. Thank
10 you.

11 So, let's first take care of the
12 swearing in. And, you know, let's start with
13 Consolidated. So, please, the witness should
14 come to the stand.

15 *(Whereupon **MICHAEL SHULTZ** was duly*
16 *sworn by the Court Reporter.)*

17 CMSR. CHATTOPADHYAY: Okay. So, you
18 should go ahead --

19 MR. McHUGH: Thank you.

20 CMSR. CHATTOPADHYAY: -- for your
21 direct.

22 **MICHAEL SHULTZ, SWORN**

23 **DIRECT EXAMINATION**

24 BY MR. McHUGH:

[WITNESS: Shultz]

1 Q Good morning, Mr. Shultz. Please state your full
2 name for the record and your place of employment?

3 A Excuse me. Michael Shultz, S-h-u-l-t-z. I am
4 Senior Vice President of Regulatory and Public
5 Policy for Consolidated Communications. And I'm
6 based in Gibsonia, Pennsylvania.

7 Q Can you briefly describe your job
8 responsibilities for Consolidated, Mr. Shultz?

9 A Yes. I am responsible for federal and state
10 regulatory and government affairs, as well as
11 regulatory compliance, which includes tariffs,
12 reporting to PUCs and SEC, for all of our 21
13 states and federal.

14 Q Can you describe your role in connection with the
15 transaction that gives rise to this docket?

16 A Well, I am Consolidated's witness on behalf -- on
17 behalf of Consolidated in all of our
18 jurisdictions in which we're seeking approval.

19 Q Do you have the exhibits that have been prefiled
20 with the Commission with you on the witness
21 stand, Mr. Shultz?

22 A I do.

23 Q Can you please pull out Hearing Exhibit Number 1,
24 which is the Joint Petition to Approve the

[WITNESS: Shultz]

1 Transfer of Control?

2 A Yes.

3 Q Did you participate in the drafting of this Joint
4 Petition, Mr. Shultz?

5 A I did.

6 Q Are the facts and the description of the
7 transaction, as described in the Joint Petition,
8 true and accurate to the best of your knowledge?

9 A Yes.

10 Q Would you please summarize the transaction and
11 the nature of the approvals sought for the
12 Commission?

13 A Consolidated and Condor Holdings, LLC, are
14 requesting the approval of the Commission the
15 direct -- the transfer of indirect ownership and
16 control of Consolidated's subsidiaries that
17 operate in New Hampshire, Consolidated
18 Communications of Northern New England Company,
19 LLC, and Consolidated Communications of Maine
20 Company, to Condor, pursuant to New Hampshire
21 statute, change of control at the parent entity
22 level with all of the issued and outstanding
23 common stock of Consolidated Communications
24 Holdings, Inc., being acquired by Condor.

[WITNESS: Shultz]

1 Q Can you summarize the nature of the operations
2 and business that Consolidated Communications of
3 Northern New England has in New Hampshire?

4 A We are a voice/data provider, you know, to both
5 residential and commercial businesses throughout
6 the state.

7 Q And Consolidated Communications of Northern New
8 England is the incumbent local exchange cower --
9 I'm sorry -- carrier in New Hampshire, correct?

10 A Correct.

11 Q That's the former property of Verizon
12 Communications of Northern New England?

13 A Correct.

14 Q Okay. And can you just briefly summarize the
15 operations and the business that Consolidated
16 Communications of Maine has in New Hampshire?

17 A Yes. Consolidated Communications of Maine serves
18 two exchanges, East -- or, excuse me, East Conway
19 and Chatham. Both of those exchanges are
20 actually served out of the Fryeburg, Maine,
21 Central Office.

22 Q Okay. Can you please identify Hearing Exhibit
23 Number 4 that has been premarked for
24 identification?

[WITNESS: Shultz]

1 A Yes.

2 Q Is that your prefiled direct testimony, dated
3 December 27th, 2023?

4 A It is.

5 Q And did you participate and supervise the
6 preparation of the prefiled direct testimony
7 marked as "Exhibit 4"?

8 A I did.

9 Q Do you have any changes, corrections, or updates
10 to that prefiled testimony?

11 A No.

12 Q Do you adopt the prefiled testimony and swear to
13 it under oath today?

14 A Yes.

15 Q Can you please identify Hearing Exhibit Number 10
16 that's been premarked for identification?

17 A Yes.

18 Q Is that your rebuttal testimony -- or, I'm sorry,
19 your prefiled rebuttal testimony filed on
20 June 10, 2024?

21 A It is.

22 Q And did you participate in the preparation and
23 supervise the preparation of your prefiled
24 rebuttal testimony?

[WITNESS: Shultz]

1 A I did.

2 Q Okay. Do you have any changes, corrections, or
3 updates to Exhibit Number 10 please?

4 A Yes. Two, actually. Regarding New Hampshire
5 Electric Co-op, the issues that were started on
6 Page 5 of the Exhibit, Number 10. The NHEC
7 confidential settlement ended the litigation, and
8 the internal NHEC and CCI operations-based teams
9 will be meeting, starting tomorrow, on all
10 operational issues going forward.

11 The second change is we have a
12 settlement with Charter Communications, and that
13 issue started on Page 7 of Exhibit Number 10.
14 And the Charter settlement that we talk about
15 several key requirements being met on -- to be
16 met post-closing: Existing operational support
17 systems not changing for three years following
18 closing, absent at least 180 days advance notice;
19 no material changes to the virtual front office
20 used by the CLECs; and no transaction costs
21 recovered through the wholesale rates; and,
22 number five, post-closing for 24 months, no
23 post-closing FCC forbearance petitions to be
24 filed by Consolidated at the FCC.

{DT 23-103} {07-23-24}

[WITNESS: Shultz]

1 Q And, in due course, will Consolidated and Charter
2 be filing with the various Commissions an updated
3 interconnection agreement for approval?

4 A By the end of this month we will file, in the
5 states applicable, amended ICAs.

6 Q Subject to the updates you just provided, do you
7 adopt the prefiled rebuttal testimony and swear
8 to it today under oath?

9 A I do.

10 Q And one final item, actually, Mr. Shultz. Can
11 you provide the Commission with an update on the
12 approvals, the regulatory approvals in the
13 various states and with the SEC, so we -- where
14 we know where we stand as of today please?

15 A Sure. We have regulatory approvals in the state
16 of Colorado, Georgia, Illinois, Maine, Minnesota,
17 Pennsylvania, and Texas. We are still waiting in
18 California, they expect approval in August.
19 Kansas, the Staff has issued a Report and
20 Recommendation to Approve last week, and they
21 have approval within 30 days. So, we'll expect
22 it by mid-August. New York -- Vermont, Vermont
23 hearing was on July 10th, briefs are due in
24 August, we expect an order by the middle of

[WITNESS: Shultz]

1 August. And New York, we expect an order in
2 August --

3 *[Court reporter interruption.]*

4 **CONTINUED BY THE WITNESS:**

5 A Oh, sorry. In New York, we expect an order as
6 well, approving.

7 And, then, on the federal side, we have
8 the Department of Justice Hart-Scott-Rodino
9 approval. And right now, we are at the FCC, in
10 the Team Telecom stage, which is a 120-day shot
11 clock. So, that is in progress. We are
12 targeting the end of third quarter for that to be
13 approved, pending their timelines.

