

1 STATE OF NEW HAMPSHIRE
2 PUBLIC UTILITIES COMMISSION

4 October 19, 2007 - 9:04 a.m.
Concord, New Hampshire

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

10

11

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

13

14

Jody O'Marra, Clerk

15

16 APPEARANCES: (No appearances taken)

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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 morning

3 ladies and gentlemen. This is a public statement hearing
4 in docket DT 07-011. On January 31, 2007, Verizon New
5 England and FairPoint Communications filed with the New
6 Hampshire Public Utilities Commission a joint petition
7 seeking approval of a series of transactions that, if
8 consummated, would result in FairPoint acquiring the
9 current New England -- franchise of Verizon New England to
10 provide wireline telecommunications services in New
11 Hampshire and owning the network Verizon New England
12 currently uses to provide those services. My name is Tom
13 Getz. I'm the Chairman of the Public Utilities
14 Commission. On my left is Commissioner Graham Morrison
15 and on my right is Commissioner Cliff Below.

16 For those of you who are unfamiliar with
17 the Commission's practices, or who were unable to attend
18 one of our previous public statement hearings, let me
19 begin with some background on the Commission and its
20 processes. The term "Public Utilities Commission" refers
21 both to the 65 employees that work for the agency and the
22 three Commissioners that make the decisions in the cases
23 that come before the agency. The three of us will be
24 acting in the same manner as judges in this case and we

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1 are subject to the same kinds of rules as judges. Most
2 important, we are subject to what are called "ex parte
3 rules". This means that we cannot talk about the merits
4 of an ongoing case with anyone, except when there is
5 notice and opportunity for all parties to participate. As
6 for the process used in this case, it is a formal judicial
7 style proceeding, that includes written and oral
8 testimony, discovery, cross-examination, briefs, and a
9 written decision that is subject to rehearing and appeal
10 to the New Hampshire Supreme Court. It's essentially
11 similar to what occurs in a typical civil trial.

12 After the Applicants filed their
13 petition in January, we issued an order of notice on
14 February 7 opening the proceeding. And, we held a
15 procedural hearing here on February 27, called a
16 "prehearing conference". After that, we issued a
17 procedural order on March 16th granting the intervention
18 of more than 20 parties. In May, we held five public
19 statement hearings around the state, in Merrimack,
20 Plymouth, Exeter, Newport and Littleton, in which we heard
21 from approximately 100 speakers and another 100 citizens
22 submitted written comments at those times. In addition,
23 we have received another 200 written comments at the
24 Commission. As you are well aware, as are we,

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1 adjudicative hearings begin on Monday, and during those
2 hearings testimony will be presented by over 30 witnesses.

3 I want to emphasize one very important
4 other point about the process and our roles, which is
5 this: We have not formed an opinion on whether the
6 petition should be approved or denied, nor should we. Our
7 job is to hear all the evidence and then make a decision
8 based on that evidence.

9 As for this morning, I want to address
10 one very administrative issue. We've got a bunch of
11 chairs up front, if folks need to get in. It looks like
12 they might be lining up a little outside the door. If you
13 could do that, that might be helpful.

14 I have a sign-up sheet. I'm going to
15 call the names in the order in which they appear on the
16 sign-up sheet. And, we would ask that, when your name is
17 called, you come up to the podium, and please speak
18 clearly, because we have a stenographer, Mr. Patnaude,
19 will be recording your comments in the transcript. As for
20 this public statement hearing this morning, it's an
21 opportunity for you to tell us whether you support or
22 oppose the transfer, to express your concerns about the
23 proposal, or recommend areas that you think we should
24 examine. While the statements made today do not

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1 constitute the kind of evidence on which we can base a
2 decision, your comments can prove helpful in framing the
3 issues for us that we have to decide and identifying areas
4 that we can pursue through our own questions at hearing
5 over the coming two weeks.

6 With that, I think we've covered all of
7 the administrative issues for this morning. And, it looks
8 like the number of people is manageable at this point. To
9 the extent that we form a line outside, there's an area in
10 the room behind you for people. And, if it comes to it,
11 when you speak, we may have to ask people to leave the
12 room for other people to come in so that we don't break
13 the Fire Code.

14 Okay. So, then, our first speaker this
15 morning is Ken Donahue. Mr. Donahue.

16 MR. DONAHUE: Good morning. My name is
17 Ken Donahue. I'm from Chester, New Hampshire. First of
18 all, I'd like to thank the Commission for giving us this
19 opportunity to speak before you today and relay our
20 concerns. What I'd like to speak about today -- First of
21 all, I'm against the sale. What I'd like to speak about
22 today is in specific to the radio commercials that I hear
23 that tell us that this is "just a name change". I don't
24 believe this is "just a name change". Verizon's business

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1 plan is to run an integrated fiber optic network within
2 their network footprint. FairPoint's business plan is
3 based on a promise to expand the existing copper network
4 in the rural areas of New Hampshire, while abandoning,
5 maybe not on purpose, but this is the result, abandoning
6 the fiber optic expansion in the southern and Seacoast
7 regions of New Hampshire. So, the people in the growing
8 areas of New Hampshire are supposed to stagnate while we
9 wait for rural areas to catch up.

10 There are many problems with this plan,
11 such as the rest of the world is not waiting for us to
12 catch up. More specifically, Massachusetts, where Verizon
13 is and will deploy the most advanced network, while we
14 wait. But, hey, it's just a name change. But it's not
15 just a name change.

16 FairPoint -- excuse me, Verizon is a top
17 Fortune 50 company; FairPoint is not even in the Fortune
18 500, and I'm being generous. Verizon has experience in
19 small, medium and large business. Verizon has competitors
20 in New Hampshire and around the globe that have shaped the
21 strength and competitive abilities of Verizon. FairPoint
22 is classified as a rural phone company by the Federal
23 Communications Commission. To clarify this, means that
24 they even have -- that they have limited experience with

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even a small home business, and FairPoint does not compete with any other similar companies in their areas of operation. It doesn't mean that FairPoint doesn't support businesses or work with businesses, but the level of comparison between the two companies is vastly different.

Verizon has over a 100 year history in telecommunications. FairPoint has not even been in business for 20 years. Verizon has responded to emergencies from coast to coast, such as getting Wall Street up and running three days after 9/11, and responding to natural disasters from California to New England. Verizon responds to these disasters with extensive financial and technical resources. We recently got an example of this when Verizon responded to the flood in Raymond. Verizon spared no expense to get the Raymond central office up and running in record time. During this time, Verizon also provided cellphones to customers in need from their wireless company, Verizon Wireless. FairPoint does not have such a company, does not have that integration. FairPoint does not even operate in an entire state and has very little resources to respond to any disaster. I, for one, do not want to let them practice on my state.

Verizon employees have technical

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experience in an array of services, from plain old telephone service, to radio, fiber optics, and wireless service. FairPoint claims that these employees will stay with FairPoint. Many senior employees and quality managers have already secured positions in Massachusetts. Experienced employees that would like to stay with Verizon are choosing to retire, rather than work for FairPoint. Many believe there is no future with a company that has never competed with another company and is not deploying future technology.

Verizon combines phone, internet, video, and wireless on one bill and manages the accounts of millions of residential and business customers. If this deal goes through, FairPoint will manage a small portion of Verizon customers, but this will represent an overwhelming majority of FairPoint's customers. This is important, because FairPoint has never had close to this many customers, and we would be allowing them once again to practice on us while they lose account information and overbill. I only state that because this recently did occur two years ago, the Hawaiian access lines were sold by Verizon to the Carlisle Group. The Carlisle Group was well funded, or believed to be well funded, and is still having trouble with customer accounts two years after the

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1 sale. The Carlisle Group is currently being investigated
2 by the Hawaiian PUC for missed appointments, overbilling
3 and lost accounts.

I respect the right of any company to

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1 sell or buy a business in New Hampshire. But I will not
2 tolerate its executives, from Verizon and FairPoint,
3 misleading the citizens of my state. This is not a "name
4 change", and anyone associated with perpetuating that lie
5 should be ashamed. The sale is about one company,
6 Verizon, who would rather spend their money in
7 Massachusetts, and another company who thinks they can
8 treat New Hampshire citizens like a bunch of rural hicks,
9 who should be privileged to get basic technology like DSL,
10 when Massachusetts is getting far better.

11 In closing, I often hear the argument
12 that "Verizon" -- that "Verizon does not want to be here,
13 and FairPoint does." First of all, Verizon is a corporate
14 entity. And, the people who manage and work in New
15 England do not want to see a portion of their business go
16 away, and they do not want to continue to operate in New
17 Hampshire; this is a decision by a few who will profit.
18 Secondly, Verizon may be the best company at providing all
19 of the services that have been discussed at these various
20 proceedings. Even if there is a company that they may be
21 second to, they're only second to AT&T. New Hampshire
22 should always strive to get the best for its citizens and
23 not to settle. Verizon has the obligation to compete --
24 Verizon has the obligation to complete the job they

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1 started. This is the New England way, this is the New
2 Hampshire way, this is our way. Let's keep the best in
3 New Hampshire and send this no-name company back to North
4 Carolina. Thank you for your time.

5 CHAIRMAN GETZ: Thank you. Dan Cherry.

6 MR. CHERRY: Good morning. My name is
7 Dan Cherry. I'm from Newport, New Hampshire. I am an
8 educator. I've been a Technology Director for the Lebanon
9 School District, currently the Technology Director for the
10 Concord School District. Also work for the New Hampshire
11 Department of Education, Office of Education Technology.
12 But, for the record, should say that I'm speaking as a
13 public citizen, and not representing any of those groups.
14 To me, this -- I am speaking against the merger or the
15 acquisition exchange. I think there are three major areas
16 to be addressed: That would be economic development, our

18 From an economic development standpoint,
19 you can't ignore the impact of technology. And, as a --
20 being a citizen of Sullivan County and having done a lot
21 of work in education in the North Country, we know what
22 it's like not to have technology resources. The
23 importance of connectivity in that growing network, any
24 kind of access to the internet, but speed is crucial, and

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1 fiber is the key to speed for connectivity. The
2 opportunity for growth -- fiber is opportunity for growth;
3 DSL is really already old technology, even if people don't
4 have that technology.

5 I'm curious as to why there are not more
6 suitors in this, if this was truly an open market process,
7 why aren't the AT&Ts and the other Bells and so on not
8 coming forward to look or bid on this process? Why would
9 they have to pull out of New England altogether, I'm
10 curious, as Verizon would be?

11 I think one of the things that we've
12 seen that there's been a lot of draining of financial
13 capital by the citizens of these three states. And, now
14 that that capital has pretty much been drained out,
15 Verizon is, in fact, pulling out. And, I think the
16 example of that is all of us have seen the FIOS
17 commercials, for \$99, how you can have Internet,
18 telephone, and television service. Try doing that right
19 now and getting -- and at the same performance levels in
20 New Hampshire. No matter how you package that deal,
21 there's no way you're going to get that price from those
22 -- from any of the companies to be able to suit those
23 services together.

24 I believe we have been subsidizing all

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1 the different areas of growth, and now that they have
2 established footprints in higher growth areas, they have
3 recognized that the -- maybe that the capital is not
4 flowing as rapidly and they're moving onto other areas.

5 The second area I asked or mentioned was
6 the statewide infrastructure. What is the fiber footprint
7 in New Hampshire? And, what is the capacity for a company
8 like FairPoint to take over large city municipality needs
9 and rural needs? You cannot build economic development
10 with infrastructure. Many of our governors have tried
11 business initiative programs, bringing businesses into New
12 Hampshire, economic growth programs. The reason why they
13 are limited in their success rate is because they are not
14 sustainable due to lack of technological infrastructures.
15 And, FairPoint, as our previous speaker mentioned, that's
16 not their area of expertise, as far as the fiber optics.

17 In education, there's some interesting
18 things that have happened around the three states here.
19 And, it's just more informational. But I know that
20 Verizon, when they were negotiating their contract with
21 Vermont, they demanded a statewide education network.
22 And, they, in their contract, it was negotiated to provide
23 connectivity to all the schools at what was then a pretty
24 high capacity. Maine is doing one-to-one laptop

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1 initiatives all across the state, from elementary or
2 middle schools, and now their evolving that into high
3 schools. And, in New Hampshire, we don't have the
4 capacity to do any of that. And, I don't think FairPoint
5 is going to be able to provide any of those services or
6 needs.

7 And, I guess, in closing, I just want to
8 say, I really want you to be careful of the distractors in
9 this case. There's a real great opportunity for us to be
10 penny-wise and pound-foolish here. We might see some real
11 short-term incentives to allow this to go through. But,
12 in the long term, if we're not improving the
13 infrastructure of the entire state, if we're not concerned
14 about economic development and growth and education, and
15 the role that a major company like Verizon can play,
16 versus a very small and a rural-oriented company, that we
17 could really be damaging ourselves into the future. What
18 will be the long-term costs be if this deal goes through?

19 And, the final just kind of rhetorical
20 consideration I would just ask is, do you, as the
21 Commissioners, really believe that this deal is going to
22 be constructive for the State of New Hampshire? If you
23 really believe that there's going to be long-term
24 sustainable growth and constructive for the State of New

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1 Hampshire, then I trust your decision-making and all the
2 data that you'll have to get that. If you cannot see it
3 as being constructive for the future of this state, then
4 I'd ask you to really weigh on that and judge accordingly.
5 Thank you for your time.

6 CHAIRMAN GETZ: Thank you. Robert
7 Montgomery.

8 MR. MONTGOMERY: Good morning. Thank
9 you for giving me this opportunity to speak. I see a sign
10 here that says "SLOW DOWN SLOW DOWN", it should say "SIT
11 DOWN". I live in Goffstown, New Hampshire. I'm a retired
12 professor of Communications from Boston University. I
13 left that job 14 years ago to take care of my wife, who
14 had been afflicted with Alzheimer's disease. And, the
15 reason I'm appearing here this morning is not to argue the
16 economic or the technical or the mechanical advantages of
17 one system over the other, I'm asking you to please look
18 at the huge segment of the elderly population that is
19 served by the communications system of New Hampshire.
20 And, I have looked, I've followed the controversy, the
21 negotiations, and I see very little about what will --
22 what will happen to the aged population in a transfer of
23 this responsibility. And, two things happened to me in
24 the last month that called -- well, even the last year,

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1 that called special attention to the fact that this
2 population, and you have to realize that 80 percent of the
3 frail, aged people of the State of New Hampshire do not
4 live in nursing homes, they live at home, in home-based
5 care, 80 percent of them. And, this is a population that
6 is swelling at an enormous rate.

7 The two things that happened to me, one
8 is that my wife died in March, and I live in a small
9 apartment complex in Goffstown, and I discovered that all
10 of a sudden my whole world had changed. I had lost
11 contact, because I didn't need to visit the nursing home
12 every day. And, I was, like so many other elderly people,
13 kind of alone in my apartment, except that I have a
14 computer complex in my bedroom. I sleep in my office, I
15 guess you might say. And, that computer let's me reach
16 out not only to the people around me, nearby, but to the
17 whole world. And, I talk on a daily basis with former
18 students, with friends, family members, by way of
19 computer. Something I just couldn't do otherwise.

