

## OVERVIEW OF NEW HAMPSHIRE PAP MARKET ADJUSTMENT CALCULATIONS

The New Hampshire PAP includes three service segmentations: Mode of Entry ("MOE"), Critical Measures, and Special Provisions. The MOE segment measures the overall level of service on an industry-wide basis for each method or mode by which competitive local exchange carriers (CLECs) initially were able to enter the local exchange market under the Telecommunications Act of 1996, *i.e.* Resale, Unbundled Network Elements - Platform ("UNE-P"), Unbundled Network Elements - Loop ("UNE-Loop"), Interconnection ("Trunks") and Digital Subscriber Lines ("DSL").<sup>1</sup> Any bill credits generated in any one of these modes are allocated to CLECs purchasing those types of services. The MOE component is described in Section II.C. and in Appendices A and E of the New Hampshire PAP. A total of \$10.27 million in annual bill credits, with potential for doubling, are available to CLECs. For each of the measures within the five MOE categories, FairPoint NH's performance is graded as 0, -1, or -2. Each measure with a performance score of -1 in a given month is subject to change, depending upon the previous two months' results.<sup>2</sup> The performance score for each metric is then weighted, based upon the perceived importance of the metric in determining whether that MOE is open to competition. (See

---

<sup>1</sup> As a result of the FCC's Triennial Review Order (In the Matter of Unbundled Access to Network Elements, WC Docket No. 04-313, and Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers, CC Docket No. 01-338, adopted December 15, 2004, released February 4, 2005) Verizon was no longer required to provide a number of services including UNE-P, and two types of UNE-Loops referred to as line-splitting and line-sharing. FairPoint is also not required to provide UNE-P, line-splitting or line-sharing as a UNE per the Triennial Review proceeding. UNE-P service is now provided pursuant to "Wholesale Advantage" commercial agreements. However, approval to remove UNE-P, line-splitting and line-sharing from the PAP has not been granted by the Commission, although it has granted approval to remove these three UNEs from the C2C guidelines. In the meantime, UNE-P continues to be reported in the PAP reports.

<sup>2</sup> If there is no activity or insufficient sample for evaluation of a metric in either or both of the two previous months, the performance score from the 3rd previous month or scores from the 3rd and 4th previous months is used in that order to obtain two scores to determine the outcome of the -1 in the month under evaluation. If two scores cannot be obtained from the four months, the -1 in the month under evaluation is changed to a 0.

Appendix A of the NH PAP, which lists the weights for the MOE measurements.) The weighted scores are then aggregated by each MOE category, producing an overall weighted score for each of the five categories. Credit Tables with the range of scores between the minimum and maximum and the applicable rates are in Appendix A of the NH PAP. Bill credits payable to CLECs are determined each month by dividing the amount from the credit table by the actual monthly volumes of CLEC units in service.

The Critical Measures segment focuses on FairPoint NH's performance in nine measurement categories that were perceived to be critical to CLECs' ability to compete in the New Hampshire local exchange market.<sup>3</sup> For each Critical Measure, FairPoint NH's performance for all CLECs during a given month is averaged. If the resulting performance score in any one category falls to -1 or below ("sub-standard performance"), 50% of the maximum bill credits for that measure are payable to eligible CLECs. Eligible CLECs are those CLECs that received sub-standard performance during that month (the "Aggregate Rule"). In addition, should any CLEC receive sub-standard performance for two consecutive months, bill credits for that CLEC are implemented for the two month period, notwithstanding the fact that all CLECs on average may have received satisfactory performance during the two months (the "Individual Rule").<sup>4</sup>

The Special Provisions segment measures three aspects of FairPoint NH's performance in provisioning UNEs. An additional \$273,333 per month, or \$3.28 million annually, is available for bill credits for four non-flow through UNE performance measures (UNE Ordering). An additional \$1.37 million is available for potential bill credits, which are paid on a quarterly basis, for certain flow through

---

<sup>3</sup> Appendix F of the NH PAP provides a detailed step-by-step description of how the Critical Measures scores and bill credits will be calculated and distributed to the CLECs.

<sup>4</sup> A CLEC is only entitled to receive Bill Credits under the Individual Rule if it receives a score of -1 or less in a Critical Measure category and the CLEC group on average received a score greater than -1 for the Critical Measure.

UNE metrics measured on a cumulative quarterly basis for each of three products, UNE-P, UNE-Loop and UNE-Other (UNE Flow-Through). An additional \$3.28 million for bill credits is available for service quality related to certain Hot Cut Performance Measures. The methodology to calculate bill credits under the Special Provisions subcategories is detailed in Section E of the NH PAP.