14 BY MR. McHUGH:

15 Q If you said it, Mr. Shultz, I apologize, I didn't
16 hear it. But is there a state that's
17 deliberating tomorrow or a decision expected
18 tomorrow?

19 A Oh, I'm sorry. I included Illinois in the
20 approvals, but the official approval will be
21 tomorrow. It's on the Consent Agenda for
22 tomorrow.

23 Q Okay. And understanding that the Commission is
24 busy and has to review the record, but is there a

[WITNESS: Shultz]

1 request as to when the Petitioners would request
2 the Commission to try and issue a decision in
3 this docket?

4 A Oh, we would like it by the end of August, if
5 possible.

6 MR. MCHUGH: The witness is available
7 for examination, Commissioners. Thank you,
8 Mr. Shultz.

9 CMSR. CHATTOPADHYAY: I'm just going to
10 point out that you're sort of tapering off in the
11 end.

12 WITNESS SHULTZ: Sorry.

13 CMSR. CHATTOPADHYAY: So, try to
14 swallow the mike.

15 *[Laughter.]*

16 CMSR. CHATTOPADHYAY: So, let's start
17 with Condor. Do you have any cross?

18 MS. MALMQUIST: We have no questions,
19 Commissioner.

20 CMSR. CHATTOPADHYAY: Thank you. Let's
21 go to DOE?

22 MS. BAILINSON: Thank you,
23 Commissioner. The Department has no questions.

24 CMSR. CHATTOPADHYAY: Okay. Let's go

[WITNESS: Shultz]

1 to Commissioner Simpson.

2 CMSR. SIMPSON: Thank you, Commissioner
3 Chattopadhyay. Nice to see you, Mr. Shultz.

4 WITNESS SHULTZ: Nice to see you.

5 CMSR. SIMPSON: Thank you for being
6 here.

7 BY CMSR. SIMPSON:

8 Q It sounds as if, operationally, nothing is
9 changing in New Hampshire. Is that a fair
10 assessment?

11 A That's fair.

12 Q And does that include, for yourself, at the
13 executive level, you will remain in your role and
14 oversight of the affiliates here in New Hampshire
15 as well?

16 A Correct. We're -- management is -- the current
17 management is staying -- is staying in place.

18 Q Okay. That's good. I know you've been
19 responsible for New Hampshire for some time now.
20 So, that's good to see that nothing is changing
21 there.

22 Could you, for our benefit, help us
23 understand the FCC approvals and the criteria
24 that they require in order to approve this

[WITNESS: Shultz]

1 transaction?

2 A Certainly. FCC approval, because Searchlight is
3 more than 10 percent foreign owned, as well as
4 BCI being a foreign entity, we have to go through
5 a certain process called "Team Telecom". And
6 that is jointly with the DOJ, and they look at a
7 different set of criteria. So, we get a boatload
8 of questions related to how we're doing business,
9 who, who are the stakeholders involved with both
10 Searchlight, and as well as with BCI. And we
11 submit all those data requests.

12 And, then, if there are no further
13 questions, it goes into the 120-day review
14 period. And there still could be questions that
15 come. But, typically, that's the review process.

16 So, we expect, that started in, I want
17 to say, beginning of June. And, so, you know,
18 we're looking towards end of September timeframe.

19 And they could -- they could accelerate
20 it, it depends on -- because we've been through
21 this process two years ago --

22 Q Uh-huh.

23 A -- for Searchlight. So, it's the same exact
24 process. So, it's really updating their

[WITNESS: Shultz]

1 questions, and making sure there aren't
2 anything -- have any of their rules changed since
3 then? So, that's why we're expecting it maybe a
4 little bit sooner than the full 120 days.

5 Q Okay. Thank you. And, then, with respect to
6 your overall corporate strategy, I know you're
7 very aggressively marketing your fiber services
8 here and elsewhere. Does this acquisition enable
9 you to continue that effort here in New Hampshire
10 and Maine, in other jurisdictions? What are
11 those benefits, from a strategic level, for
12 Consolidated?

13 A It's huge. It allows us to continue that fiber
14 growth, further fiber penetration. It allows us
15 to work closely with towns, municipalities, to
16 help push fiber out. And, you know, we're doing
17 a successful job. We have the \$40 million New
18 Hampshire Broadband Grant. We are -- we'll be
19 67 percent complete this year, aggressive, but to
20 be completed in '25, which is actually a year
21 ahead of schedule.

22 We've just announced the New Hampshire
23 BMGI, I'm making sure I'm using that acronym
24 correctly, I'm not sure what it stands for, but

[WITNESS: Shultz]

1 we just won a grant there for 11.8 million to hit
2 another 1,500 plus homes, which will be completed
3 by the first quarter of 2026.

4 So, it's allowing us to accelerate
5 fiber deployment in the states, and we've been
6 very aggressive in doing that. And this allows
7 us to continue that going forward.

8 Q Okay. Well, as you know, there are many
9 municipalities and residents here in New
10 Hampshire that depend deeply on your fiber, but
11 also your legacy systems as well. So, you know,
12 maintaining those, and ensuring connectivity for
13 your existing base, and expanding it out as much
14 as you can, is important for New Hampshire.

15 So, I just want to emphasize that
16 point.

17 A I totally agree with you.

18 CMSR. SIMPSON: Okay. Thank you.
19 That's all I have, Commissioner Chattopadhyay.

20 CMSR. CHATTOPADHYAY: Thank you,
21 Commissioner Simpson.

22 My questions are going to be
23 conceptual.

24 BY CMSR. CHATTOPADHYAY:

[WITNESS: Shultz]

1 Q So, they're really -- what I'm understanding is
2 that the financing coming from private investors,
3 as opposed to public shareholders. You had
4 responded just a while ago not necessarily on
5 that point, but how this is enabling you to spend
6 money on fiber and all of that.

7 I want to understand, why is it so that
8 just, you know, you have to switch from public
9 shareholders, to private, to enable that?

10 That's Part 1. So, I'll let you
11 respond to that first, and then I'll have another
12 question.

13 A So, if the Searchlight transaction didn't occur,
14 our access to capital would be less, and,
15 therefore, we would have to slow down the amount
16 of the capex that we're spending throughout all
17 of our 21-state operations.

18 So, it really, you know, the
19 transaction allows us to have access to funding
20 that we probably would not have access to if we
21 were standing alone as a publicly traded company.
22 So, it's an infusion to get us where every
23 company in the country is trying to get to, which
24 is, you know, 100 percent fiber. Now, to get to

[WITNESS: Shultz]

1 100 percent requires some assistance from federal
2 and state government to get there for every
3 company. I mean, there's some really high-priced
4 locations in the country.