20 And, I got to wondering about that. Am
21 I the only one that uses this as an expression of
22 maintaining contact with the people that I know and love?
23 And, I talked to people at the nursing home, and I am
24 going to just give this one little episode. One of the

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1 gentlemen at the Hillsborough County Nursing Home is in
2 his middle 50s. And, he gets about in an electric
3 wheelchair that he guides with his chin, because no part
4 of his body from his neck down is workable. So, he can't
5 work the wheelchair with his hands the way other people
6 can, the electric wheelchair, he works it with a little
7 rubber cup that fits up under his chin and he moves his
8 head up and down and side to side to make the wheelchair
9 go. And, I've been getting four or five computer messages
10 a day from Bob, his name is "Bob", four or five computer
11 messages a day. So, I went down and looked him up and I
12 said "Bob, how are you running a computer?" And, he has a
13 pair of eyeglasses with a tiny, tiny, tiny little, smaller
14 than a pea, a little light that fits in the middle of his
15 eyeglasses and he picks out the keys with that light.
16 And, somehow or another he can send messages on his
17 computer and he talks to the world. And, I said "Wow,
18 isn't this something?" He's not bound any more the way
19 other people are with his disease. He can talk and get
20 about in his wheelchair and he can talk to the world.

21 A week ago -- That's number one. Number
22 two, a week ago I got a call from the Veterans
23 Administration, and about seven or eight years ago I
24 became involved with their health care program, and they

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1 called and said "would you please come over and we're
2 going to give you a home health monitor." And, this
3 really, after I became involved with that, and I went
4 through the training course yesterday, I realized how
5 important communications is to the elderly population.
6 What this is is simply a little telephone size box that I
7 keep in my bedroom, and there's a little green light at
8 the top and it flashes when they want information, which
9 is once a day, as I understand. And, this transmits from
10 my bedroom, or from wherever I put it, from my apartment,
11 back to the Veterans Administration Clinic in Manchester,
12 by way of Texas. The information goes first to Texas and
13 then it's sorted out and sent back over to Manchester.
14 And, this gives them a daily reading of my blood pressure
15 and my sugar content, my pulse, and my temperature. And,
16 if something is discerned, and this is a daily reading, if
17 something is discerned, if there's a problem, the nurse
18 who analyzes each of these reports gets in touch with the
19 doctor, and the doctor has me come in or they send an
20 ambulance. More than that, if they don't hear from me for
21 two sessions, then a nurse arrives to see why I'm not up
22 and about.

23 So, these are two examples of this
24 population that I'm talking about, the elderly population,

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old folks like me, who need to reach out. And, so, I'm here to ask you, please, when you make this consideration of whether or not FairPoint should be allowed to take over this situation, how are they going to deal with this major impact upon the elderly population? It's my feeling that, from what I've been able to get, the material I'm been able to find, that FairPoint is a rural-based company. And, in New Hampshire, this is important, to be able to reach out, as the Veterans Administration is doing with their home health monitor and as the computer industry has done for the old people, I want you to consider, please, the effect on the elderly population when you make this decision. I think that's as important as the economic and the technical considerations that are made. Thank you very much for your attention.

16 CHAIRMAN GETZ: Thank you, sir. Brian
17 McCarthy.

18 MR. McCARTHY: Good morning. My name is
19 Brian McCarthy. I'm the Executive Director of the
20 Lincoln-Woodstock Chamber of Commerce, representing 240
21 member businesses in the western White Mountains of New
22 Hampshire. I am pleased and actually quite honored today
23 to be able to stand here and support FairPoint
24 Communications in its efforts to purchase Verizon's land

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1 lines. Being from the North Country of New Hampshire,
2 it's very exciting to have the prospect of FairPoint
3 Communications coming in and providing broadband Internet
4 services that are incredibly still lacking to many of the
5 towns that I'm familiar with in the North Country. The
6 talk of fiber optics and all that is really nice, but many
7 of the people north of Concord are still living in the
8 last century, instead of this one. In addition to
9 bringing broadband service to the area, FairPoint will
10 also be bringing new jobs to our region. And, I cannot
11 overemphasize the importance of broadband Internet service
12 and new jobs to the people in the North Country.

13 In addition, FairPoint Communications
14 has already made every effort to become fixtures in our
15 community. They visited the region on more than one
16 occasion, and even the CEO has popped into our region on
17 more than one occasion to visit and get to know the people
18 and the businesses of the North Country. They have
19 already shown their support for local events and area
20 needs. I find that to be quite impressive and a very
21 pleasant change over what we've experienced in recent
22 years. It's quite amazing to have communities north of
23 Concord not be ignored.

24 I've had the pleasure to get to know

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1 many of the people at FairPoint Communications. And, I'm
2 very comfortable saying that it will be nice to have a
3 company that truly cares servicing the people of New
4 Hampshire. They are not so big that little towns, such as
5 Easton or Benton or Sugar Hill will be completely ignored.

6 You know, I strongly urge the Public
7 Utilities Commission to act on behalf of the majority of
8 the people of New Hampshire, rather than the special
9 interest of the few. Please remember that New Hampshire
10 doesn't end at Concord. I truly hope that you'll act in
11 the best interest of the people of New Hampshire and the
12 North Country and support FairPoint's efforts to expand
13 its company into The Granite State. Thank you very much
14 for the opportunity to speak this morning.

15 CHAIRMAN GETZ: Thank you. Todd Bedard.

16 MR. BEDARD: Good morning, gentlemen of
17 the Commission. My name is Todd Bedard. I've spoken to
18 you before in previous public meetings, and, since much
19 has changed since we first spoke, I would like to explain
20 to you why I still strongly oppose this deal. I come
21 before you not wearing a green or a red shirt, I have no
22 legal or binding representation of any group or
23 organization. I am an employee of Verizon and a member of
24 a union, but I speak to you as a consumer. I represent

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1 only myself and my personal interests. And, due to my
2 hands-on training and my deep personal interest in
3 Internet technologies, I believe I am able to see this
4 deal through a different perspective than many.

What the sale breaks down to falls into two categories: Finance and future. First, the finance part. I won't belabor the Reverse Morris Trust issue. You know what it is and you've heard about it a thousand times. I do, however, want to speak to the merits of it though. Verizon announced nearly two years ago that they were interested in selling their stake in northern New England; no one bit at their offer. Telecom companies that were in much better financial shape, such as Century Tel and Embarq, saw right off that this deal was not in their best interest. Bigger companies, like AT&T and Alltel, which you would imagine would love to have a solid foothold in their competitor's backyard, also chose not to buy.

19 Yet, this tiny, rural-based
20 communications holding company from North Carolina popped
21 up and announced that they were right for the deal. To
22 me, it's obvious that FairPoint didn't find Verizon, but
23 Verizon instead sought out FairPoint. They needed a
24 small, cash-strapped company with a CEO who is a

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1 self-professed deal junkie to make this deal work.

2 Verizon wants to use the tax savings
3 that they would reap from this sale to bring next
4 generation technologies to neighboring states, like
5 Massachusetts. FairPoint wants to take on billions in
6 debt and install last century's technology. How does that
7 make sense? Where is the disconnect in thinking that
8 anyone can make that this deal is good?

17 FairPoint, as a company, has been in
18 existence since the late '80s in some shape or form.
19 Their track record of the rural telephone companies that
20 they acquire is virtually identical. They buy an
21 out-of-the-way small company, in an area that has little
22 or no broadband coverage, and install DSL, enjoy a brief
23 honeymoon period, and then start fielding higher than
24 average complaints from dissatisfied customers. It is my

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1 understanding that most of the complaints they field are
2 repetitive and seemingly ignored. I also believe that the
3 most outstanding part of their record is the fact that,
4 after they install DSL, they just move onto the next
5 acquisition. There aren't any other upgrades. It's just
6 plain old expensive DSL, as long as no competitor sells a
7 better product.

8 This brings me to the second part of the
9 FairPoint equation. What can they bring New Hampshire
10 that will help it now and in the future? Their promise of
11 mostly slow DSL only affects a small market in the
12 northern tier of the state. While I certainly feel for
13 those that still have to rely on dial-up, I don't feel
14 that the large majority of the state should languish at
15 what will soon become the new low standard in Internet
16 connections.

17 FairPoint has stated that they will
18 achieve 85 to 90 percent penetration within two years. My
19 question to them is "then what?" They have publicly
20 stated that investing in fiber technologies is not the way
21 that they want to steer their business, due to its initial
22 high investment costs. So, that leaves us with the carrot
23 that they have dangled in front of us in the form of IPTV.
24 Telephony experts all agree that, in order to send a

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1 usable television signal over copper wires, a minimum
2 speed of 25 megabytes per second is needed. Yet, the only
3 technology available to deliver those speeds is VDSL,
4 which works only three-quarters of a mile from the central
5 office. And, using Concord as an example, the central
6 office located right next to the Federal Court House would
7 be too far away from this very office to deliver VDSL.
8 How is it that they can expect to deliver IPTV to all of
9 New Hampshire if they can't even deliver it to the
10 periphery of downtown Concord.

11 Now, remember, industry experts are also
12 convinced that VDSL technology primarily stretches the
13 limits of copper based lines. So, what is it we can
14 expect from FairPoint? What magical technology will they
15 promise just to get this deal passed?

16 Gentlemen, I believe what you've seen,
17 and what you will continue to see here today, is FairPoint
18 rolling out representatives from businesses, associations,
19 and a politician or two, all claiming to be in favor of
20 this deal. I ask you to pay attention who is stepping
21 forward for FairPoint. For instance, representatives of
22 the BIA hold lobbying positions with FairPoint. Leaders
23 from chambers of commerce state that they represent all of
24 their members, yet, if you speak to nearly any member

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1 from, say, Nashua, they are unaware that they are being
2 used as pawns. And, most everyone that I spoke to from
3 the Chamber of Commerce in Nashua that were members were
4 against this deal. And, lastly, you have a politician or
5 two that stands in favor of this deal. In fact,
6 yesterday, it was reported that Councilor Burton
7 officially endorses this deal. While I believe his
8 endorsement to be a conflict of interest, I see that
9 Mr. Burton stands nearly alone. Speakers of the House and
10 Presidents of the Senate in all three states have filed a
11 joint petition opposing this deal. Also reported
12 yesterday, Vermont Governor Jim Douglas has come out
13 strongly against this deal unless strict conditions are
14 met. The Office of Consumer Advocates in both Maine and
15 New Hampshire have detailed 18 to 23 strict guidelines
16 that should be adhered to in order for this deal to pass.
17 And, Randy Barber's minutely detailed testimony states
18 dozens of reasons why this deal is horrible for the
19 residents of New Hampshire.

20 Commissioners, I ask you not to ignore
21 the pile of -- piles of evidence that has been presented
22 to you over the past eight months. Do not let the
23 generalized statements and promises of a financially
24 unstable company sway your opinion. You are charged to do

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1 what is right for New Hampshire residents. And, I ask
2 that you listen well to that voice in your head that tells
3 you something is wrong with this deal. Do not trust the
4 carnival barker tactics of a desperate company. I ask you
5 to vote "no" to this deal. And, if you don't do that, at
6 least vote "yes" with every single thing that the OCA has
7 asked in the guidelines as they have been presented to
8 you. Thank you very much.

9 CHAIRMAN GETZ: Thank you. Tom Towle.

10 MR. TOWLE: Good morning, Commissioners.

11 CHAIRMAN GETZ: Mr. Towle, let me make
12 an announcement. Silver Ford Escort, New Hampshire
13 2504075, your lights are on. Please.

14 MR. TOWLE: Thank you. My name is Tom
15 Towle. I'm here on behalf of Stuart Arnett, from Arnett
16 Development Group. Stu regretfully was not able to make
17 this hearing this morning, and asked me to read into the
18 public record his statement:

19 "Dear Colleagues, this letter is to
20 transmit to the Commission a copy of the current Master
21 Plan of the New Hampshire Telecommunications Advisory
22 Board, adopted in October of 2006, per RSA 12-A:45. It
23 also includes my personal recommendation that the
24 Commission rule favorably on the proposed FairPoint

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1 acquisition of assets currently owned by Verizon in New
2 Hampshire. FairPoint's ownership and subsequent
3 investment will enhance the availability and utilization
4 of broadband in the state, enhancing the state's economy.

5 Arnett Development Group LLC is a New
6 Hampshire-based project management and consultant company,
7 with a focus on economic development via technology. The
8 group was re-started in 2006 by myself, after I served as
9 the New Hampshire Director of the Division of Economic
10 Development for eight years. The Group currently has a
11 contract with Vital Economy, Inc. Vital Economy has a
12 record of successfully assisting distressed, rural
13 communities to grow their economies appropriately and
14 sustainable. Vital Economy has been contracted by
15 FairPoint Communications to design and deliver an
16 innovative economic development initiative for New
17 Hampshire should the sale occur.

18 My statutory responsibilities as the
19 Director of Economic Development for the state included
20 overseeing the Telecommunications Planning and Development
21 Initiative, including issuing a Master Plan. The
22 Initiative's authorizing statute provided the Director a
23 broad-based Advisory Board, referred to as the
24 "Telecommunications Advisory Board", or "TAB". Both the

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1 Initiative and the TAB were a result of public leadership
2 exercised over many years by the New Hampshire PUC, among
3 others. I had the privilege of chairing the Initiative
4 for six years, and oversaw the research and actions
5 undertaken during those years. The Commission may be
6 interested in that research, as it is timely and unique to
7 New Hampshire.

8 Attached please find a copy of the
9 adopted Master Plan. I have highlighted sections that
10 refer to the New Hampshire Public Utility Commission's
11 leadership role, as well as sections that encourage
12 investment as envisioned by FairPoint Communications. In
13 the development of the plan, I believe we identified three
14 critical issues that the proposed acquisition will
15 positively affect: (1) Status quo ownership of the
16 Internet infrastructure is not providing statewide access
17 to high-speed services, or adequate instruction in "best
18 practices" for small and rural businesses. Prolonging
19 this ownership will further stagnate the state's
20 competitive position. (2) The geographic and market
21 realities of the state require a mixture of technologies,
22 on-the-ground flexibility, and a collaborative approach to
23 finding delivery solutions. Solutions today are needed.
24 (3) The availability of high-speed services only address

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1 half the challenge for rural economies; that of supply.
2 Our research consistently and conclusively demonstrated
3 that small and rural businesses did not know what was
4 available or they underutilized what they did have,
5 regardless of the supply. Demand for the most productive
6 of Internet services comes only from a knowledgeable and
7 supported customer base. This requires a patient and
8 long-term understanding of the rural business partner.

9 Based upon other FairPoint markets, as
10 measured by the rate take [take-rate?] by small and rural
11 businesses in these regions, and the depth of that
12 utilization by these businesses, FairPoint Communications
13 has an exemplary record of improving access to, and
14 utilization of, broadband by rural businesses in areas
15 that face economic challenges similar to New Hampshire's.

16 I encourage a favorable ruling, and
17 thank you for your service. Respectfully submitted,
18 Stuart T. Arnett, Managing Member of Arnett Development
19 Group."

20 And, I'd ask if I'm able to leave with
21 the Commission today any of the supporting documentation?
22 Thank you.

23 CHAIRMAN GETZ: You can leave it with
24 Ms. O'Marra please.

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1 MR. TOWLE: I would also like to leave
2 with you a letter from Gregory Franklin, with supporting
3 documents of his work over the years on the state's Master
4 Plan. Thank you.