5 So, you know, our target is 70 percent
6 plus. And, considering where we were, which is
7 probably around 5, we're now at 40, 45 percent
8 fiber deployment, or passings. So, we're making
9 great strides. And we want to continue that, and
10 get fiber to as many people as possible in our
11 footprint.

12 Q Thank you. Another conceptual question, so I
13 understand why this is useful. Are there any
14 downsides to moving from public shareholder, you
15 know, finance, to private finance?

16 And you don't have to speak
17 specifically to this transaction. I just want to
18 understand.

19 A Honestly, from my perspective, no. But I'm
20 probably not the expert of the subtle differences
21 between public and private on the financing side.

22 CMSR. CHATTOPADHYAY: Okay. Thank you.
23 That's all I have.

24 WITNESS SHULTZ: Okay.

[WITNESS: Austin]

1 CMSR. CHATTOPADHYAY: So, I think --
2 so, we're going to go to any -- is there any
3 redirect?

4 MR. McHUGH: No, sir.

5 CMSR. CHATTOPADHYAY: Okay. Thank you.
6 I think you are released.

7 WITNESS SHULTZ: Thank you.

8 CMSR. CHATTOPADHYAY: You're welcome.
9 I'll let you settle down, and then we'll go to
10 the next step.

11 Okay. So, I think, let's move to
12 Condor now, and please get your witness up to the
13 stand.

14 MS. MALMQUIST: Thank you. We are
15 going to bring Timothy Austin -- we are going to
16 bring Timothy Austin to the stand at this time.

17 CMSR. CHATTOPADHYAY: And I can see,
18 Steve, you're eager to get it done. So, go
19 ahead.

20 *(Whereupon **TIMOTHY B. AUSTIN** was duly*
21 *sworn by the Court Reporter.)*

22 CMSR. CHATTOPADHYAY: He's available
23 for direct.

24 MS. MALMQUIST: Thank you.

[WITNESS: Austin]

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TIMOTHY AUSTIN, SWORN

DIRECT EXAMINATION

BY MS. MALMQUIST:

Q Good morning. Can you please state your name for the record, and your place of employment?

A My name is Timothy Bennett Austin, and my place of employment is Searchlight Capital Partners.

Q Would you --

CMSR. CHATTOPADHYAY: I'm sorry. I'm going to ask you to get closer to the mike.

WITNESS AUSTIN: Even closer?

CMSR. CHATTOPADHYAY: You can even pull it closer towards you.

WITNESS AUSTIN: Okay. Thank you.

CMSR. CHATTOPADHYAY: Thank you.

BY MS. MALMQUIST:

Q Would you briefly describe your position and your role in this transaction?

A Sure. I'm a Partner at Searchlight Capital Partners. I help identify and source investment opportunities for the firm. And, with respect to Consolidated and Condor, I've been involved in all of Searchlight's investment activities related to this company, dating back to 2020, and

[WITNESS: Austin]

1 ever since have been involved in the most recent
2 investment that is currently pending.

3 Q Thank you. At this time, I'd also like to
4 introduce the exhibits with Mr. Austin on the
5 stand.

6 In this matter, we have Exhibit 1,
7 which is the Joint Point to Approve the Transfer
8 of Control, Bates Numbers 001 to 013. Was this
9 exhibit prepared by representatives of
10 Consolidated and Condor Holdings, to the best of
11 your knowledge and belief?

12 A Yes, it was.

13 Q Do you have any changes or additions?

14 A No, I do not.

15 Q Is it true and correct to the best of your
16 knowledge and belief?

17 A Yes, it is.

18 Q We would like to also introduce Exhibit 2, which
19 is the Prefiled Direct Testimony of Andrew Frey,
20 on behalf of Condor Holdings, LLC, that I refer
21 to as "Condor", that Mr. Austin is adopting,
22 Bates Number is 001 through 008. Do you have any
23 changes or additions to his testimony?

24 A No, I do not.

[WITNESS: Austin]

1 Q Is it true and correct to the best of your
2 knowledge and belief?

3 A Yes, it is.

4 Q With that in mind, do you adopt and swear to it
5 today?

6 A Yes, I do.

7 Q We also have Exhibit 3, which are the attachments
8 to the Prefiled Direct Testimony of Mr. Frey,
9 Bates Numbers 001 through 093. Do you have any
10 changes or additions to the attachments?

11 A No, I do not.

12 Q Is the information in the attachments true and
13 correct to the best of your knowledge and belief?

14 A Yes, it is.

15 Q We turn now to Exhibit 5, certain Condor
16 Holdings' responses to Set 1 data requests
17 propounded by the New Hampshire Department of
18 Energy, specifically Responses 1-03, 1-04, 1-06,
19 1-07, and 1-18, all noting "Timothy Austin" as
20 the witness. Was this material prepared by you
21 or under your supervision?

22 A Yes, it was.

23 Q Do you have any changes or additions?

24 A No, I do not.

[WITNESS: Austin]

1 Q Is the information true and correct to the best
2 of your knowledge and belief?

3 A Yes, it is.

4 Q And we also have one more exhibit, Exhibit 15,
5 which is the Prefiled Direct Testimony of Mr.
6 Timothy Austin, on behalf of Condor Holdings,
7 Bates Numbers 001 to 003. Was this material
8 prepared by you or under your supervision?

9 A Yes, it was.

10 Q Do you have any changes?

11 A No, I do not.

12 Q With that in mind, do you adopt and swear to it
13 today?

14 A Yes, I do.

15 Q And will you confirm that this material is true
16 and correct to the best of your knowledge and
17 belief?

18 A Yes, I can.

19 MS. MALMQUIST: Thank you.

20 Commissioners, the witness is now available for
21 cross-examination.

22 CMSR. CHATTOPADHYAY: Thank you.

23 *[Cmsr. Chattopadhyay and Cmsr. Simpson*
24 *conferring.]*

[WITNESS: Austin]

1 CMSR. CHATTOPADHYAY: Just to be sure,
2 is there any objection to the witness adopting
3 the other testimonies?

4 MS. BAILINSON: Thank you,
5 Mr. Commissioner. The Department has no
6 objection.

7 MR. MCHUGH: No objection.

8 CMSR. CHATTOPADHYAY: Thank you.

9 Okay. So, let's begin with
10 Consolidated, do you have any cross-examination?

11 MR. MCHUGH: No, sir.

12 CMSR. CHATTOPADHYAY: How about DOE?

13 MS. BAILINSON: The Department has no
14 cross-examination. Thank you.

15 CMSR. CHATTOPADHYAY: Let's go to
16 Commissioner Simpson.

17 CMSR. SIMPSON: Thank you for being
18 here, Mr. Austin.

19 BY CMSR. SIMPSON:

20 Q So, the main criteria that we have to ensure is
21 that the Company has the technical, managerial,
22 and operational capabilities to continue to serve
23 in the capacity of the Licensee. It's my
24 understanding that operationally, managerially,

[WITNESS: Austin]

1 technically nothing is changing. Is that your
2 understanding as well?

3 A That is correct. Though, when you say
4 "technically", we are making continued
5 investments in fiber throughout the State of New
6 Hampshire. So, that would be an upgrade in, I
7 would say, the technical capabilities of the
8 network.

9 But to your more broader -- your
10 broader point, nothing else is changing.

11 Q So, that will enhance the technical ability of
12 Consolidated here in New Hampshire?

13 A That is correct.

14 Q And can you share with us Searchlight's overall
15 portfolio of investments, share with us a little
16 bit more about who you are, and your interest in
17 doing business in New Hampshire?

18 A Sure. So, Searchlight is a private investment
19 firm. It was founded in, roughly, 2010 or 2011.
20 And we have made several investments in the
21 residential broadband space, and in the
22 communication space more broadly. We also invest
23 in a few other industries, which I'll mention in
24 just a moment. But residential broadband is a

[WITNESS: Austin]

1 core investment theme for our firm.

2 Across our pending investment in
3 Consolidated, along with our investments in Zipl
4 Fiber, which is very similar to Consolidated --

5 *[Court reporter interruption.]*

6 **CONTINUED BY THE WITNESS:**

7 A -- Zipl Fiber, Z-i-p-l-y, across these
8 investments, and a few others, I believe we have
9 invested nearly two and a half billion dollars of
10 equity capital into these types of businesses.
11 And our investment thesis is that there is a
12 compelling financial opportunity and strategic
13 opportunity to invest behind these businesses.
14 To upgrade their networks to fiber, thereby
15 enhancing our competitive positioning, and
16 allowing them to bring more competition to the
17 broadband market. Providing the communities they
18 serve, the customers they serve, greater access
19 to choice for competitive products.

20 And, as an investment firm, we believe
21 that these companies, once upgraded, can
22 recapture a market share, thereby creating a
23 compelling investment opportunity for Searchlight
24 and Searchlight's limited partners, our investors

[WITNESS: Austin]

1 who we have obligations to.

2 BY CMSR. SIMPSON:

3 Q And would you be able to share your perspective
4 on the distinction between your legacy -- between
5 the legacy copper investment, as well as the new
6 fiber investment?

7 You know, certainly, there are still
8 communities here in New Hampshire that depend on
9 the legacy systems. Would love access, more
10 access to high-speed Internet through fiber
11 connectivity.

12 With that being said, you know, that
13 doesn't exist today. We all want to get there.
14 Can you share your perspective on maintaining
15 that quality of service for the legacy systems,
16 and then the forward look to enhance connectivity
17 throughout the state, in areas that are rural and
18 not as densely populated?

19 A Sure. These companies, of course, have
20 regulatory obligations under in some cases it's
21 called "COLR", in other places it's called
22 "POLR", to maintain those services. And it
23 would be our intention to make sure that we are
24 doing everything we can to make sure we're in

[WITNESS: Austin]

1 compliance with all of those rules and
2 regulations.

3 More broadly, there is significant
4 funding from federal and state governments to
5 help, I'll say, "subsidize" some of the
6 investments in these rural areas. That would be
7 under the BEAD Program, as an example, and
8 various state grants. I know that the Company,
9 to date, has focused heavily on those programs,
10 and won significant subsidies, and has built
11 significant amounts of fiber in rural communities
12 throughout Maine, New Hampshire, and Vermont,
13 including significant portions in New Hampshire.

14 Our intention is to seriously evaluate
15 those options going forward. And, to the extent
16 we can find it both financially and strategically
17 attractive, we intend to pursue those
18 opportunities.

19 Q Okay. And do you see any managerial changes
20 happening within the New Hampshire subsidiaries
21 that do business here? Do you see oversight
22 changing? Or, do you see that Consolidated, as
23 an enterprise, will continue to operate as it has
24 in the past?

[WITNESS: Austin]

1 A It will continue -- I'll be specific.

2 Q Please.

3 A We do not anticipate any specific changes at this
4 time. We, of course, in partnership with the
5 Management Team, will continue to manage the
6 business on a day-to-day basis. So, there could
7 be, ordinary course, arrivals and departures of
8 individuals. But there's nothing specifically
9 planned at this time.

10 I would further say that, again, our
11 anticipation is to invest more capital into the
12 Company. And, so, I view that as kind of a
13 benefit of the transaction, and that's something
14 that would be changing. Because, today, absent
15 the transaction that we're talking about, the
16 Company does have very limited access to capital.
17 And, so, the addition of that capital will allow
18 them to reaccelerate their investment in building
19 out fiber to the communities that they serve.

20 Q I would agree. That sounds beneficial.

21 Would you be able to walk us through
22 the organizational charts, as identified in
23 Exhibit 3? There's the pre- and post-merger,
24 pre-closing.

[WITNESS: Austin]

1 A I'd be happy to.

2 Q Thank you.

3 A I find with these technical charts, it's
4 sometimes easier to bring it to a higher level,
5 and then dive back down into the details.

6 Q Thank you.

7 A So, today, Consolidated Communications is a
8 publicly traded company, and it has public
9 shareholders, in addition to Searchlight, and its
10 co-investors being a shareholder of the Company.

11 As you can see from the first page of
12 Exhibit 3, the public shareholders own roughly
13 66 percent of the Company, and Searchlight owns
14 roughly 34 percent of the Company, "33.8" is the
15 number on the page.

16 Upon closing, assuming closing happens,
17 Searchlight and British Columbia Investment
18 Management, or BCI, will own all of the common
19 stock of the Company, and it will cease to be a
20 publicly traded company. You can see this, I
21 believe, on Page 2 of Exhibit 3.

22 Before diving into the detail of
23 Page 2, I think the conceptual point is
24 Searchlight and BCI will be the owners of

[WITNESS: Austin]

1 Consolidated and own 100 percent of the Company.

2 Q Okay. That makes sense. Thank you.

3 A And the vehicle, or the entity that Searchlight
4 and BCI, through which they will own the Company,
5 is Condor Holdings. And you can see that, if
6 you're looking at Page 2?

7 Q Yes.

8 A Roughly midway through the page, --

9 Q Uh-huh.

10 A -- in between the dash line that connects
11 "Searchlight III CVL" to "Consolidated
12 Communications Holdings", right between that
13 you'll see "Condor Holdings, LLC", the Delaware
14 entity.

15 Q Yes. The intermediary entities, it would be
16 helpful for me if I just understood what the
17 purpose of those vehicles were. I'm hoping you
18 might be able to explain that to us? Such as the
19 "SCP Aggregator"?

20 A Sure.

21 Q And, then, the subsequent "Searchlight, LLC" and
22 "Condor, LLC"? What's the purpose of those
23 vehicles?

24 A So, I cannot comment to all of the nuances of tax

[WITNESS: Austin]

1 and legal structuring. I would need to call upon
2 our lawyers and our tax advisors to help with
3 that.

4 Q Fair enough. Just at a high level.

5 A Yes. Yes, of course. But, at a high level, the
6 SCP Aggregator entity is used to aggregate
7 investment funds from Searchlight's --
8 Searchlight's fund, along with certain of our
9 co-investors.