5 CHAIRMAN GETZ: Thank you. Don or Dan
6 Brezinski.

7 MR. BREZINSKI: Good morning. I'm Don
8 Brezinski. I'm here on behalf of President Paul LeBlanc,
9 of Southern New Hampshire University, in support of the
10 FairPoint/Verizon merger, and I'd appreciate the
11 opportunity to express that this morning. We at Southern
12 New Hampshire University are excited about what FairPoint
13 plans to do with its broadband network expansion. They
14 will expand broadband Internet service to communities and
15 neighborhoods that do not have the service or where the
16 service is spotty. They will do so -- They will do this
17 quickly, as they want to meet the needs of their
18 customers, who include businesses, academic institutions,
19 nonprofits, and all citizens of this state.

20 FairPoint is bringing very reputable
21 technology to Northern New England. This expanded access
22 to high-speed internet will not just be a good thing for
23 individuals and businesses, it will be a tremendous asset
24 to students and academic institutions, like Southern New

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1 Hampshire University. Today's students are not always in
2 the classroom or on campus in a traditional sense. In
3 fact, today's so-called "classrooms" and "campuses" are
4 often right in the student's home, right there on the
5 desktop, right there in their places of business.
6 Distance learning is not just a growing trend, it's the
7 current reality. And, distance learning is arguably the
8 future of higher education. And, FairPoint's investment
9 will go a long way to aid in the whole business of
10 distance learning. They're committed to building a
11 broadband network that will serve today's and tomorrow's
12 students, will need more capacity and higher bandwidths
13 and access to learning not only in the classroom. These
14 enhancements are essential and become more so given the
15 numbers of young people and old who are learning and
16 studying from a distance, and researching their subject
17 matter on their home's computers.

18 FairPoint, Southern New Hampshire
19 University believes, is a company that will serve us well,
20 particularly those of us committed to education. I am
21 excited that there is a company in town who wants to
22 invest in our educational future. Thank you.

23 CHAIRMAN GETZ: Thank you. Christopher
24 Cortez.

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1 MR. CORTEZ: Good morning. My name is
2 Christopher Cortez. I've been a resident of New Hampshire
3 all my life. I graduated from Nashua High School and
4 advanced my education attending several of the technical
5 colleges within New Hampshire to obtain an Associate's
6 Degree in Applied Science. I'm currently enrolled in a
7 degree program in the field of Information Technology, and
8 will complete my studies in 2009. Currently, my proudest
9 moment is being employed in a full-time position with
10 FairPoint Communications here in New Hampshire. I have
11 struggled for several years to attempt to find technical,
12 professional employment close to my home in the
13 telecommunications community in New Hampshire with
14 potential for my career. Three months ago I was commuting
15 200 miles round-trip to work in Westborough, Mass., and
16 dealing with Mass. tax, higher fuel prices, and excessive
17 fuel milage on my vehicle. I did this for a little over
18 seven years. For me, this seemed to be the only I could
19 do what I liked and study for and remain employed. I
20 could have moved closer to my work. But, as many of you
21 know, once you leave New Hampshire -- once you live in New
22 Hampshire, and have enjoyed all it has to offer, it's
23 difficult to leave.

24 My point today is FairPoint will and is

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1 offering many people, like myself, an opportunity to work
2 in this technical field, so we cannot only live and play
3 in New Hampshire, but also work and have quality time with
4 our families. Thank you.

5 CHAIRMAN GETZ: Andrew Emerson.

6 MR. EMERSON: Good morning. My name is
7 Andrew Emerson, Henniker, New Hampshire. I'm here to read
8 a statement into the record for former Congressman Charles
9 Bass of Peterborough.

10 "Dear Chairman Getz, I appreciate the
11 opportunity to submit this letter in support of FairPoint
12 Communications' plan to acquire Verizon Communications'
13 land line assets in Maine, New Hampshire, and Vermont. As
14 a former member of Congress, I was privileged to serve for
15 six years on the Energy and Commerce Committee, and as
16 Vice Chairman of Telecommunications and Internet
17 Subcommittee. During that time, I focused extensively on
18 the problems and challenges of providing competitive and
19 modern telecommunications to rural America, and more
20 specifically to rural New Hampshire. I was involved in
21 countless meetings with businesses big and small,
22 telecommunications experts and individuals, all of whom
23 expressed concerns that rural regions of New Hampshire
24 would be left behind from the telecommunications

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1 technology explosion that's been ongoing in America for
2 the last two decades. I repeatedly asserted that, in
3 order for New Hampshire's economy to survive in the 21st
4 Century, Washington, New Hampshire needs to be as well
5 connected electronically as is Washington, D.C.

6 In recent years, however, it's become
7 clear that Verizon, New Hampshire's major incumbent
8 carrier, is not prepared to make the commitment necessary
9 to upgrade the lines and facilities to the point where
10 they will be able to be competitive with cable, satellite
11 and other telecommunications systems. This lack of
12 commitment virtually guarantees that some towns in New
13 Hampshire may never have access to high-speed Internet or
14 video services under the status quo.

15 On the other hand, Verizon's decision to
16 form a new corporation controlled by FairPoint
17 Communications, but still partially owned by Verizon,
18 represents a timely partnership that will virtually assure
19 that New Hampshire's land line customers can count on
20 better service. FairPoint will make implementing
21 upgrades, keeping costs low, and providing great service
22 their highest priorities, since, unlike Verizon, they have
23 a competitive interest to do so. FairPoint Communications
24 is a company that focuses exclusively on managing and

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1 improving land line services. And, there is no reason to
2 believe that they will not be able to do what they have
3 done so successfully in other regions of the country.

4 I hope and trust that the Commission
5 will put the needs of the tens of thousands of rural New
6 Hampshire telephone customers first by approving this
7 proposal, which will bring important economic benefits to
8 our state for decades to come. Most sincerely, Charles F.
9 Bass, former member of Congress."

10 Thank you.

11 CHAIRMAN GETZ: Thank you. Richard
12 Finkelson. Did I get that right?

13 MR. FINKELSON: Yes, you did. Thank
14 you.

15 CHAIRMAN GETZ: Good morning.

16 MR. FINKELSON: Hi. My name is Rich
17 Finkelson. And, I'm from Concord, New Hampshire. And,
18 I'd like to speak to you today both as a resident of New
19 Hampshire for the past 20 years living in Concord, as an
20 IT professional, and as a FairPoint employee. As a
21 citizen of New Hampshire, and an IT professional, for the
22 better part of my career I've had to make the 180/200 mile
23 a day round-trip to either the Boston or Waltham area in
24 order for me to pursue my career. In addition to,

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1 obviously, the quality-of-life issues that that entails,
2 it's also had significant economic impact, both on me
3 personally but also on the many people, such as myself,
4 who also have to make that long commute as well. Not only
5 are we paying the State of Massachusetts the tax money and
6 providing them with all of our fuel costs, but all of the
7 ancillary dollars also that we spend there, our business
8 lunches, all the shopping that we do, either before or
9 during, sometimes during work hours, are all spent -- are
10 all spent in the State of Massachusetts and not spent in
11 New Hampshire, where it could benefit our own economy.
12 Obviously, keeping jobs, high-tech, good paying jobs in
13 New Hampshire would assist us in keeping those dollars
14 local where they belong.

15 By way of kind of an informal survey, if
16 you go to the job search site Monster.com, and you look up
17 "software development", which is my field of study, you'll
18 find, if you parameterize that search in Northern New
19 Hampshire, you'll find that you get a total of two job
20 hits, one of which is a FairPoint opportunity right now.
21 If you search under Southern New Hampshire, you get about
22 20 hits. And, if you search in the Boston area, you'll
23 get about 145 hits. Obviously, this is a disparity I
24 think we all want to correct.

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1 Second of all, the way that this
2 argument is starting to shape on some level kind of
3 reminds me of the same argument that we have been shaping
4 around our educational practices. For years now we've
5 talked about the disparity between the haves and have-nots
6 in our education system. That property-rich towns are
7 donating money to property-poor towns, and creating a real
8 disparity amongst all of our citizens. This argument,
9 too, seems to be shaping up in a way that pits northern
10 residents against southern residents. The point of the
11 state is to provide an opportunity for all members of the
12 state to have access to the same educational and economic
13 opportunities. And, obviously, broadband is a significant
14 step forward in trying to provide those opportunities.

15 Tom Friedman, in his book "The World is
16 Flat", talks about the virtues of a global economy, and
17 talks about the fact that the best part of a global
18 economy is that the small can become big. In other words,
19 a resident of Berlin, New Hampshire, who has a product to
20 sell, can be competitive with a company like Wal-Mart
21 simply by taking the time and energy to use the
22 telecommunications infrastructure to promote his products
23 and services the same way that large companies can as
24 well.

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1 I'm concerned that the people who are
2 making the argument against having DSL or broadband access
3 in the North Country are those who have not had to suffer
4 the exclusion of having that technology at all. And, I
5 believe it's imperative that we give that opportunity to
6 the entire state, and not just consider a select few when
7 it comes to those opportunities. Thank you very much.

8 CHAIRMAN GETZ: Thank you. John Peffer.

9 MR. PEFFER: Good morning.

10 CHAIRMAN GETZ: Good morning.

11 MR. PEFFER: My name is John Peffer. I
12 work for Fisk Solutions, in their Portsmouth, New
13 Hampshire office. And, first, I want to thank you for
14 allowing me to speak this morning. And, secondly, more
15 importantly, I urge you to vote in favor of this
16 acquisition, because of the favorable impact it will have
17 on the Northern New England economy. We've already seen
18 FairPoint contract with some local vendors for services
19 that will keep and add new jobs to Northern New England,
20 let alone for some of those services that are currently
21 being provided out-of-state, down in New York or
22 Philadelphia.

23 This trend will have an enormous impact,
24 trickle-down effect, as more money earned from these

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1 businesses will stay in Northern New England, it will not
2 go elsewhere. It's important to New Hampshire and other
3 New England states, Northern New England states, to
4 support businesses that support the local economy.
5 FairPoint supports local businesses. Therefore, please
6 support them on this acquisition. Thank you.

7 CHAIRMAN GETZ: Thank you. Mike
8 Shelton.

9 MR. SKELTON: Good morning.

10 CHAIRMAN GETZ: Good morning.

11 MR. SKELTON: My name is Mike Skelton,
12 and I'm here today on behalf of the Greater Manchester
13 Chamber of Commerce. And, I have a brief statement I'd
14 like to read on behalf of the Chamber:

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1 million dollars in communication infrastructure, an
2 improvement which is long overdue. And, third, FairPoint
3 has pledged that this transaction will not impact any
4 current customer agreements and will improve customer
5 service.

17 CHAIRMAN GETZ: Debra Daigle.

18 MS. DAIGLE: Thank you for letting me
19 speak. I am actually reading statements from two college
20 students, which I'd like to be entered into the record, if
21 that's appropriate.

22 CHAIRMAN GETZ: Please.

23 MS. DAIGLE: "I am currently a student
24 at the University of New Hampshire in Durham and have

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1 high-speed wireless internet service in my dorm room. Not
2 having access to the internet would put me at a severe
3 disadvantage. I use the internet to email classmates and
4 professors, research assignments, and stay connected with
5 current events. I am writing this letter today on behalf
6 of New Hampshire's students who are not afforded the same
7 opportunities that I have access to. On behalf of New
8 Hampshire college students throughout the state, I support
9 FairPoint and hope that, as you consider their proposal,
10 you will consider how much New Hampshire students will
11 benefit from this service. Sincerely, William Hunt,
12 University of New Hampshire."

13 "I am currently a student at Dartmouth
14 College and I do not have high-speed wireless internet
15 service at home. Not having access to the internet puts
16 me at a severe disadvantage. I use the internet to stay
17 connected to my college when I am not on campus. I fully
18 support FairPoint and hope that, as you consider their
19 proposal, you will consider how much New Hampshire
20 students like me could benefit from this service.
21 Sincerely, Lauren Bonvini", from Dartmouth College.

22 Thank you.

23 CHAIRMAN GETZ: Excuse me, Ms. Daigle.
24 I'm just trying to understand the context. Are you

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1 speaking on your behalf? How did you get these letters?

2 MS. DAIGLE: These are friends of mine,
3 I mean, people who I know, that wanted to be here and were
4 not able to be here.

5 CHAIRMAN GETZ: Okay. Thank you. Brad
6 Atwood.

7 MR. ATWOOD: Good morning. My name is
8 Brad Atwood. I'm a Senior Mortgage Banker with GMAC
9 Mortgage, in Bedford. We service all New Hampshire
10 counties, and also Maine and Vermont. And, I'm also a --
11 I was born and raised in Berlin, so I'm familiar with the
12 North Country. I have a brief statement.

13 As a mortgage lender, I rely more and
14 more on the Internet to reach my customers, especially in
15 rural New Hampshire areas. More importantly, homeowners
16 and prospective homeowners increasingly rely on the
17 Internet as a tool to find appropriate buying
18 opportunities, get the best available lending rates, find
19 the right loan program and service their mortgages. New
20 Hampshire can ill-afford to remain still, while other
21 states continue to upgrade their Internet capabilities.
22 Not only will consumers and businesses miss out on
23 opportunities, recent economies of the future will be
24 built in part on the underlying communications

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1 infrastructure. Tolerating the status quo will leave New
2 Hampshire more isolated and antiquated.

3 FairPoint's commitment to expand
4 broadband into our rural communities will have a dramatic
5 impact on our competitiveness, our ability to attract new
6 business, and our company's ability to service our
7 customers. As a point of comparison, 92 percent of
8 FairPoint's current customers in this region have access
9 to broadband, while only 62 percent of Verizon's customers
10 in Northern New England have access to broadband.

11 The proposal that the PUC is currently
12 examining represents the best opportunity for New
13 Hampshire to become a full participant in the swiftly
14 evolving world economy. I urge the Public Utilities
15 Commission to give this deal every opportunity to work for
16 the people and businesses of New Hampshire. Thank you.

17 CHAIRMAN GETZ: Okay. Thank you.

18 Representative Thomas.

19 FROM THE FLOOR: Representative Thomas
20 said he had to leave for another hearing, but that he
21 stands in favor of the proposed merger. I'm speaking for
22 him, not for myself.

23 CHAIRMAN GETZ: Thank you. Yvonne
24 Nanasi.

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1 MS. NANASI: Good morning,
2 Commissioners. I want to thank you for holding an
3 additional public hearing today, as I now have come to
4 realize the many benefits of this transaction between
5 Verizon and FairPoint, and what it will provide for the
6 citizens of New Hampshire. I'm a business consultant for
7 employee benefits and strategies. I live in Bedford and
8 Stewartstown, New Hampshire. In Stewartstown, New
9 Hampshire, where I live and enjoy the North Country's many
10 natural resources, and conduct my business for half of the
11 year, I have found that this area has not been very well
12 served when it comes to telecommunications. The lag in
13 updating telecommunications in our area is stifling
14 business growth and development. I could conduct far more
15 of my business in Stewartstown and provide more services
16 to my clients if the area had adequate Internet service,
17 or even if the Internet service was just improved
18 somewhat.

19 I urge you to look upon this transaction
20 as an opportunity for small businesses and small business
21 owners like me who will be able to conduct business more
22 efficiently due to FairPoint's plans to expand broadband
23 using reliable and cost-effective technology.

24 Over the past two months, I read and

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1 heard more about FairPoint's plans. As I understand it,
2 they will construct an advanced broadband network over the
3 existing Verizon network. It will be an all broadband
4 network business class and able to meet the needs of
5 businesses like mine. The infrastructure will strengthen
6 this area's economy, the telecommunications infrastructure
7 will allow businesses like mine to function as efficiently
8 as they do in the southern regions of the state. It will
9 provide businesses that I work with in the North Country,
10 particularly the hospitality industry, the ability to
11 compete in attracting tourists with other areas of the
12 state, such as the Lincoln-Woodstock Chamber, they're even
13 more advanced than some of my clients. This type of
14 network is key to businesses being able to compete in
15 today's economy, and this investment seems only achievable
16 if the merger with Verizon is approved by the public
17 utility authorities in New Hampshire, Maine and Vermont.