10 So, Searchlight has a private equity
11 fund, Fund Number III, I believe, has roughly
12 \$3.4 billion of cumulative capital commitments.
13 That fund is making an investment in
14 Consolidated. Searchlight also has other limited
15 partners who are co-investing in the transaction
16 alongside Searchlight. All of those funds shall
17 be pooled in the Aggregator vehicle, hence the
18 term "Aggregator", which then invests into an
19 existing entity, Searchlight III CVL, LLC, which
20 I believe, again, please forgive me if I get some
21 of the details slightly incorrect, but I believe
22 that is the existing investment entity that was
23 formed somewhere around 2020 to make
24 Searchlight's initial investment into

[WITNESS: Austin]

1 Consolidated.

2 Q Okay.

3 A So, I believe for -- well, I won't comment on
4 things I don't know.

5 Q Uh-huh.

6 A I know there are legal and tax reasons to do the
7 Aggregator, and then the existing investment
8 vehicle, that make it just easier and more
9 efficient from a structuring perspective.

10 Q Okay. Thank you. And, then, the dash line that
11 runs between Searchlight III CVL and Consolidated
12 Communications Holdings of Delaware, what is that
13 grouping? Is Condor Holdings, LLC, included
14 within that? Is that just representative of
15 British Columbia Investment Management Company's
16 interest?

17 A I'd prefer to take that as, I believe, a
18 supplemental data request.

19 CMSR. SIMPSON: Well, that's fine.
20 We'll leave it there. I understand that, perhaps
21 there are tax and legal purposes. And you're, I
22 believe, neither a CPA, nor a lawyer. So, --

23 WITNESS AUSTIN: I am not. I am
24 neither of those things.

[WITNESS: Austin]

1 CMSR. SIMPSON: Okay. We'll leave it
2 there. Thank you very much, Mr. Austin. That's
3 all I have, Commissioner Chattopadhyay.

4 WITNESS AUSTIN: Thank you.

5 CMSR. CHATTOPADHYAY: Thank you.

6 MS. MALMQUIST: Mr. Simpson?

7 CMSR. SIMPSON: Yes.

8 MS. MALMQUIST: Are you leaving it as a
9 supplemental request, or are you all set?

10 CMSR. SIMPSON: No. No supplemental
11 request.

12 MS. MALMQUIST: Thank you.

13 CMSR. SIMPSON: Thank you.

14 CMSR. CHATTOPADHYAY: Perhaps I'm going
15 to -- maybe I should ask the question about the
16 dash line to the other, you know, others here, if
17 they understood it, maybe they can opine on that?

18 But I can do that later. Let's go to
19 questions for you.

20 BY CMSR. CHATTOPADHYAY:

21 Q So, you heard me have a discussion previously was
22 conceptual, at a conceptual level. Obviously,
23 you are a private, you know, funding source. So,
24 you know, yet I want you to take that hat off,

[WITNESS: Austin]

1 and conceptually tell me what are the pros and
2 cons of public versus private funding?

3 A Just broadly, as a conceptual matter, or
4 specifically related to Consolidated and Condor?

5 Q No. I'm asking as a conceptual matter. So, you
6 don't need to, you know, talk about this
7 particular transaction. So, I'm trying to
8 understand the concepts.

9 A Sure. Happy to. So, private funding can often
10 be, I'll say, more tailored and more nimble, in
11 its ability to get capital into situations where
12 capital is needed.

13 So, and I'll actually use Consolidated
14 as an example. It requires, I think, deep
15 inspection of the company and its opportunities
16 to support a multibillion dollar investment in
17 building out a network. To build the conviction
18 necessary to put that amount of capital behind a
19 company is significant, and it has long-term
20 pay-off or returns. They won't necessarily show
21 up next quarter, next month, even in a year. It
22 can be a multiyear investment program that will
23 require the investment of capital for many years
24 before you start, as an investor, to see returns.

[WITNESS: Austin]

1 Private capital is generally known to
2 be colloquially "more patient", and look to the
3 longer term for investment returns versus the
4 next quarter. So, that's a common and, I think,
5 commonly understood benefit of private capital
6 versus public capital.

7 You'll often hear people talk about
8 public shareholders always looking for
9 performance the next quarter, and not looking at
10 thinking long-term investments for the benefit of
11 the company over the long term. Private capital
12 has the ability to do that.

13 Consolidated is, in fact, a good
14 example of that, because building out fiber
15 networks is a multiyear process, at a minimum.
16 And, then, seeing the returns on that investment
17 take years upon that. And the reason for that
18 is, it takes a while to build, well, it takes
19 them a while to plan, secure permitting, build
20 the network, and then organize a sales and
21 marketing effort to go win customers, and connect
22 them to the network, and start actually
23 generating revenue and cash flow.

24 So, I think Consolidated, and its

[WITNESS: Austin]

1 efforts to investment in its fiber network, are
2 actually very good examples where private capital
3 can be very helpful.

4 The last thing I would say is,
5 investment in what's known as "fiber-to-home", or
6 "residential broadband", fiber-based residential
7 broadband has been a significant investment
8 theme, I would say, over the past roughly five
9 years, maybe since 2020. And, in my experience,
10 both investing in this sector, and being a quite
11 interested observer of the investment landscape
12 in and around this sector, the preponderance of
13 the capital that has been invested has all been
14 private capital. I have seen very -- there's
15 been limited public capital raised to invest in
16 this sector. It would only be companies like
17 AT&T probably being the best example, that is a
18 public company using internally-generated cash
19 flow, and not third-party capital, to make
20 investments to build out their networks.

21 So, I believe it's overwhelming private
22 capital that has supported this investment. And
23 I'd be remiss if I didn't also comment on the
24 capital that federal and state governments have

[WITNESS: Austin]

1 put into the sector through the Connect America
2 Funds I and II, the Rural Digital Opportunity
3 Fund, and now the BEAD Fund, along with all the
4 state support that's also been invested in the
5 sector.

6 Q Again, conceptually, what can be the downside of
7 private funding? And I'm not talking
8 specifically about this transaction. And what I
9 meant was comparably, so between public and
10 private?

11 A A downside could be that private capital also
12 often, depending on the scale of private capital
13 invested relative to the size of the company, can
14 seek board representation and control, are key
15 things that one might consider "downsides". I,
16 personally, don't view them as downsides. But
17 one might perceive those to be downsides.

18 Versus public shareholders, who are
19 widely dispersed, and, unless they have formed
20 big groups, often have limited -- their vote is
21 one of many, is the way I would put it. Versus
22 utilizing private capital from one or two large
23 investors, you know, they have -- often have
24 control, and their votes matter.

[WITNESS: Austin]

1 Q When you talk about "control", in this specific
2 instance, there is nothing that's happening
3 managerially that's going to be different, right?

4 A Correct.

5 Q Okay. Out of curiosity, I think you mentioned
6 the fiber, you know, the penetration has gone up
7 from 5 percent, to I think I remember 40 some
8 percent right now. And, then, you're expecting
9 to go -- expecting it to go up to 75, is that
10 what it is?