18 Many business in the North Country have
19 been willing to put up with dial-up Internet service,
20 because that's all we've been able to get in numerous
21 locations. What takes me 15 minutes to do in Bedford, New
22 Hampshire, takes an hour for me to complete on the
23 Internet in Stewartstown, and that's only if I dial up
24 after 5:00. God help me if I'm doing it before 5:00, then

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1 it's going to take at least two hours, because dial-up is
2 slow, very, very slow at the present time.

3 Then, there are those local businesses
4 who have access to satellite Internet. But, then again,
5 that's at the whim of the weather up in the North Country.
6 So, when the weather gets bad, it's a good possibility
7 that my friend at Lobstick Lodge and Cabins, their
8 reservation system goes down and they lose business.
9 Things need to be improved in the North Country in order
10 for us to have a strong economy.

11 To illustrate the need and interest in
12 FairPoint's willingness to invest in the North Country's
13 communications network, let me tell you about a meeting --
14 a recent meeting at the North Country Chamber of Commerce.
15 I'm a member of the North Country Chamber of Commerce that
16 represents the towns from Stratford, up through Pittsburg,
17 as well as Canaan, Vermont. The FairPoint executives came
18 and set up a meeting for the North Country Chamber of
19 Commerce in Colebrook, New Hampshire. Not too many folks
20 come up across the Notches to meet with the business folks
21 up there. And, the interest is very strong for this
22 improvement in the network. In fact, more businesses were
23 represented at this meeting with the FairPoint executives
24 than came to the Chamber's Annual Dinner. Not that the

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1 food wasn't good, it was. But, at the same time, there is
2 great interest and people will take time out of their
3 businesses to find out, and FairPoint has reached out to
4 us.

5 I strongly urge you to allow FairPoint
6 to give these businesses in the more rural areas of New
7 Hampshire, like mine, a better, faster service. It's a
8 golden opportunity for us. Nobody else has come forward.
9 Thank you very much.

10 CHAIRMAN GETZ: Thank you. Michael
11 T-k-a-c-z.

12 MR. TKACZ: "Tkacz". Thank you for
13 giving me this opportunity. Good morning. My name is
14 Michael Tkacz. And, I served as a Reservist in Iraq. It
15 is my understanding that FairPoint Communication will be
16 expanding high-speed Internet capability in New Hampshire,
17 particularly in the western part of the state and in the
18 North Country. Internet communication is mandatory in
19 today's military. Orders are received by e-mail, earnings
20 statements are obtained on-line, W-2s for income tax
21 purposes are also on-line. Those without DSL are at an
22 extreme disadvantage.

23 With the speed of the Internet now, we
24 can communicate almost instantaneously with our families

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1 to help with issues that arise back home or just keep in
2 touch, which eases a lonely heart. Unlike the soldiers
3 before us, who were cut off from any connection with their
4 families for months, because of the length of time it took
5 for mail delivery, the Internet will allow them to
6 communicate daily.

7 Broadband is essential to today's
8 military worldwide. Our soldiers need to be connected to
9 their friends and family. The development of high-speed
10 Internet to every corner of New Hampshire is essential to
11 our families and the military. Therefore, I am here today
12 to testify in support of the FairPoint
13 Communication/Verizon merger. Thank you.

14 CHAIRMAN GETZ: Thank you. Jim Wagner.

15 MR. WAGNER: Good morning,
16 Commissioners. And, thank you for allowing me to speak
17 this morning. My name is Jim Wagner. I'm a resident of
18 Berlin, New Hampshire, and I speak in favor of FairPoint
19 Communications. I have come here today from the
20 Androscoggin Valley Region, where I was, until a few years
21 ago, the former Vice President and General Manager of the
22 pulp and paper mills, lasting over ten years of
23 management. Today, I'm involved in the economic
24 development of the region as the Androscoggin Valley

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1 Economic Director, responsible for the economic
2 initiatives, Chamber of Commerce, Androscoggin Valley
3 Economic Recovery Corporation, and the Northern Forest
4 Heritage Park.

5 I'm here today to talk about jobs, jobs,
6 and more jobs. When I first started managing the mills up
7 in northern New Hampshire, there were over 1,500 employees
8 that worked for me. Now, even though I'm not part of the
9 mills anymore, I'm in economic development, there are only
10 approximately 350 jobs. This past summer, FairPoint made
11 an announcement that should be music to all of our ears.
12 They intended to create 675 new well-paying jobs in three
13 states, many of which are landing in Manchester and
14 Littleton, New Hampshire. I recall that they indicated
15 that nearly 250 of these would be in New Hampshire. I
16 don't remember any other company in the recent past
17 bringing that many new jobs into our state, and this
18 deserves your attention. They have announced that they're
19 bringing 50 to the North Country, which is huge for us. I
20 understand that these jobs will include many different
21 opportunities for the people; technical services, sales,
22 accounting, human resources, marketing, customer service,
23 and so on.

24 I think FairPoint's job creation will be

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1 a catalyst for the economies of Northern New England,
2 indirectly resulting in the creation of other jobs at
3 companies that will become vendors for FairPoint as they
4 supply FairPoint with equipment or construct renovations
5 to FairPoint facilities. They have also stated that they
6 will honor existing union contracts with the current
7 Verizon employees. These people will keep their jobs.

8 In addition to adding these jobs in New
9 Hampshire, FairPoint has committed to expand broadband to
10 our communities who have no access to broadband. These
11 communities should not have to live without this service.
12 FairPoint has announced an unprecedented expansion of
13 access to the world in our communities. And, I believe
14 that FairPoint is the kind of telecommunications company
15 that people of New Hampshire deserve.

16 With all of these jobs, opportunities
17 and expansion of broadband, I ask you to look upon this
18 FairPoint/Verizon deal as something that will benefit
19 thousands of employees, businesses, and citizens of the
20 State of New Hampshire. The approval of this merger will
21 be a tremendous catalyst for the North Country. Thank you
22 very much.

23 CHAIRMAN GETZ: Linda Koch.

24 MS. KOCH: Good morning, sir.

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1 CHAIRMAN GETZ: Good morning.

2 MS. KOCH: My name is Linda Koch, and
3 I'm from Canterbury, New Hampshire. I don't understand
4 the technologies and merger of these two corporations, but
5 I'm here on a personal level. I reside in Canterbury, New
6 Hampshire, and we need FairPoint. My request may be
7 menial, but I'm a home-based travel agent for the past 18
8 years. One hundred percent of my service is Internet and
9 research, although my normal work day is 11 to 12 hours a
10 day with our wonderful dial-up system.

11 After many calls in the past years to
12 Comcast and Verizon, and were told "you will never see
13 high-speed Internet down your road." If FairPoint is
14 willing to bring us this service, I'm all for it. Thank
15 you.

16 CHAIRMAN GETZ: Thank you. Well, let me
17 just give folks a little heads up. Sometime between 10:30
18 and 11:00, we'll probably going to have to give
19 Mr. Patnaude a couple of minutes for a recess. Looks like
20 we have -- we've heard from 20 speakers, we've got another
21 20, and I imagine there's more names on a list out in the
22 hallway that I've yet to see. But I just wanted to let
23 you know how we're planning to handle the proceedings this
24 morning.

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1 So, the next speaker is Jo Jensen. And,
2 I guess if there are a lot, I can't tell from here how
3 many are people are out in the hallway, but there are a
4 few seats up front. Ms. Jensen.

5 MS. JENSEN: Good morning. My name is
6 Jo Jensen. And, I'm a recent college graduate who just
7 moved back to Concord, New Hampshire. I went to Bow High
8 School. And, I was motivated to come here today by my
9 friend Lauren Bonvini, who submitted written testimony and
10 goes to Dartmouth, and William Hunt, who goes to UNH. As
11 a recent college graduate, I think it's outrageous that
12 students in the North Country, whether they're in college,
13 high school, middle school, elementary school and their
14 families don't have access to high-speed, affordable
15 internet. When I moved to Concord, that was the first
16 thing that we looked at. When college students are
17 looking for apartments, that's a necessity.

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1 Country can do when they're at home.

2 I am here today because they feel
3 disconnected from their community. When they go back to
4 their -- they want to stay at college as long as possible,
5 because they can't research on the Internet their class
6 assignments, they can't stay connected with politics, if
7 they're a politics major. And, so, when they go home,
8 they feel disconnected. And, that's not a good
9 environment for them. And, so, I think that it's a basic
10 necessity. In high school, we used the Internet all the
11 time, and it's a great resource for higher education, for
12 education opportunities. My family uses it. I'm sure
13 everyone in this room probably checked their e-mail today
14 and went on-line this morning. And, so, I just strongly
15 urge you to think about the students that are being at a
16 disadvantage and left behind and not as well prepared, for
17 - I went too Mount Holyoke College, in Massachusetts, and
18 we no longer take paper applications, everything is
19 submitted on-line. I can't imagine how hard it is for
20 these high school students to be submitting their
21 application to college, if they have a really slow
22 Internet connection.

23 And, again, it's really affordable. I
24 can't afford or don't choose to buy, you know, a Concord

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1 Monitor or Union Leader, because I can go right on-line
2 for free and look at all the news instantly. And, you
3 know, I don't have to pick up the phone and use my
4 cellphone minutes to call my friends, I can send them an
5 e-mail, I can use Spacebook. And, so, the fact that in
6 the North Country they don't have access to these
7 technologies that I take for granted every day, I feel bad
8 for them. And, I hope that -- I'm in favor of FairPoint,
9 and I hope that you'll make the right decision and choose
10 to go with them, so that they can have these great
11 opportunities. Thank you.

12 CHAIRMAN GETZ: Thank you. David
13 Duhamel.

14 MR. DUHAMEL: Good morning, members of
15 the Commission and New Hampshire residents. My name is
16 David Duhamel and I live in Goffstown. I'm against the
17 sale of Verizon. I've been waiting many years to get
18 Verizon DSL. It is not available in my neighborhood.
19 And, Goffstown did not make FairPoint's list of towns to
20 get more DSL either. Last year, I heard that Verizon was
21 going to be running fiber optics to many parts of New
22 Hampshire, including Goffstown, and was very excited. The
23 reviews on their Triple Play are outstanding. I've been a
24 customer of unregulated Comcast for many years out of

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1 necessity. Prices have gone up over the years. But,
2 recently, after hearing Verizon was leaving, Comcast has
3 lowered its prices and has added many new customers.
4 Comcast has a great product, but Verizon's FiOS is better.
5 We know Comcast isn't leaving with their triple play of
6 phone, Internet and TV. They are a formidable competitor
7 for Verizon, but would run all over FairPoint in New
8 Hampshire.

9 I've been following with great interest,
10 since the announcement of Verizon's plan to sell to
11 FairPoint early this year, and have found out a lot of
12 things. FairPoint Solutions used to sell DSL in New
13 Hampshire, but stopped after losing hundreds of millions
14 of dollars, laying off 300 -- over 300 employees and
15 abandoning their customers. That's small compared to what
16 they are attempting to do now. Do we want to be another
17 Hawaii?

18 I've checked FairPoint's website and
19 seen that they charge two, three, and up to four times
20 more than Verizon does for the same services. Is that
21 going to be good for New Hampshire? I've read reports
22 that FairPoint's customer service complaints in Maine,
23 where FairPoint now operates, are among the highest in the
24 country.

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1 I've read a report by a Morgan Stanley
2 analyst warns of a looming financial crisis for FairPoint.
3 It says that they need this deal to go through to stay
4 afloat. I have read reports and a list of concerns and
5 conditions by three independent experts that say it all.
6 This deal is not good for the consumers of New Hampshire,
7 only for Verizon and FairPoint shareholders.

8 FairPoint says they're going to bring a
9 couple hundred jobs to New Hampshire. Does this take into
10 account the dozens of employees who have already
11 transferred to Massachusetts to continue working for
12 Verizon or the others that are going to retire before the
13 end of the year, because of the fear they have about
14 working for FairPoint, a company that has no history of
15 offering pensions to their employees? Verizon has an
16 outstanding pension plan.

17 FairPoint has admitted in Vermont
18 hearings that they will be cutting jobs by four percent
19 per year until 2012, that's a loss of over a thousand
20 jobs. FairPoint recently held a job fair in Manchester,
21 and the only openings were low-paying IT jobs. Verizon is
22 one of the best telecommunication companies in the world.
23 Why should New Hampshire have to settle for anything less?
24 Thank you.

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1 CHAIRMAN GETZ: Thank you. Dan
2 Civitella.

3 MR. CIVITELLA: Hi. Good morning,
4 everyone. My name is Dan Civitella. I moved to
5 Manchester, New Hampshire three years ago from Long
6 Island, New York. Long Island became too crowded for me.
7 Even though there's a lot going on and lots of
8 opportunities there, I wanted a place where the quality of
9 life was a lot better. After as little as three months
10 here in New Hampshire, I realized that this is the
11 greatest state in the Union. This is one of the greatest
12 places to live in the United States. And, I saw from the
13 economic and social development of the area that I was
14 into something good, a good opportunity for both of my
15 children, who are very young. And, I feel the need to
16 come and represent them today. I don't want to see them
17 get left behind. Verizon FIOS right now is the best rated
18 TV/internet/telephone service in the country. I wanted an
19 opportunity to have that service available to my children.
20 But it looks like Verizon and FairPoint want to keep us in
21 the Dark Ages of DSL. Which I have right now, and I'm
22 very dissatisfied with. It's not fast enough. My nine
23 year old complains of the speeds. He's nine. What does
24 he know about speeds?

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1 I hear a lot of very educated, well
2 dressed people here talk about how their areas north have
3 no internet access. And, I did a little bit of research
4 and found that there's a distance issue with DSL, and that
5 could be why they don't have DSL available to them. I
6 also know that there's no distance issue with fiber. That
7 it can go on for as long as it needs to go on, and that
8 it's not as susceptible to the weather, which is very
9 extreme up here in New England, as you know, the wires are
10 out there on the pole. This is a huge consideration for
11 people who live in places that are hard to get to. If you
12 have to come and fix something and you can't get to it,
13 you can't fix it.

14 So, I just wanted to speak out against
15 this proposed deal. This will be no good for anyone here.
16 If they want to stay current in the top technology of the
17 country, if you want to continue to be the best place to
18 live in the United States, we need to move to the future,
19 and the future is fiber. Thank you.

20 CHAIRMAN GETZ: David Lendry.

21 MR. LENDRY: Good morning,
22 Commissioners. My name is David Lendry, and I'm a citizen
23 of New Hampshire for over 21 years, currently living in
24 New Boston. I am an employee of FairPoint, and I am proud

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1 to speak on the behalf of my employer. I have over 20
2 years experience in telecommunications, project
3 management, disaster recovery, and continuity of
4 operations. I have been a consultant for the past five
5 years, working with many organizations, including the FAA,
6 U.S. Treasury, the State of Maine, State of Vermont, and
7 many commercial firms. In addition, I have been a board
8 member on the state's Telecommunications Advisory Board,
9 representing both large business and the consumer markets.
10 In addition, I have taught graduate level classes at
11 Boston University in their Communications Department, on
12 the business, the structure, and the strategy of the
13 telecommunications industry.

14 Before joining FairPoint, as Director of
15 Program Management, I did some very careful research. I
16 wanted to make sure that I was making a good career choice
17 for myself and for my family. And, this is something that
18 anyone would do when considering a job change.
19 Specifically, what I wanted to know was how FairPoint was
20 handling this transaction with Verizon. I wanted to know
21 as much as possible about the company and what they would
22 offer the people of Northern New England.

23 Well, I stand before you today as an
24 employee of FairPoint. My research told me that FairPoint

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1 was doing the right thing. I found that the Company was
2 preparing to manage the Verizon market in New Hampshire,
3 Maine, and Vermont in a very thorough and professional
4 manner. I have personally witnessed significant
5 expenditure, which will total more than \$200 million in
6 order to make this deal work. And, already before the
7 transaction is final, my company is spending somewhere in
8 the vicinity of about \$100 million. This is a huge amount
9 of money to put on the table. But FairPoint knows what it
10 is doing.

11 This is a company, an employer and a
12 provider of excellent customer service, and a market
13 leader in such things as broadband accessibility, that
14 knows what it must do to run a top-notch
15 telecommunications operations. This is a company that is
16 serious about being a good corporate citizen, a partner in
17 economic development, a terrific employer, and FairPoint
18 is surrounding itself with experts in the industry.

19 One very important example of this is
20 FairPoint has partnered with the world-class organization
21 CapGemini, which is helping us on all issues for a smooth
22 transition of Verizon systems to FairPoint systems. And,
23 you can be assured that on day one of this new company
24 FairPoint will be ready.

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1 I would not have joined this company if
2 I did not believe they are managing their affairs. I know
3 this merger can be a success, and, once it is, that it
4 will mean better things for the people of Northern New
5 England. Most importantly, through my work on the
6 Telecommunications Advisory Board and my teachings at
7 Boston University, I have an understanding of the
8 telecommunications needs of our state. And, one of the
9 things that attracted me to this job is I wanted to be
10 part of the team that was going to be deploying broadband
11 networks to the underserved communities of New Hampshire.
12 Thank you very much.

13 CHAIRMAN GETZ: Tim Sink.

14 MR. SINK: Good morning, Mr. Chairman,
15 members of the Commission. My name is Tim Sink. I'm here
16 on behalf of the Greater Concord Chamber of Commerce, and
17 here to speak in favor of the transaction. I really don't
18 want to belabor what's already been said. You've heard
19 repeatedly about the importance of expanding broadband in
20 the North Country, that's certainly true. I've done some
21 vacationing up there a couple times this summer, was taken
22 aback by the number of homes that are for sale and how
23 economically depressed the region appears to be. And, one
24 can only assume that expanding that infrastructure will be

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1 certainly helpful. But it's not just north of the Notch
2 where increased broadband is needed. We're in the State
3 Capitol, and there are regions right in our own background
4 where we would benefit from increased telecommunications
5 infrastructure. And, someone speaking earlier from
6 Canterbury made that very same point, and that's very
7 close by. So, I guess my point is that it is more than
8 just the North Country, although that is certainly very
9 important.

10 I'm impressed that this transaction will
11 result in more than 240 jobs in New Hampshire. That
12 further strengthens the economy. And, I'm also encouraged
13 that FairPoint has pledged that it would extend current
14 contracts and preserve existing jobs, and I think that's
15 extremely important.

16 It's been said that FairPoint is --
17 represents rural and small urban communities, and that's
18 been painted sort of as a negative picture. But I would
19 make the point that much of the New Hampshire marketplace
20 fits into that characteristic. That may not be a negative
21 point at all.

22 We realize that there is work ahead.
23 I've reviewed testimony and recommendations from a number
24 of different sources and am fully confident that the PUC

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1 will be able to work with FairPoint and Verizon to address
2 any issues necessary to a successful outcome.

3 In the interest of full disclosure, I
4 should mention that a former board chair of the Chamber
5 works for the Devine law firm, which represents FairPoint.
6 But I will also point out that, in board discussions and
7 board votes, that individual was not present and did not
8 participate.

9 One further point I would like to make,
10 someone mentioned earlier about talking to individual
11 chamber members in another chamber and those individuals
12 not being part of the process or not understanding. When
13 my board discussed this issue, the vote was unanimous.
14 And, I will tell you honestly that there was significantly
15 more support for this than I anticipated going in. So, I
16 appreciate the opportunity for testimony today.

17 CHAIRMAN GETZ: Mark Carpenter.

18 MR. CARPENTER: Good morning. My name
19 is Mark Carpenter. I'm the President of a company named
20 "Pannaway Technologies" that's based in Portsmouth, New
21 Hampshire. I wanted to come here in support, in staunch
22 support of the FairPoint acquisition of Verizon's
23 properties. Pannaway was established in 2002 with the
24 express intent to serve companies who were serving rural

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1 America with broadband access equipment. In fact, there's
2 about a thousand of those independent telephone companies
3 across the United States, and we currently serve about 304
4 of them. We do our manufacturing here in Manchester, New
5 Hampshire. Where most high-tech companies are doing
6 manufacturing outside of the United States, we decided to
7 try to do all of our manufacturing here. We have key
8 technology partners that are based in the northern
9 country, a company named "Wilcom", as an example. And,
10 Pannaway feels that it's been kind of at the forefront of
11 many of the advances that people have talked about today
12 that are concerning this broadband development. In fact,
13 I would tell you that across America, in rural markets,
14 that the imperative is broadband access. This is what's
15 happening across the United States today, and the
16 equipment that FairPoint is planning on using and
17 utilizing to deploy this network has been deployed and is
18 being deployed to deliver broadband services, advanced
19 voice services, as well as TV services today. There were
20 comments today about this technology called "DSL", a
21 technology called "VDSL", with limits of rate reach. But
22 there's also a technology that allows one to bond two
23 copper pairs together to deliver a very, very high speed
24 service, upwards of 30 to 40 or 50 megabits per second

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1 over extreme long distances. So, there are technologies
2 that exist today that FairPoint can utilize. And, in
3 their request for proposal that Pannaway has, obviously,
4 responded to, they do plan on being in a position to
5 leverage these kinds of technologies. Okay?

6 New Hampshire, as a state, really does
7 need a telecommunications carrier that understands the
8 needs of rural America. And, I would tell you that
9 FairPoint is one of those communications carriers. In
10 fact, from my perspective, I list FairPoint as one of the
11 top seven communication carriers across the United States.
12 I know what their network is about. We have products that
13 have been deployed in parts of their exchanges across the
14 United States. I know the kind of service that they
15 deliver. And, I know the economic growth that a rural
16 exchange carrier brings to a rural area.

17 Obviously, Pannaway's interests in
18 seeing this transaction could be broken down in three
19 ways. Obviously, you know, we have an opportunity to
20 participate in business with FairPoint, and we would love
21 to do so. We produce the kind of equipment that they
22 need. We produce the kind of equipment that's, obviously,
23 been deployed in other places to deliver these kind of
24 services. We're proud to be headquartered in Portsmouth,

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1 New Hampshire. We're proud to do our manufacturing in New
2 Hampshire. We're proud to have companies like Wilcom as
3 key technology partners, again, in New Hampshire. So,
4 business for Pannaway would, obviously, be job creation
5 for Pannaway in the high-tech industry. As somebody was
6 talking about earlier, we would be in a position to hire
7 software engineers, to hire hardware engineers, to hire
8 mechanical engineers, to hire test people in the State of
9 New Hampshire.

10 Second, from our unique perspective in
11 serving the rural exchange carriers for the last five
12 years, we can confirm that there is a significant positive
13 economic impact for a company like FairPoint to come into
14 a state and start delivering these kinds of services. I'd
15 give you an example out of North Dakota, where one of our
16 customers told us recently that he has had over a
17 30 percent growth in new subscriptions, these are not
18 customers that he had before, but in new subscriptions for
19 subscribers, just because he had a better broadband
20 Internet service than what was available anywhere else.
21 Now, he's competing with cable companies, and he's
22 delivering the service over copper.

23 Third, as a technology provider, we
24 understand the importance of broadband, you know, to the

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1 economy of New Hampshire. In fact, I used the word
2 "imperative" earlier, that's really what the "imperative"
3 is -- that's really what the issue is at hand. It's all
4 about broadband. We have got to get broadband across this
5 state. Okay?

6 Now, there's a couple of facts I'd like
7 to use here. FairPoint, in its serving areas in this
8 region, is offering broadband service to 92 percent of its
9 access subscribers; whereas Verizon is offering broadband
10 service to about 62 percent of those subscribers. Now,
11 the reason is very clear. FairPoint is focused on rural
12 America. FairPoint understands how to run a business
13 successfully that can serve rural America and grow. It
14 takes a rural exchange carrier to understand the
15 complexities of that business and to be able to run a
16 successful business that way.

17 So, in closing, I would just like to say
18 again that, you know, FairPoint, to us, is very important
19 for New Hampshire's economic future. Broadband is very
20 important for New Hampshire's future. You've heard it all
21 today. You know, without broadband, I also believe that
22 New Hampshire will fall very, very far behind
23 economically. And, Pannaway stands here in staunch
24 support of the FairPoint acquisition of Verizon as the

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1 best and, from our perspective, the only way to get
2 broadband services throughout this region. Thank you for
3 your time.

4 CHAIRMAN GETZ: Melody Tucker.

5 MS. TUCKER: Good morning. My name is
6 Melody Tucker, and I'm here on a very personal matter, on
7 behalf of families who have loved ones serving in the
8 military, especially overseas. My husband, Mike, is an
9 Army Reservist, and was in Vietnam in 1968. The written
10 letters were the mode of communication at that point in
11 time, and from that part of the world not very reliable;
12 many letters were lost or never received at all.

Mike served again in 2004 and 2005 for
15 months, a year of which was in Iraq. Technology was
advanced this time, and Internet cafes were made available
at the bases for soldiers to use. Broadband communication

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1 has played a huge part in helping to keep soldiers' 2 families -- soldiers' morale up by being able to regularly 3 communicate back home. Our soldiers wake up every morning 4 ready to do their jobs, knowing they are safe, while loved 5 ones at home wake up and wonder every morning if their 6 soldiers are safe. Words cannot begin to tell you the 7 relief it brings to families when they receive an e-mail 8 from their soldier.

14 CHAIRMAN GETZ: Peter Riviere.

15 MR. RIVIERE: Thank you, Commission, for
16 reconvening these input sessions. I was unable to make
17 the prior ones. And, at the risk of delaying
18 Mr. Patnaude's break, I had prepared comments, but I'm
19 going to forgo those and kind of wing it. Partly because
20 I feel somewhat conflicted. Let me first say, I'm from
21 Lancaster. I'm the Executive Director of Coos Economic
22 Development Corp., which is the regional -- one of the
23 eleven regional development corps serving New Hampshire.
24 But I'm not here in that capacity. I'm here pretty much

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1 based on the experience I've had in that capacity. For
2 the last seven years, we've been trying to address
3 affordable bandwidth provisions in Coos County, with
4 horrible success, lack of success. And, right now, we are
5 working, a bunch of nonprofits up there in the economic
6 development realm, are working to build a broadband
7 wireless network, using existing towers and new towers to
8 be deployed. The goal is to have about 95 percent of the
9 area serviced by that wireless system in four to five
10 years, covering the 6,000 square miles of Coos, Grafton
11 and Carroll County. While that's about 50 something
12 percent of the state's land mass, it's about 13 percent of
13 its population.

14 I feel conflicted because I was asked by
15 both FairPoint and local IBEW members to weigh in on this
16 issue. They know that I have been working at it, and they
17 felt that I may have had some perspective. And, in that,
18 I guess I feel like Tito Francona last night wanting to go
19 with his pat line-up, of being bandied about, "put
20 Ellsbury in", "change the line-up", "do something", and I
21 feel like I'm in Cleveland and down 3 to 1.

22 So, my experience with this bandwidth
23 project was -- initially was to try to do a business
24 aggregation. Try to get all the businesses together,

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1 combine their bandwidth demands, and then attract a Tier 1
2 carrier. That was -- is Tim still here? No, Tim's left.
3 That was in 2001, and we were about ten days from hitting
4 the bricks to sell that process in the North Country when
5 the bottom fell out of the Internet world. Since then, we
6 have been casting about for another option, and the option
7 is to build a parallel network. Not to wait for Verizon
8 to come north of the Notches. Not to wait for anybody
9 else to pick up that challenge, but to do it ourselves to
10 build an open access system, using mostly public/private
11 finances and partnerships.

12 In that regard, FairPoint has addressed
13 us, asked if we could work together. And, where we can,
14 we will. The IBEW guys have asked me, because they know
15 my wife is a retiree of Verizon. She actually served as a
16 cord board operator, which some of the new employees may
17 not know what the hell that is. But it used to be "Maude,
18 connect me to Harold", and you plug the wires in and away
19 we went. I don't want to see any of those benefits lost
20 either. So, I'm -- I've got that built-in conflict.

21 But I want to give you some anecdotes
22 about what service has been like under Verizon. It's been
23 intolerable. As an economic developer, when we get a
24 business that's interested in locating or relocating into

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1 the North Country, we're anxious to please. We're anxious
2 to sign the deal. We're anxious for them to break ground.
3 In two instances, in the far north of Coos County,
4 businesses have, in fact, invested, moved their businesses
5 from Middlesex, Mass. and from Florida, only to wait four
6 and five months for plain old telephone service. Nothing
7 high-speed, they don't want wireless, they don't want
8 broadband, they just want phone service. And, ultimately,
9 we had to resort to calling State agencies, and well
10 placed folks in the elected government and agency heads to
11 get that to happen. And, that was at a time when Verizon
12 actually had a resident president here, which we don't
13 have any longer. I find that perplexing. For my telecom
14 company, for my telecom provider not to be able to
15 provision a telephone service is not acceptable.

16 The most recent example was the letting
17 of construction contracts in Berlin for a \$230 million
18 federal prison, second largest capital expenditure --
19 public capital expenditure project in the state. The
20 contractors put in their ghetto, their little, you know,
21 contractor shacks somewhere about the middle of August,
22 and put in a request for phone service. Last week they
23 called me and said "do you know how we can get phone
24 service expedited? We're told it will be 30 more days."

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1 Well, that's, my numbering, 65 days or so to get phone
2 service for a \$230 million project. Again, I pulled out
3 my Rolodex, gave him the number of a few agency heads,
4 and, voila, it was installed this week, but well in
5 advance of the time frame that they were provided.

6 So, I'm conflicted. I'm conflicted by
7 the needs of our area. I'm conflicted by the hope that we
8 can maintain the good-paying jobs that those union folks
9 represent, because they really have become the benchmark
10 for the North Country, in terms of salary and benefits and
11 that sort of thing. And, I guess it's really, to requote
12 Pogo, "the enemy is us." We have not been very vigilant
13 about our needs in this state. We have not been very
14 vigilant about what world global competition requires of
15 us. I don't think, and this isn't a slam, I think it's
16 just a statement of fact, Verizon has pretty much had its
17 way with regulatory commissions from Maine to Hawaii, and
18 it's time that stops.

19 I would suggest that, as we build our
20 wireless system, we will be educating consumers as to what
21 world-class service is, as to what world-class
22 applications are for bandwidth, as for what customer
23 service looks like, as to what fulfillment looks like.
24 And, I would submit that those consumers and coalitions of

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1 those consumers, whether it's BIA folks or well-dressed
2 chamber of commerce types or whoever, are going to hold
3 the state's feet to the fire to ensure that we have
4 world-class services.