11 Or, generally, what I'm trying to get
12 at is, is there an expectation, ultimately, it's
13 going to be 100 percent? And, if so, do you have
14 a sense when?

15 A So, I would say that we do not have specific
16 plans to get to 100 percent. There are portions
17 of the network that are, I would say,
18 unfortunately, without subsidies, uneconomic for
19 investors to support the investment to build to.
20 So, we do not have plans to ever reach 100
21 percent during our investment horizon.

22 But, if there were the right amount of
23 subsidies, it would be something that the Board
24 of the Company, and we, Searchlight, as

[WITNESS: Austin]

1 investors, would seriously consider, though, I'm
2 cognizant that it would require significant
3 government support and subsidies to be able to
4 achieve and outcome such as that, given the very
5 high cost of connecting some of these homes.

6 Q Any sense of what portion of the Consolidated
7 business would reach -- what percentage would it
8 be fiber, ultimately?

9 A So, I believe, in testimony that has been given,
10 either by myself or Mr. Shultz, that we've stated
11 that we have an objective to get to roughly 75
12 percent of homes or premises passed by the
13 network being addressable by fiber. That is our
14 goal and our objective. We do not yet have all
15 of the specific plans necessary to achieve that
16 objective. But that is our goal and objective.

17 We, to be transparent, it's possible we
18 may not achieve our objective. And it is also
19 possible that we may overachieve our objective.
20 Both of those are absolutely a possibility.

21 But, if I were to step back and answer
22 your question kind of conceptually, our
23 objective, as investors for this Company, is to
24 upgrade as much of the network to fiber as is

[WITNESS: Austin]

1 strategically and financially attractive and
2 sensible. So, that is -- that is what we
3 anticipate doing.

4 Q The last question, again, going back to
5 Exhibit 3, I'm sort of giving you another
6 opportunity to, because what I see with the
7 broken line it says "indirect interest". So,
8 it's linking Consolidated Communications and
9 Holdings with Searchlight. Does that ring any
10 bell? Do you have anything to add? What does
11 that mean?

12 And, if not, it's okay. I'm just --
13 okay.

14 A I'd rather follow up and give you the exact
15 answer, versus potentially giving you an
16 incorrect answer.

17 CMSR. CHATTOPADHYAY: Okay. I think
18 I'm okay. I just wanted to see whether --

19 That's all I have. But let's go to
20 redirect.

21 MS. MALMQUIST: Commissioners, may we
22 take a few minute break to talk to our witness,
23 before determining if we have any redirect?

24 CMSR. CHATTOPADHYAY: Absolutely.

[WITNESS: Austin]

1 Let's take a ten minutes break.

2 (Recess taken at 10:00 a.m., and the
3 hearing reconvened at 10:15 a.m.)

4 CMSR. CHATTOPADHYAY: Before we go to
5 the redirect, do you want to ask the additional
6 questions?

7 CMSR. SIMPSON: Well, I guess I would
8 first see, is there an update with respect to
9 some of the questions we had asked before?

10 MS. MALMQUIST: I have a redirect
11 question -- I have a redirect question related to
12 some of the questions before.

13 CMSR. SIMPSON: Okay. So, you have a
14 redirect question.

15 CMSR. CHATTOPADHYAY: Please.

16 CMSR. SIMPSON: I think we have a
17 couple follow-up, before we go to redirect for
18 the witness religious.

19 BY CMSR. SIMPSON:

20 Q We were wondering whether you could speak to,
21 since Searchlight's involvement in Consolidated
22 over the past few years, when you took your first
23 33 percent position in the Company, can you speak
24 to the investment that's occurred by Consolidated

[WITNESS: Austin]

1 in New Hampshire, related to that investment?
2 So, the benefit that resulted from your initial
3 position in the Company, how that underscores
4 your complete control of the Company moving
5 forward?

6 A I can provide some comments in response to that.
7 I do not know exactly how many homes have been --
8 fiber has been extended to how many homes in New
9 Hampshire specifically.

10 Q Uh-huh.

11 A But, since our initial investment in 2020, the
12 Company went from less than 5 percent of its
13 network defined as "premises passed", having
14 access to fiber, to I believe we're, today, in
15 excess of 50 percent, or just thereabouts.

16 So, I would say that is the benefit.
17 And, again, I don't have the exact number. But
18 we've gone, "we" defined as "Consolidated", has
19 gone from less than maybe 100, 150,000 homes
20 passed with fiber, to in excess of a million
21 homes passed with fiber.

22 So, that's the scale of the investment
23 and the benefit that has inured since we made our
24 first investment.

[WITNESS: Austin]

1 CMSR. SIMPSON: Okay. Thank you, Mr.
2 Austin. Turn it back to you.

3 CMSR. CHATTOPADHYAY: Do you want to
4 do --

5 CMSR. SIMPSON: She's going to do it in
6 redirect, I think.

7 MR. McHUGH: No, I just -- I was going
8 to point out for the record, Commissioner
9 Simpson, Exhibit 12, Bates stamp 002, is a
10 Consolidated Communications Holdings' response to
11 a data request propounded by the Department of
12 Energy. And we issued a supplemental response on
13 April 24, 2024. And, at the bottom of Bates
14 Page 002, it makes reference to, with the
15 Searchlight III CVL original investment, "the
16 Licensees have passed [collectively] more than
17 294,000 additional homes with fiber through
18 mid-April of 2024."

19 CMSR. SIMPSON: Thank you for that,
20 Attorney McHugh. Appreciate you directing me to
21 that.

22 MR. McHUGH: Thank you.

23 CMSR. SIMPSON: That's all I have at
24 this time, Commissioner Chattopadhyay.

[WITNESS: Austin]

1 CMSR. CHATTOPADHYAY: Thank you. So,
2 let's go to redirect.

3 MS. MALMQUIST: Thank you.

4 **REDIRECT EXAMINATION**

5 BY MS. MALMQUIST:

6 Q Mr. Austin, would up please turn to Exhibit 3
7 again, the organizational chart before and after
8 the transaction closes?

9 A Yes.

10 Q And, on the second page, Bates Number 002, there
11 is a line shown on the left between
12 "Searchlight III CVL, LLC" and "CCHI". Do you
13 see that?

14 A Yes, I do.

15 Q Can you speak to what you understand that
16 represents?

17 A Yes. I believe that represents the Series A
18 preferred stock that is held by Searchlight III
19 CVL, and was issued by Consolidated
20 Communications Holdings, Inc., CCHI.

21 MS. MALMQUIST: Thank you. I have no
22 further questions.

23 CMSR. CHATTOPADHYAY: Thank you. You
24 can go back to your seat. Thank you. You're

[WITNESS: Noonan]

1 released. And, then, we'll move on after that.