5 Now, whether it's Verizon or FairPoint,
6 I'm pretty agnostic. I really don't care. You know? I
7 want -- I want a good loaf of bread and I don't want it to
8 cost me an arm and a leg. That's really all I want as a
9 consumer. And, I want to be able to tell businesses
10 looking to relocate in northern New Hampshire "yes, we got
11 that", instead of giving them a reason to discount us and
12 look elsewhere, we can say "no, we've got that, and it's
13 not going to cost you an arm and a leg."

14 One more vignette. I also serve on a
15 school board in the White Mountain Regional School
16 District. We've been trying to get high-speed access into
17 a small school, in a small town, 800 souls, well, I think
18 they all have souls, 800 people on the Connecticut River,
19 and we were told that the monthly charge would be 1,700
20 bucks a month for a 1.54 T-1 line, but it would cost us
21 \$30,000 to provision it, for them to build the
22 infrastructure between their last hook-up and that school.
23 Well, that's not a number that we can even consider on our
24 school budget. Our economy is in the tank. The basic

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1 economy, timber industry, is fleeing for offshore, better
2 climates and offshore global markets and so on, and we're
3 looking to remake ourselves, and we cannot do that without
4 world-class services.

5 So, I ask you, as you structure the
6 deal, whether it's with FairPoint or it's Verizon Rural 2
7 or it's -- what are their terms "Spinco" and "Telco" and
8 "Worldco", whatever -- whatever agency comes in as the
9 survivor to the present system, we need to ensure that
10 their feet are held to the fire. Whoever it is. Again,
11 I'm agnostic. So, I do a good job of splitting it down
12 the middle. I'm supporting the unions, I'm sort of
13 supporting FairPoint, but I'm supporting the state. I
14 want to see New Hampshire remain competitive and able to
15 take its place in the worldwide competitive markets.

16 Thank you.

17 CHAIRMAN GETZ: Thank you. Trudy
18 Sutherland.

19 MS. SUTHERLAND: Good day. My name is
20 Trudy Sutherland and I am a resident of Concord. I'm also
21 an employee of the New Hampshire Business Review. I also
22 am in the business community as a member of the Home
23 Builders Remodelers Association, the New Hampshire CIBOR.
24 I am not representing the Business Review, CIBOR, or the

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1 Home Builders. But what I can tell you is, from my
2 experiences, that New Hampshire is kind of like the
3 red-headed stepchild here. And, if FairPoint wants to
4 come in and improve services in the North Country, as well
5 as in rural areas, I'm in favor of that. Part of the
6 issue I think we have here in New Hampshire is we don't
7 have a diversity of businesses. When it doesn't snow up
8 in the North Country, those businesses up there hurt.
9 With global warming, that's just going to get worse. That
10 economic problem is going to continue. We need to get
11 more businesses in here. I understand that they talk
12 about 250 new jobs that they're going to bring. That's
13 great. But, if we get more businesses in New Hampshire,
14 because we're able to have broadband services, we're going
15 to have more jobs than that created.

16 The other portion that I don't hear
17 today is talk about young people, we heard some talk in
18 reference to college kids. Well, they have to have access
19 to broadband. A lot of the college kids come in, but then
20 they leave. My youngest son actually has gone out West,
21 because he kind of considers New Hampshire to be a little
22 on the backward side. I can tell you that, for the New
23 Hampshire Business Review, our circulation predominantly
24 is from Concord south. And, why is that? It's because

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1 the businesses are Concord south. There isn't really an
2 incentive to go further north, because there is lack of
3 economic development. So, even though, you know, you hear
4 all this "North Country", "North Country" and "rural
5 areas", I think it's all about New Hampshire. Because the
6 more businesses that we're able to get in here, the more
7 younger people we'll keep, because, you know, when I'm 70
8 years old, I don't expect to have a 70 year old person
9 taking care of me in a nursing home or fixing my furnace,
10 I hope that younger people will stay in the state.

11 So, I think there's a much bigger issue
12 here with looking at the long-term economic factors,
13 keeping younger people in the state, keeping up, not being
14 in the Dark Ages. And, I think the rural and North
15 Country areas seem to be kept in the Dark Ages as the
16 red-headed stepchild, because they're not seen as
17 profitable. And, with FairPoint coming in, it sounds like
18 we'll be able to catch up a little bit.

19 I'm sure there was, you know, issues
20 when I remember it was New England Telephone, and then it
21 went to NYNEX, and then NYNEX went to Verizon, there was
22 probably some, you know, rumbles of "no, we shouldn't do
23 this", "we shouldn't do that". My understanding is that,
24 you know, they have promised to preserve all the existing

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1 Verizon jobs. So, I don't see where there would be loss
2 of jobs there. So, I'm not quite sure why this wouldn't
3 go through. I hear, from what I think I see is employees
4 worried, more so than the business community. But that's
5 from what I've heard, and it's just my opinion. So, I
6 would ask that you consider these factors when making your
7 decision. Thank you.

8 CHAIRMAN GETZ: Thank you. Michael
9 Giaimo.

10 MR. GIAIMO: Good morning, Mr. Chairman
11 and Commissioners. Good morning. My name is Michael
12 Giaimo, Vice President, responsible for Energy, Regulated
13 Utilities, and Environmental Affairs for the Business &
14 Industry Association, the BIA. It's my pleasure to be
15 here. And, I appreciate the Commission again this
16 opportunity to solicit feedback from the public. I will
17 be brief.

As I did in May, I come before you to express the BIA's support of the proposed transfer of assets from Verizon to FairPoint Communications. At the hearings you held this spring, the BIA identified five reasons as to why we support the proposal. They included: The proposal should result in enhanced customer services and benefits; FairPoint's commitment to the region and

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1 economy; FairPoint's strong history and reputation for
2 service in rural and small urban areas; FairPoint's
3 commitment to local communities; and the preservation of a
4 policy that recognizes the sanctity of private contracts.

5 Given time considerations, I will not
6 belabor these points. Rather, I will provide a copy of
7 this testimony, as well as past testimony, at the
8 conclusion of my statement.

9 There is one additional point that the
10 BIA would like to offer relative to the merger. For the
11 better part of three years now, our members have expressed
12 to us the need for improvements of New Hampshire's broad
13 based -- broadband capabilities, especially in rural
14 areas. If approved by the Commission, there will be an
15 expansion of broadband deployment for the entire state.
16 Furthermore, FairPoint has established a calendar for
17 deployment and most importantly has stated a commitment to
18 put the necessary capital funding behind it. To the best
19 of my knowledge, this capital investment includes total
20 broadband investment in the first two years in the amount
21 of 52.5 million, with 16.4 million earmarked specifically
22 for New Hampshire. This is a good-faith commitment by
23 FairPoint to the region and to the state and should result
24 in expanded broadband service for New Hampshire.

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1 The BIA is confident that the
2 development of broadband technology, especially in the
3 north, will provide a valuable service to businesses and
4 residents, and ideally will strengthen the region's
5 economy and attract businesses. Thank you for the time
6 and consideration.

7 CHAIRMAN GETZ: Thank you. Kevan
8 Corson.

9 MR. CORSON: My name is Kevan Corson. I
10 live in Manchester, New Hampshire. I oppose the sale for
11 many reasons. The most important being that it's bad for
12 New Hampshire consumers and bad for economic development.
13 The Company that is trying to buy Verizon's poles and wire
14 is too small to have the money to provide the level of
15 service that New Hampshire needs. Verizon, with nearly
16 unlimited resources, has been unable to provide a
17 satisfactory level of service. FairPoint may be well
18 intended, but they are selling promises. Expanding
19 broadband by FairPoint is a soon-to-be-outdated DSL
20 product that no one dares call "21st Century technology".

21 FairPoint will not have the money or
22 products to participate in a true broadband role out
23 across New Hampshire. New Hampshire small businesses will
24 be left to try and compete without the tools available to

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1 businesses just across the border in Massachusetts.

2 There has been testimony today from the
3 BIA and the Concord Chamber of Commerce to support this
4 transaction. It should be taken with a grain of salt, as
5 the BIA's largest member is Verizon. And, the President
6 of the Concord Chamber of Commerce Board of Directors is a
7 FairPoint paid lobbyist. Their views are best subjective
8 and at worst tainted. This transaction is the most
9 important utility case in decades, and it is a utility
10 case. Not a case of two unrelated businesses --
11 unregulated businesses trying to make a deal. It does not
12 pass muster. Verizon gets to sell depreciated assets and
13 not pay taxes. FairPoint gets to borrow \$1.7 billion and
14 purchase an aging copper network. New Hampshire gets a
15 small rural telephone communications company trying to
16 compete in a global giant in the 21st Century. What a
17 bargain.

18 As I said, I live in Manchester, New
19 Hampshire. I've lived in the neighborhood for about 12
20 years. My next door neighbor, a retired fireman, and I
21 have not been able to get DSL for the entire time we've
22 lived there, he's lived there longer than I have. In
23 recent months, we were told DSL was provided to our
24 neighborhood. They had upgraded the system with the

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1 latest DSL product. My next door neighbor, Dan
2 Daigneault, purchased DSL. In two weeks, he canceled that
3 product. After eight phone calls, being told any number
4 of reasons why it didn't work, a technician finally showed
5 up at the side of his house and informed Dan Daigneault
6 that he was too far out from the hub and he could not
7 receive this DSL with the latest technology. Dan said to
8 me "It was like watching a Comcast commercial and he was
9 one of the turtles." With that, I thank you for your
10 time.

11 CHAIRMAN GETZ: Thank you. Bonnie
12 Newman.

MS. NEWMAN: Good morning. After a long
night cheering the Red Sox, I thank you for providing me
and others with the opportunity to appear before the
Commission to discuss this important transaction. The
sale of the New Hampshire based land line telephone system
from Verizon Corporation to FairPoint Communications
Incorporated. My name is Bonnie Newman, and I am a
resident of North Hampton, New Hampshire. I am here today
because I support this sale. Indeed, I believe this
transaction is critically important to the economic future
of New Hampshire and the entire Northern New England
region.

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1 By way of background, I should mention
2 that my interest in this issue goes beyond my New
3 Hampshire residency. Having grown up down river, in a
4 large Massachusetts telephone family, where my father was
5 employed as a lineman following World War II, and where he
6 spent more than a 30 year career with New England
7 Telephone Company, I am proud to admit that telephony is a
8 part of my personal history and perhaps even my DNA.

9 Beyond this genetic predisposition, it
10 has been my privilege to be associated throughout my
11 career with New Hampshire and New England's economic and
12 telecommunications infrastructure in a variety of
13 capacities. From 1991 to 1997, I was privileged to serve
14 as a Director of New England Telephone & Telegraph
15 Company. From 1995 to 1997, I served as a Director of New
16 York Telephone Company, more commonly known as "NYNEX".
17 In addition to these directorships, I have held a number
18 of positions, including the presidency of the Business &
19 Industry Association of New Hampshire, the presidency of
20 the New England Council, and the Executive Director of the
21 Forum on New Hampshire's Future. All of which focused
22 upon and were dedicated to the prosperity and vitality of
23 the New Hampshire and New England economies. In addition
24 to these positions, and others, I served from 1984 through

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1 1985 as U.S. Assistant Secretary of Commerce for Economic
2 Development. And, most recently, as interim President of
3 the University of New Hampshire, a cornerstone of New
4 Hampshire's competitive preparedness and economic
5 development infrastructure.

6 Over this more than three decade New
7 Hampshire based career, I have concluded, particularly in
8 this era of globalization, that economic development and
9 corresponding competitiveness and prosperity are
10 impossible without the benefit of a technologically
11 advanced, reliable, and cost-effective telecommunications
12 infrastructure. It is for this reason that I support the
13 sale of the Verizon land-based system to FairPoint
14 Communications, and why I agreed to stand for election as
15 a Director of FairPoint and to serve as its Lead Director.

16 With the exception of education, I
17 believe that there are few things that are as essential to
18 the future security, health, economy, and well-being of
19 our state and citizens than our ability to have and
20 maintain a state-of-the-art telecommunications system.

21 After careful study and personal due diligence surrounding
22 the relationship, human capital, systems, finances, and
23 quality and service controls employed by FairPoint, I am
24 persuaded that this is a company with the financial

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1 integrity, demonstrated history, and dedicated commitment
2 to the technological advancement and future prosperity of
3 New Hampshire and Northern New England.

4 As it has already, in 92 percent of its
5 existing service area, which includes 30 local exchange
6 companies located in 18 states, FairPoint is committed to
7 the prompt and comprehensive installation of broadband
8 service throughout New Hampshire, Maine, and Vermont. In
9 addition, FairPoint has agreed to retain, within the
10 three-state area, 2,800 existing Verizon employees and add
11 675 new positions within the region, including 250 new
12 highly skilled New Hampshire jobs to support the
13 administrative and technical service functions essential
14 to this much needed modernization.

15 Thanks to author Thomas Friedman, we now
16 understand that the world is flat. If we do not seize
17 this opportunity to create a new paradigm for the future
18 of telecommunications in New Hampshire, I fear that the
19 history of the Amoskeag exodus will repeat itself into the
20 21st Century. We owe our children more.

21 I appreciate your time and consideration
22 and encourage your approval of this important transaction.
23 Thank you.

24 CHAIRMAN GETZ: Thank you. Ronald

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1 Fredette.

2 MR. FREDETTE: Good morning. Is it
3 still morning? Been a long one.

4 CHAIRMAN GETZ: It's still morning, and
5 I think we're going to take a short recess after you
6 speak.

7 MR. FREDETTE: Then, I'm the lucky one.

8 Mr. Chairman, distinguished Committee members, I would
9 like to thank you for the opportunity to speak before you
10 today. This is a privilege and an honor for any New
11 Hampshire citizen. My name is Ronald Fredette. I'm a
12 resident and New Hampshire businessman for the great State
13 of New Hampshire. I have raised my family here and been
14 involved in local politics, various civic organizations,
15 for over 30 years. Currently, my business is in sales and
16 marketing, with offices in Bedford, Concord, and soon to
17 be Laconia. I am appearing before the Commission today as
18 an independent small business owner to express my
19 deliberate opinion that Verizon's proposed sale of its New
20 Hampshire's operations to FairPoint should be denied. It
21 is my opinion that this sale is bad for business and bad
22 for New Hampshire.

23 I believe that this proposed transaction
24 inflicts harm to the public good and could significantly

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1 damage profitable business operations. Should this sale
2 be approved, future economic growth for small and medium
3 size businesses would be compromised. Causing business
4 owners, such as myself, to look to relocate to other
5 states.

6 In its present form, Verizon's current
7 New Hampshire operations does experience service quality
8 issues. I believe this to be generally due to the lack of
9 proper capital expenditures in recent years due to aging
10 copper cables and the lack of new investment by Verizon.
11 FairPoint's reported response to these service quality
12 issues has been that they can be resolved by increasing
13 staffing levels. What about investing in the aging plant?
14 Isn't that what profitable businesses really do? Could
15 someone please tell me how FairPoint, as a rural carrier,
16 can prepare to serve our small and medium businesses for
17 the next generation of telecommunications with such a poor
18 business plan?

19 This statement by FairPoint really
20 reveals the lack of proper planning that we can come to
21 expect should this sale be approved. This would be a
22 public harm. A deteriorating public communications
23 system, managed by a company that displays a lack of
24 business acumen.

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1 With increased competition in the
2 business world, companies need state-of-the-art, reliable
3 communications. Copper lines are no longer
4 state-of-the-art, modern, and reliable. They deteriorate.
5 Presently, New Hampshire's system has lacked capital
6 investment. New Hampshire businesses really do need a
7 full fiber network, similar to ones that are being
8 deployed in other states. DSL can barely serve my present
9 business needs right now. With the population growth in
10 New Hampshire, the demand for new services will require a
11 more robust system. Let's face it. The promises of DSL
12 deployment by FairPoint does not justify an approval.

13 What disturbs me most, should the sale
14 be approved, is that New Hampshire's communications
15 systems would be in the hands of a highly leveraged
16 capital structure. When engaging in a contract, I always
17 try to analyze if the vendor can deliver the goods. Good
18 judgment calls us to pass on things that sound too good to
19 be true. FairPoint and Verizon are overselling this
20 proposal. They are saying to us what sounds good, but, in
21 two to three years from now, the sad truth will be before
22 us, an over-leveraged company with outdated products,
23 unable to react to the business needs of New Hampshire.

24 I believe that the future economic

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1 growth to small and medium businesses in our state will be
2 seriously harmed should this sale be approved. Verizon
3 has promised -- I'm sorry, FairPoint has promised a lot in
4 the last few months. It's main promise is to bring
5 broadband to the rural areas. While this is a very
6 noteworthy undertaking, I am reminded of what was said at
7 a recent technology summit in Manchester, New Hampshire.
8 It was noted that our public policies should try to
9 identify new opportunities that will help us promote our
10 small and medium businesses. This is a critical task,
11 especially now, since there is no imminent technology that
12 will suddenly emerge to drive an economic boom.

13 If this sale is approved, what are we
14 giving up? I believe we're giving up a full fiber
15 network. Verizon has already invested substantial capital
16 in their FiOS product. Verizon has already implemented
17 full fiber networks in parts of Massachusetts. This
18 should be the next generation of communications for New
19 Hampshire, not DSL. Should I move my business to
20 Massachusetts to remain competitive? I think some New
21 Hampshire business owners will be facing this decision.

22 Presently, New Hampshire leads New
23 England in economic growth by a small margin. The
24 southern and Seacoast regions are leading the charge.

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1 Will companies be interested in relocating here in the
2 future? Will businesses reconsider a decision to move
3 here, should the state's telecommunications fail to meet
4 national trends? Our neighboring states compete with us
5 for jobs and commerce. I am concerned about New
6 Hampshire's competitive edge. For a New Hampshire
7 business to thrive, we need first-class communications.
8 If your company needed a more robust demand for a
9 bandwidth, where would you go? To New Hampshire with DSL
10 or Massachusetts with fiber? I think the choice is
11 apparent.

12 To conclude, our public policies should
13 attempt to identify opportunities that promote our New
14 Hampshire businesses. I believe the facts for a denial to
15 be compelling, that this proposed transfer is premature,
16 the benefits are speculative, and the plans are vague.
17 FairPoint has demonstrated poor managerial abilities. The
18 magnitude of this transfer is substantial and the
19 transaction is irreversible. The promises of broadband
20 DSL deployment do not justify an approval. This will harm
21 the future of New Hampshire businesses. Some businesses
22 may choose not to relocate; some will choose not to remain.
23 This is bad for New Hampshire businesses and bad for New
24 Hampshire. Thank you for your time.

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1 CHAIRMAN GETZ: Thank you. We're going
2 to take a five-minute recess. And, the next speaker when
3 we resume will be Judith Elliott.

4 (Recess taken at 11:10 a.m. and the
5 hearing reconvened at 11:21 a.m.)

6 CHAIRMAN GETZ: Is Ms. Elliott here?

7 MS. ELLIOTT: I am.

8 CHAIRMAN GETZ: Ms. Elliott, please.

9 MS. ELLIOTT: Can I put one copy over
10 here? Is that where it goes?

11 CHAIRMAN GETZ: That's fine.

12 MS. ELLIOTT: Well, good morning. My
13 name is Judith Elliott, and I do hold degrees in Economics
14 and Accounting, and I've written a number of analyses of
15 the New Hampshire economy. I'm a member of the Executive
16 Board of the New Hampshire AFL-CIO, and I'm also the
17 Director of New Hampshire COSH. I want to add that I was
18 a PUC Staff member in the early 1980s, when I worked on
19 regulations for small energy generators. And, you have
20 much nicer offices nowadays, I have to say.

21 I have just a few minutes worth of
22 written testimony. And, I'll get to that. It's easier to
23 use written testimony in a situation like this, which is
24 pretty high stress. But I did want to say that I've been

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1 sitting here listening this morning to all the testimony.
2 And, I have to say that what I'm hearing is stories about
3 real problems, but the solutions proposed are absolutely
4 the wrong solutions. I'm hearing small businesses and
5 students and other people in New Hampshire screaming in
6 pain, because we don't have good service, whether it be
7 just regular phone service, and I have to say my phone
8 service has been out a lot lately, or we don't have good
9 high-speed Internet. And, it's a terrible thing for
10 businesses, for individuals, for elderly people, and it's
11 an awful situation to us.

12 But this is a situation that's been
13 created deliberately by Verizon, and I don't think we
14 should reward them for it. They have, by deliberately
15 disinvesting in its New Hampshire infrastructure, in
16 failing to update, they've created a situation where many
17 people in New Hampshire are willing to accept an
18 excessively risky deal from a small player like FairPoint,
19 a deal which should never be accepted, and this is a
20 situation of Verizon's making, and they should be required
21 to fix it.

22 So, I do want to read my written
23 comments. Last May, in Exeter, I spoke as a consumer
24 against the Verizon/FairPoint transfer. Since then, I've

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1 had the opportunity to learn more about the proposal.
2 Today, I oppose it as an economist concerned with the
3 people and businesses of New Hampshire. In recent years,
4 Verizon has failed to invest adequately in its New
5 Hampshire facilities, although it certainly has had the
6 resources to do so, and still has the resources to do so.
7 As a result, the quality of service has deteriorated. In
8 addition, high-speed Internet access remains unavailable
9 to far too many families and businesses. Only 59 percent
10 of New Hampshire residential consumers have access to
11 high-speed Internet, compared to 79 percent nationally.
12 So, if Verizon has underserved New Hampshire, why not
13 approve the transfer to FairPoint?

14 This is why. The problem is that
15 consumers and businesses would be worse off with
16 FairPoint. FairPoint simply does not have the financial
17 or technical resources needed to maintain and expand the
18 system after years of disinvestment by Verizon. If just a
19 few of its optimistic financial assumptions prove
20 unrealistic, FairPoint's ability to provide phone and
21 Internet service in New Hampshire will be severely
22 jeopardized. According to testimony submitted to this
23 Commission by John Antonuk, FairPoint's proposed financial
24 structure is highly leveraged and its business model

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1 requires large dividend payouts. And, I understand that
2 those dividend payouts in future years are projected to
3 exceed net income. Inadequate cash flow poses a risk of
4 failure to meet debt-agreement covenants that may lead to
5 potential loss of control of the company to lenders. In
6 other words, whatever commitments FairPoint makes it may
7 be unable to keep. We conclude that there is too much
8 uncertainty about FairPoint's ability to achieve its
9 forecasted financial results. A failure to achieve the
10 forecasted results poses a significant threat to continued
11 provision of reliable wireline service and desired new
12 products.

13 And, I understand the whole testimony
14 has already been submitted to the Commission, so you're
15 familiar with it. So, FairPoint's financial weaknesses
16 create serious risk for consumers and communities in New
17 Hampshire. No matter what the Company promises, there is
18 a real question as to whether it can deliver.

19 This will jeopardize FairPoint's ability
20 to improve Verizon's currently inadequate service quality,
21 and thus will jeopardize New Hampshire families and
22 businesses. Anecdotically, I can report, as I mentioned
23 earlier, that at my home near Concord, where we don't yet
24 have high-speed service, last summer we lost service three

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1 or four times. What happens if the phone is out during an
2 emergency? What is the impact on home-based businesses?
3 And, I think we've heard what a negative impact this
4 situation has created.

5 Weak finances also will undermine
6 FairPoint's ability to provide good high-speed Internet
7 services throughout the state. Good Internet access is
8 essential to our economic climate, as we all know. A
9 business can be crippled by the inability to take orders
10 or provide product information by Internet. In addition,
11 as we know, high-speed Internet access is needed by
12 residential customers for key needs, such as health and
13 education. Dial-up is no longer acceptable as a basic
14 service, since most applications now assume a high-speed
15 connection.

16 I want to point out here that
17 unfortunately New Hampshire knows what can happen if a
18 small public utility takes on a risky project that is too
19 big for it. We all remember the terrible dislocations
20 that happened due to the bankruptcy of Public Service
21 Company. And, we all know what kind of electricity rates
22 we have nowadays. So, we should be very wary of repeating
23 this experience where a minnow tries to swallow a whale.
24 The consequences can be disastrous financially.

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1 And, I would like to conclude with one
2 final thought. Too often, New Hampshire has seen
3 businesses pull their assets out of the state, sending
4 them to places where they think they can get a higher rate
5 of return. In most cases in New Hampshire, we have had no
6 alternative but to watch this happen, as factory after
7 factory pulls out and goes south, goes to Mexico, with
8 resulting tremendous job losses. So, in most cases, we
9 have had no alternative except to watch it happen. But,
10 in this case, New Hampshire does have a voice. Verizon,
11 unlike our paper mills and machine shops, is a regulated
12 utility. In return for collecting a rate of return from
13 New Hampshire customers, Verizon has made important
14 commitments to this state and its consumers. It must
15 honor those commitments. Only then, after Verizon brings
16 its service up to standard and provides the service it
17 should be providing, only then should a sale be
18 considered, and the sale should be made only to a company
19 with resources, experience, and genuine commitment needed
20 for a successful transition and needed for continued
21 investment in state-of-the-art services. And, that
22 company is simply not FairPoint. Thank you.

23 CHAIRMAN GETZ: Thank you.

24 Representative Hansen. Senator Letourneau.

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1 SEN. LETOURNEAU: Good morning. Still
2 morning? Yes, it's still morning. Chairman Getz,
3 Commissioner Morrison, Commissioner Below, I'm Senator Bob
4 Letourneau, and I'm here today representing the 55,000
5 plus citizens of New Hampshire that live in my District
6 19, in the Towns of Derry, Hampstead, and Windham. This
7 particular issue has been an issue where I receive
8 hundreds of phone calls, e-mails, and letters from my
9 constituents that have concerns about this proposed
10 merger. I'm not here to say whether it's a good merger or
11 a bad merger, but there are issues that need to be
12 addressed and that need to be looked at carefully.

I want to begin by saying to you that
I've had over 40 years experience as an electronic
technician, that's where my background is, prior to coming
to the Legislature. So, I understand what's going on in
the world of electronics. And, I also want to say that I
am, a little bit of disclosure, that I'm a Verizon
Wireless and a Verizon customer, and I happen to be one of
the guys that's lucky enough to have the new FiOS fiber
optic cable at my house. And, I have to tell you that
"it's true QUAM".

23 Back about 18 to 24 months ago, I was
24 working with Verizon officials and my town officials in

1 Derry to be the first New Hampshire town to be the town
2 that was completely wired for fiber optic, offering the
3 Triple Play of telephone, television, and high-speed, when
4 I say "high-speed broadband", I mean "real high-speed
5 broadband". We've heard a lot about broadband and
6 high-speed this morning. I want you to know the
7 difference between FIOS and DSL is tremendous, probably
8 four to ten times faster. But, not just that, when you
9 have fiber optic cable, you have an ability to carry
10 hundreds, if not thousands, more pieces of information on
11 that same piece of cable that you cannot do with copper.

12 And, this deal is a deal made in heaven
13 for Comcast, because now Comcast won't have any
14 competition in the TV field, particularly in the Town of
15 Derry. And, I want to go back a little bit to the deal
16 that we were working together with Verizon and the Town of
17 Derry. In the middle of the negotiations to set up to be
18 the first town to have this Triple Play, Verizon suddenly
19 said "We're not going to negotiate any longer. We're
20 pulling all our equipment out and move them to Connecticut
21 or Massachusetts or somewhere else." Just completely
22 dropped out of the picture. So, I've only got one or
23 maybe two parts of this Triple Play. I've got the
24 high-speed Internet access with FIOS, and I also have the

1 FIOS for my telephone service now, which is absolutely
2 crystal clear. No more scratching, no more of that
3 interference you hear on your phone lines when you have
4 bad weather because the weather is getting into the
5 copper. I cannot stress enough on the difference between
6 fiber and copper cable. It is very, very important. For
7 me, it's -- and to give you an example of what that would
8 be, it would be like Henry Ford saying "no" to the steel
9 wheels and deciding to stay with wood-spoked wheels on his
10 cars back in the first part of the 20th Century. It's
11 just unbelievable that we would be considering going with
12 more copper and less fiber.

13 I have met the Company officials at
14 FairPoint and I have met the Company officials at Verizon.
15 And, I have spoken on the phone with numerous engineers
16 and people in my district. And, one of the points that
17 was made to me was that, if FairPoint takes over the
18 Company from Verizon, they do not intend to keep up the
19 FIOS system or expand it. So, I questioned the Company
20 officials when I met with them. And, they said that is
21 indeed true. They're going to offer DSL, and they're not
22 going to expand on the FIOS. Again, it's a dream for
23 Comcast, because now they will not have that particular
24 competition for the TV business that we all so desperately

1 need.

2 Comcast raises rates indiscriminately.

3 I've talked to people in my district that are paying \$100,

4 \$150 a month for cable service, just to watch television.

5 That's absolutely ridiculous. With a competitor in the

6 marketplace, that could give some -- that could drive some

7 costs down.

8 So, to close out my testimony, I would

9 just want you to understand and to take into

10 consideration, if this deal is going to go through, we

11 need to have the fiber optic as a piece of that puzzle.

12 If the company is not able to provide it, then I don't

13 think that we should be looking at it. Because, at the

14 end of the day, my job and your job is to represent the

15 people of New Hampshire, and to give them the best

16 possible service and make the best possible decisions for

17 them. And, there is a lot of concern out there from the

18 public about this particular merger. I'm not saying it's

19 a bad deal, but it has to be the best deal for New

20 Hampshire. If fiber is not part of it, we're not going to

21 move forward to the next century. Thank you.

22 CHAIRMAN GETZ: Thank you. Kristina

23 Kelley.

24 MS. KELLEY: Hello. My name is Kristina

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1 Kelley, and I am a Nursing major at St. Anselms College.
2 Each day we learn new procedures and medicines that
3 improve, lengthen and save people's lives. Innovations
4 and modern technology are responsible for those
5 breakthroughs. Some of these innovations have side
6 effects. So, they are tested, and those that are proven
7 to have a good standing and a sound track record of
8 success before they are implemented. These products and
9 procedures are then administered to patients that require
10 medical attention. I think we can draw this comparison to
11 our current situation with FairPoint and Verizon.

12 FairPoint is a well respected company
13 with a long track record of success. They specialize in
14 delivering high-speed Internet access to rural areas.
15 They have succeeded in each of the many communities they
16 deliver service to. FairPoint will bring jobs to New
17 Hampshire. They will bring high-speed Internet access to
18 19 communities that are currently using dial-up or have no
19 service at all. They have committed to invest in local
20 economies of many cities and towns throughout the state.