2 WITNESS AUSTIN: Thank you very much.

3 CMSR. CHATTOPADHYAY: So, I will let
4 DOE proceed now, and please have your witness
5 take the stand.

6 MS. BAILINSON: Thank you.

7 *(Whereupon **AMANDA O. NOONAN** was duly*
8 *sworn by the Court Reporter.)*

9 MS. BAILINSON: Good morning, Ms.
10 Noonan.

11 WITNESS NOONAN: Good morning.

12 **AMANDA O. NOONAN, SWORN**

13 **DIRECT EXAMINATION**

14 BY MS. BAILINSON:

15 Q Please state your name and position with the
16 Department?

17 A My name is Amanda Noonan. I'm the Director of
18 the Consumer Services Division at the New
19 Hampshire Department of Energy.

20 Q Thank you. Have you testified before the
21 Commission before?

22 A Yes, I have.

23 Q Did you prepare the Department's testimony in
24 this proceeding?

[WITNESS: Noonan]

1 A Yes, I did.

2 Q Do you have corrections or updates to make to
3 that, to your testimony, at this time?

4 A No, I do not.

5 Q Do you adopt your testimony as your -- filed as
6 "Exhibit 11" as your sworn testimony in this
7 proceeding?

8 A Yes, I do.

9 Q Please provide a brief summary of the content of
10 your testimony?

11 A Certainly. Consistent with 374:30, II, the
12 Department reviewed the proposed testimony -- or,
13 the proposed transaction. And, based on the
14 testimony and the discovery that was conducted,
15 believes that Condor and CCHI have the requisite
16 financial, managerial, and technical expertise to
17 maintain the obligations of an ILEC, as set forth
18 in 362:8 and 372:22-p.

19 CCHI is the parent company of
20 Consolidated Communications, Inc., and is --
21 indirectly owns Consolidated Communications of
22 Northern New England and Consolidated
23 Communications of Maine, the two entities
24 providing phone service in New Hampshire.

[WITNESS: Noonan]

1 CCI, CCNE, and CCM all possess the
2 necessary financial, managerial, and technical
3 expertise to maintain the obligations of an ILEC
4 in the state. The proposed indirect ownership --
5 transfer of the indirect ownership and control of
6 CCHI subsidiaries in New Hampshire to Condor
7 Holdings does not change or otherwise impact the
8 operations or management of CCNE or CCM; will
9 improve the access to capital, as you've heard
10 earlier, which -- or, CCHI's access, which
11 improves the entities in New Hampshire's access
12 in capital to bring potential benefits to New
13 Hampshire consumers through a faster transition
14 to a fiber network than would happen absent this
15 transaction. And it moves CCHI from a publicly
16 held company, to a privately held company.

17 Accordingly, the Department recommends
18 approval of the proposed transaction.

19 CMSR. CHATTOPADHYAY: Is that all?

20 MS. BAILINSON: That's it. Yes. Thank
21 you.

22 CMSR. CHATTOPADHYAY: Okay.

23 MS. BAILINSON: Thank you, Ms. Noonan.

24 CMSR. CHATTOPADHYAY: Let's go to

[WITNESS: Noonan]

1 cross. So, let's start with Condor first?

2 MS. MALMQUIST: Thank you. Condor
3 Holdings has no questions.

4 CMSR. CHATTOPADHYAY: Okay. Let's go
5 to Consolidated?

6 MR. MCHUGH: No questions,
7 Commissioner.

8 CMSR. CHATTOPADHYAY: Okay.
9 Commissioner Simpson.

10 CMSR. SIMPSON: Thank you. And thank
11 you, Ms. Noonan, for being here today. Just one
12 question.

13 WITNESS NOONAN: Uh-huh.

14 BY CMSR. SIMPSON:

15 Q When you review the managerial, technical,
16 financial, operational capabilities, I know you
17 work with customers every day, can you just share
18 with us generally what are the elements in their
19 business, and of the acquiring entities' business
20 that you look for in that assessment?

21 A Certainly. So, we look at a variety of things,
22 or I looked at a variety of things. Service to
23 retail consumers, as well as service to wholesale
24 consumers; how those portions of the management

[WITNESS: Noonan]

1 operations of the Company would be or would not
2 be, in this case, impacted by the transaction;
3 what changes there might be to Company
4 operations, which we saw were going to remain as
5 the *status quo*; and then the financial ability of
6 the Company to continue to provide service, on a
7 retail and a wholesale level, to folks in New
8 Hampshire.

9 And saw as -- one of the things that we
10 see, that I think the Company is acutely aware
11 of, is the aging copper infrastructure of its
12 network in New Hampshire, and the need, in order
13 to maintain service quality levels to consumers
14 and wholesale providers in this state, of
15 transitioning that network over to a fiber
16 network.

17 And, so, this additional access to
18 capital and financial investment in New Hampshire
19 ensures the Company will be able to continue to
20 do that in the future.

21 CMSR. SIMPSON: Thank you for that,
22 Ms. Noonan. I'm grateful to the testimony that
23 you provided on the record, both written and here
24 today, the work that the Department does, in this

[WITNESS: Noonan]

1 case and every other one.

2 So, thank you very much. I don't have
3 any further questions.

4 WITNESS NOONAN: Thank you.

5 CMSR. CHATTOPADHYAY: Thank you. And I
6 do not have any questions for you.

7 WITNESS NOONAN: Great. I'm glad I
8 didn't have to explain the dotted line. Thank
9 you.

10 *[Laughter.]*

11 CMSR. CHATTOPADHYAY: If I went there,
12 I would have asked you to extend it.

13 Thank you. You're excused.

14 WITNESS NOONAN: Thank you.

15 CMSR. CHATTOPADHYAY: I'll let you
16 settle down, and then see.

17 So, I have a question on Exhibit 14, a
18 legal question. It is -- I know the parties have
19 assented to the admission into evidence the
20 prefiled Direct Testimony of Mr. James Golden, on
21 behalf of the International Brotherhood of
22 Electrical Workers.

23 Are you all okay that, because it's
24 part of the exhibits, that you're basically

1 saying we can review it as part of the record?

2 MR. McHUGH: Correct.

3 MS. BAILINSON: Yes, Commissioner. The
4 Department has reviewed Mr. Golden's testimony,
5 and assents to it being admitted into the record.

6 MS. MALMQUIST: As does Condor
7 Holdings.

8 CMSR. CHATTOPADHYAY: Thank you.

9 So, is there anything else anyone wants
10 to talk about?

11 (No verbal response.)

12 CMSR. CHATTOPADHYAY: No. Okay.

13 So, let's go to the closing statements,
14 okay. Let's start with DOE.

15 MS. BAILINSON: Okay. Thank you
16 Commissioners.

17 The Department has reviewed the Joint
18 Petitioners' filing. The Department is in the
19 position that the proposed transfer meets the
20 review -- the standard of review, at RSA 374:30,
21 II, in that CCHI and Condor, the proposed
22 indirect parent of Licensees, Consolidated
23 Communications of Northern New England, LLC, also
24 known as "CCNE", and Consolidated Communications

1 of Maine Company, also known as "CCM", possess
2 the necessary technical, managerial, and
3 financial capabilities to ensure that the
4 Licensees continue to maintain all obligations of
5 ILEC/ELECs set forth in RSA 362:8 and 374:22-p.

6 The Department bases its conclusion on
7 the joint filing, testimony, and discovery
8 responses, which indicate that the transaction
9 concerns the upstream transfer of ownership
10 interests, with no changes planned at the
11 operational level. And that the proposed
12 transaction will provide the operating ILECs,
13 Incumbent Local Exchange Carrier subsidiaries,
14 greater access to capital than currently exists.
15 Capital that can be used to maintaining and
16 improving CCNE and CCM networks in New Hampshire.

17 The Department recommends approval of
18 the transaction.

19 CMSR. CHATTOPADHYAY: Thank you. Let's
20 go to Consolidated.

21 MR. McHUGH: Thank you, Commissioners.

22 First, I'd like to thank the Commission
23 for its time, not only today, but throughout the
24 course of the proceeding. On behalf of

1 Consolidated Communications, we also very much
2 appreciate the expedited docket in this case,
3 given the interest of timing of the closing of
4 the transaction.

5 I, too, would like to thank members of
6 the Department of Energy, for working with the
7 Petitioners in the discovery, it's, again, an
8 expedited schedule. We know there are many other
9 dockets that the State faces. There's many other
10 issues with other utilities that the State faces.
11 But we very much appreciate the expedited
12 discovery and motion practice schedule.

13 And, with that said, if at all
14 possible, again, understanding that you have many
15 other dockets, we would appreciate if a decision
16 could be issued in August of this year.

17 As you heard from the Department, and I
18 think it's uncontroverted in this case, RSA
19 374:30, II, governs the nature of the
20 transaction. And it requires a review of the
21 managerial, technical, and financial capability
22 of the surviving entities to maintain their ILEC
23 obligations set forth in RSA 362:8 and 374:22-p.

24 There's really, I think, as I would

1 summarize it anyway, on behalf of Consolidated
2 Communications, no evidence that remains in the
3 docket that would really controvert the
4 Commission from being able to make these
5 findings, and make them readily.

6 Certainly, as the Commission pointed
7 out, Exhibit 14 has been admitted, or assuming
8 the Commission admits it, but that has been
9 agreed to, in terms of not an objection or assent
10 by the International Brotherhood of Electrical
11 Workers. And, while Mr. Golden submitted
12 prefiled testimony, he's clearly not here today
13 to express any concerns and answer any questions.
14 And, so, there's really no details behind it.

15 And you have the prefiled Rebuttal
16 Testimony of Mr. Shultz, which I think explains
17 in a fair amount of detail, why Mr. Golden's
18 concerns really are not valid or have otherwise
19 been dealt with by the Companies.

20 We have common interest forums with the
21 Union, they're monthly. Certainly, there are
22 very -- or, I'm sorry, various informal
23 discussions amongst the IBEW and management to
24 resolve outstanding issues. They're ongoing,

1 they will be ongoing. They've gone back in the
2 history of time. And I don't expect them to go
3 away any time soon. That's just the nature of
4 what it is when you have a partially unionized
5 workforce.

6 So, I think all of those issues have
7 been addressed by Consolidated. And they really
8 warrant little credence by the Commission,
9 especially in light of the fact that the IBEW
10 isn't here today.

11 So, with that said, you know, you
12 summarized the testimony of Mr. Shultz, the
13 testimony of Mr. Austin. I think it's clear that
14 the technical capabilities of the Company are
15 enhanced.

16 The managerial capabilities of the
17 post-closing entity will be enhanced.
18 Searchlight has quite a bit of knowledge,
19 experience in this sector. They have many other
20 investments in this sector. And I don't think
21 there's any evidence to the contrary to say that
22 they're otherwise very skilled in the management
23 of entities such as this.

24 And financially, it's almost -- I would

1 say it's almost a no-brainer, that the Company,
2 while being taken private, is going to have now
3 access to equity capital that it otherwise would
4 not have.

5 And, as Ms. Amanda Noonan's prefiled
6 testimony recognizes, that it could bring a lot
7 of benefits to New Hampshire that otherwise would
8 not be available to our residents, but for this
9 transaction, and this transaction proceeding to
10 closing.

11 So, with that said, and, again, I thank
12 you for your time. And happy to answer any
13 questions, if you have them. But, otherwise,
14 that's my closing.

15 Thank you very much.

16 CMSR. CHATTOPADHYAY: Let's move to
17 Attorney Malmquist.

18 MS. MALMQUIST: Commissioners, thank
19 you for your time today.

20 Pursuant to the proposed transaction,
21 governed by the Agreement and Plan of Merger
22 provided in Exhibit 3, Condor Holdings, LLC, will
23 acquire all of the common stock of Consolidated
24 Communications Holdings, Inc., that I will refer

1 to as "CCHI", and become the indirect parent of
2 CCHI subsidiaries, Consolidated Communications of
3 Northern New England Company, LLC, and
4 Consolidated Communications of Maine Company,
5 that I will refer to as the "Licensees".

6 As discussed today by the parties and
7 our co-Petitioner, and described in the prefiled
8 testimony of Mr. Shultz and Mr. Austin, the
9 Commissioner -- or, the Commission should approve
10 the proposed transaction, and make the findings
11 requested in the Joint Petition, because Condor
12 and CCHI have the technical, managerial, and
13 financial capability that is necessary to carry
14 out the obligations of the relevant ILECs, which
15 are the Licensees.

16 This transaction, as noted by Ms.
17 Bailinson, is at the holding company level, and
18 will not affect any of the operations or legal
19 identities of these ILECs, specifically the
20 Licensees.

21 Therefore, as the prefiled evidence
22 demonstrates, CCHI will continue to operate the
23 Licensees, and will continue to possess the
24 necessary technical, managerial, and financial

1 capabilities, which Condor Holdings also
2 possesses, and will supplement, to maintain the
3 required obligations of an ILEC set forth in RSA
4 362:8 and RSA 374:22-p.

5 Condor Holdings agrees with the
6 testimony of the New Hampshire DOE, filed as
7 Exhibit 11, that the exhibits filed by the Joint
8 Petitioners have met the required standard for
9 approval of the transaction, and asks that the
10 Commission make the requested findings, and grant
11 such further relief as is necessary.

12 Thank you.

13 CMSR. CHATTOPADHYAY: Thank you.

14 Is there any objection to striking
15 identification on Exhibits 1 through Exhibit 15,
16 submitted today, and accepting them into evidence
17 as full exhibits?

18 MS. BAILINSON: The Department has
19 none.

20 MS. MALMQUIST: No objections by Condor
21 Holdings.

22 MR. McHUGH: No objections.

23 CMSR. CHATTOPADHYAY: Okay. So, we
24 will strike identification and enter all

1 exhibits, 1 through 15, as full exhibits in this
2 docket.

3 Is there anything else we need to
4 address?

5 *[No verbal response.]*

6 CMSR. CHATTOPADHYAY: Given that this
7 case was submitted in its entirety today, we will
8 cancel the second day of this hearing, which was
9 scheduled for tomorrow, July 24th, 2024.

10 Thank you, everyone. We are
11 adjourned.

12 ***(Whereupon the hearing was adjourned***
13 ***at 10:35 a.m.)***