21 As I mentioned, there are currently 19
22 communities that are suffering from not having high-speed
23 Internet access, 19 communities who are not as
24 economically or technologically healthy as the rest of the

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1 state. These are communities that could use some sort of
2 prescription to better their collective lives. Some of
3 these areas are home to hospitals that need to provide
4 care and service of their patients from experts beyond
5 their walls. These hospitals are faced with the issue of
6 not having the ability to communicate with specialists in
7 Boston or outside the region in an efficient manner. This
8 is more than a public utility issue, but a public safety
9 issue as well. FairPoint seems to be that prescription.

10 There are many benefits in having
11 FairPoint come to New Hampshire. Over 200 new jobs will
12 be created, and the Company has committed to bringing
13 every city in New Hampshire into the 21st Century. And,
14 what are those side effects if this deal doesn't go
15 through? Well, the cities and towns in New Hampshire who
16 do not have high-speed Internet access will remain in the
17 Dark Ages, and New Hampshire will have lost a great
18 opportunity to spur economic development and jobs.

19 I don't consider myself an economic --
20 an economist or a telecommunications expert. I do
21 consider myself as someone who can diagnose an ailment,
22 identify a solution, and administer that solution that
23 will have a positive outcome. FairPoint is the
24 prescription that New Hampshire needs. I urge you to

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1 approve the FairPoint acquisition of Verizon. Thank you
2 very much.

3 CHAIRMAN GETZ: Linda Heney. "Heney"?

4 MS. HENEY: "Heney". Hi. Good morning.

5 My name is Linda Heney. And, I'm a resident of Laconia
6 and a Sales Manager from Wilcom. Wilcom is an
7 international manufacturer and supplier of
8 telecommunications equipment located in Laconia at the
9 same location for 40 years. Many of our employees have
10 been with us for more than 30 years. All of our products
11 are manufactured by New Hampshire residents in our Laconia
12 facility. We serve the needs of telecommunications
13 service providers and suppliers throughout the world.
14 Wilcom, in its 40 year history, has been a proud supplier
15 to Verizon and its predecessor Bell companies throughout
16 the United States.

17 It is important to Wilcom, as a small
18 New Hampshire company, to continue to provide this
19 equipment to FairPoint Communications. One of our major
20 product lines is high-speed Internet components used in
21 the delivery of DSL service. We firmly believe in the
22 commitment FairPoint made to us and to our fellow New
23 Hampshire residents to expand their delivery of high-speed
24 Internet service. We certainly hope to continue to

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1 partner with FairPoint in this venture.

2 Speaking personally, as a New Hampshire
3 resident and a working mother, I am here today to
4 emphasize how important this acquisition is to me. This
5 acquisition will not only be beneficial to Wilcom, but to
6 New Hampshire residents, local businesses, and the New
7 Hampshire economy as well. Thank you for allowing me this
8 time to speak before you.

11 MR. LANDRI: Good morning. My name is
12 Craig Landri and I'm a student at St. Anselms College. I
13 have been following the FairPoint acquisition in New
14 Hampshire and feel that it would be good for the entire
15 state. As a student, I can attest the Internet is an
16 important part of my academic and social life. I read a
17 recent figure that only 67 percent of New Hampshire has
18 high-speed Internet access. This statistic is very
19 surprising to me at this day and age when the Internet has
20 become an important part of our lives.

From what I understand of this merger,
FairPoint will bring high-speed Internet access to parts
of the state that are still using dial-up or have no
Internet access at all. Additionally, FairPoint has

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1 committed to honoring all current employee contracts and
2 even generating new jobs throughout the state.

3 I love going to college in New
4 Hampshire. I can see myself working here after
5 graduation. What's important for anyone who chooses a job
6 or a geographic location to work in is examining the local
7 economy, the business climate, the potential for growth,
8 and the investments being made to the infrastructure and
9 technology. It would be refreshing and encouraging to see
10 this merger take place as it will open up all of New
11 Hampshire to high-speed Internet access, increase jobs,
12 and economic investment. "

13 This merger is good for business and
14 universities, for people both young and old, and residents
15 from Bedford to Berlin. I would encourage the PUC to
16 approve this merger. And, I thank you for allowing me to
17 speak here.

18 CHAIRMAN GETZ: Thank you. Jaime
19 Contois. "Contois"?

20 MS. CONTOIS: "Contois".

21 CHAIRMAN GETZ: "Contois".

22 MS. CONTOIS: Thank you. Is it "Below"?
23 Am I producing it correct? I like to ask before,
24 considering my last name. My name is Jamie Contois. And,

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1 I am -- I want to say, actually, it's nice to be before
2 each of you, Commissioner Below, Getz, and Morrison. I am
3 a resident of Keene, and have been working on a project
4 called "Working Families Win". And, am here in my
5 citizen's capacity, but wanted to do full disclosure of
6 who I am and who pays my salary. I work on an economic
7 justice campaign, and the goal is to make sure that folks
8 have health care, that people actually have good jobs in
9 their community, other radical ideas like that. And, I'm
10 here today because I'm taking a long lunch break, and, as
11 a citizen, I feel it's very important for us to look at
12 the larger context in which we're operating. And, I
13 respect, there was a young woman up here a moment ago
14 who's a nurse, and there was a number of young people who
15 have come up and spoken on behalf of various concerns that
16 they have.

17 We operate, as I'm sure folks who
18 monitor the utility situation across the country, in the
19 context of very large global economic pulls and pushes.
20 And, I am very aware of the fact that Verizon is doing
21 very well for itself. And, I wanted to ask, if the Public
22 Utilities Commission is looking to resolve concerns about
23 infrastructure in the State of New Hampshire, that we
24 create hearings that look at how Verizon has not met its

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1 commitments to citizens and consumers. And, that we not
2 look at what is actually being looked at right now, to
3 sell this infrastructure off and change contracts and
4 change all kinds of commitments this company has, to a
5 much smaller company, which knowingly will bring a lesser
6 service to New Hampshire. It is really important that we
7 provide high-speed Internet services to rural communities.

8 I can't tell you how long, I was in Harrisville, and
9 that's what I had. It's really frustrating when you're a
10 graduate student here in New Hampshire to deal with those
11 kinds of problems. My question is, why aren't we here to
12 figure out how to ask that of Verizon? Why is that not
13 what citizens and public utilities commissions have the
14 role and responsibility to make sure that some of the
15 largest telecommunications firms in the country are
16 following through on their commitments to consumers?

17 It's a question that strikes me as very
18 important. And, I wonder, do you guys actually get to
19 respond ever or do you have to just listen?

20 CHAIRMAN GETZ: We listen and we write.

21 MS. CONTOIS: Okay.

22 CHAIRMAN GETZ: There will be a written
23 opinion after the hearings are over.

24 MS. CONTOIS: Okay. This is my first

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1 Public Utilities Commission hearing. I was hoping you
2 would be able to respond to some of my questions. So,
3 that's unfortunate.

4 CHAIRMAN GETZ: There are Staff members
5 who you could probably ask questions of out in the
6 hallway.

7 MS. CONTOIS: Okay. I'll make sure to
8 do that as I leave. So, my question is, as we proceed in
9 making a decision, as a regulatory body here in New
10 Hampshire, as each of you and your colleagues move
11 forward, the question for me is, why haven't we held
12 Verizon accountable to their commitments to us, instead of
13 going to another company who has less of an actual
14 technological service to provide, they're saying they're
15 going to provide it to communities all over the place,
16 that's wonderful. Verizon should have been doing that.
17 And, instead, we're providing less and less and less to
18 consumers, to workers, and we're the front lines. We're
19 the people who actually get to decide how national and
20 global economic systems are being put in place and who
21 they're serving. That's us. The people in this room
22 right now.

23 This is not about whether somebody in
24 Harrisville, New Hampshire has dial-up, and if FairPoint

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1 is any good or not. The question is, we have a company.
2 It's a huge telecommunications firm. They have the
3 capacity to do it. Let's make them install high-speed
4 Internet into all these communities where they could.
5 And, let's not be looking ahead to a sale to a company
6 that's promising to do many of the things that Verizon
7 promised. And, I would also challenge each of you to
8 realize, if you haven't already, I'm guessing you do
9 realize this, but recognize the role you play in these
10 large economic systems and the way that we hold
11 corporations accountable to our communities and to our
12 workers and to our citizens and our consumers, because you
13 have such a key role right here, right now, in New
14 Hampshire, in the decision that you make. And, you have a
15 much larger role to play than just deciding whether or not
16 we're going to move from one big player to a little
17 player. You can decide how it is that we actually
18 implement policy with telecommunications firms, and who
19 are the winners and who are the losers.

20 So, I appreciate the time. And, I'm
21 glad I'm now educated a little bit more about how the PUC
22 works. And, I will ask my questions of folks in the
23 hallway. Whether or not they're able to completely answer
24 my questions, we'll say see. Thank you very much.

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1 CHAIRMAN GETZ: Thank you. Dana
2 Connors.

3 MR. CONNORS: Good morning, Mr. Chair
4 and members of the Commission. My name is Dana Connors.
5 I am the President and CEO of the Maine State Chamber of
6 Commerce. I repeat that, the Maine State Chamber of
7 Commerce. We are the largest business association in our
8 state. And, we represent a diverse cross-section of
9 businesses large and small throughout our state. I am
10 here today clearly, obviously, not as a citizen of New
11 Hampshire. I am also not here to tell you what to do. I
12 am here instead because I am concerned about the recent
13 publicity coming from our state's Public Advocate's Office
14 regarding the proposed merger.

15 Let me first say that I am aware and
16 very appreciative of the fact that all three states are,
17 in essence, working together on the FairPoint/Verizon
18 merger. We are more than neighbors when it comes to this
19 issue. We are truly connected. Each of us has an equally
20 important role, and we will all live with the consequences
21 of this transaction. If one only reads press releases,
22 one might think the Maine Public Advocate speaks for all
23 or most all of Maine consumers, and proposing that 23
24 conditions be met for the transaction to proceed. That

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1 very publicity is why I am here today. I am here to give
2 you additional information about the reaction of Maine
3 consumers to this proposal.

4 At the recent public hearings in Maine,
5 there were more than 100 people who spoke in favor of this
6 transaction. They represented a variety of small
7 businesses, larger manufacturers, such as McCain Foods,
8 academic institutions, including Husson College and
9 University of Maine at Fort Kent, health care
10 associations, economic development agencies, the Maine
11 Tourism Association, Maine restaurants and innkeepers,
12 chambers of commerce, just like here, from all across the
13 state, and a number of FairPoint's own very satisfied
14 customers.

15 The Maine State Chamber has endorsed
16 this merger for many reasons. We believe strongly in
17 FairPoint's plan to significantly expand broadband, to
18 invest in meaningful economic development initiatives, to
19 build new facilities, to hire and work with local vendors
20 who will provide essential products and services to
21 FairPoint and their new telecommunications network, and
22 create hundreds of new jobs in the three states, and
23 retain all the existing Verizon workforce.

24 We believe that the public across all

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1 three states stands to benefit from this transaction, in
2 the form of increased broadband opportunity and essential
3 high-speed communications, bringing this service to
4 thousands of people who do not currently have it. We
5 think the public will benefit from both job retention and
6 job creation, not just within FairPoint, but inside
7 numerous other businesses around our state and yours that
8 will serve FairPoint's operations. We also strongly
9 believe the public will benefit from more competition in
10 the marketplace. With competition comes better service,
11 competitive products, and lower prices. This we believe
12 is a significant public benefit. And, the public will
13 benefit as FairPoint will be a local company. They want
14 to be involved in our chamber and your chamber, to support
15 local nonprofits and charitable causes, to work with
16 economic development agencies across all three states, and
17 to help take existing plans and leverage economic
18 development initiatives to a much greater level.

19 The CEO of FairPoint has indicated to my
20 board of directors that this financial deal was structured
21 in such a way that the company will have the funds to
22 invest heavily in the network. And that, after the
23 closing, FairPoint will have approximately 1.5 billion in
24 revenues, making it one of the largest companies of any

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1 type in Northern New England. I also know that Wall
2 Street is backing the deal with financing from Morgan
3 Stanley, Lehman Brothers, Bank of America, just to name a
4 couple or three. And, if these institutions have agreed
5 to finance this deal, their consultants and analysts have
6 carefully reviewed the financial facts. And, I'm sure
7 have drawn very sound conclusions.

8 So, I stand before you this morning
9 urging you to look upon the merits of this transaction, as
10 I'm sure you will, and to ask that you not be influenced
11 only by Maine's Public Advocate's position on this
12 transaction. As your neighbor, too often we find our
13 states in competition with one another. But, today, with
14 this proposal, we have the opportunity and the
15 responsibility to be partners, working in collaboration
16 with one another. I come to you today in that spirit, and
17 for you to hear directly from me the rest of the story.
18 Thank you for allowing me to come before you this morning.
19 Thank you for your time. I thank you for your
20 consideration.

21 CHAIRMAN GETZ: Thank you. Larry
22 Caruso.

23 MR. CARUSO: I have chosen to pass, sir.
24 CHAIRMAN GETZ: Okay. Let me also note,

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1 anyone who wants to leave written comments, there are
2 forms that you may have seen out in the hallway and
3 there's a box out in the hallway, if you put it in the box
4 or give them to Staff, then we'll also enter in the file
5 any written comments anyone has. Mark MacKenzie.

6 MR. MacKENZIE: Mr. Chairman, if it
7 would be okay with the Committee, I would yield my time
8 and go to the back of the list, so that maybe Senator
9 D'Allesandro can speak before me. Would that be
10 permissible?

11 CHAIRMAN GETZ: Is there any objection?

12 (No verbal response)

13 MR. MacKENZIE: Only because he's a much
14 busier man than I am. And, I can wait. So, I'll take his
15 place at the back of the line, if that's okay with you.

16 CHAIRMAN GETZ: If there's no objection,
17 then, Senator D'Allesandro, would you like to switch
18 places with Mr. MacKenzie?

19 SEN. D'ALLESANDRO: Thank you very much.
20 A charitable donation. Do I have to record that in my
21 financial statement?

22 CHAIRMAN GETZ: That's between you and
23 the Secretary of State.

24 (Laughter)

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1 SEN. D'ALLESANDRO: Thank you very much.
2 Mr. Chairman and distinguished members of the Commission.
3 For the record, my name is Lou D'Allesandro. I live at
4 332 St. James Avenue, in Manchester, New Hampshire. I
5 represent District 20 in the State Senate. District 20
6 includes Wards 3, 4, 10, 11 in the Town -- or, the City of
7 Manchester and the Town of Goffstown. For full
8 disclosure, my wife is a retired Verizon employee. Worked
9 for Verizon for a number of years; actually started with
10 New England Telephone, then went to NYNEX, then went to
11 Bell Atlantic, then went to Verizon. So, she made the
12 transition quite nicely.

I'm really, I guess, very appreciative
of the kind of people that have come here to testify
before you. I have great respect for the process, I think
the process works. You are a public utilities commission,
and, as a result, have a responsibility to listen to the
public and to gather the public's input with regard to
decisions that you're going to make.

I think there are two very critical issues that you have to consider. One, you must measure the risk and the reward. And, that's a measurable commodity. You have economists and financial experts who will give you great input with regard to that. Secondly,

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1 you must measure the cost/benefit ratio of any decision
2 that's made.

3 There are a couple of axioms that are
4 present. One, Verizon is the second largest U.S. telecom
5 company. It has technology, experience and financial
6 resources. All of these are available at the present
7 time. The other player in this game is FairPoint
8 Communications. They're 16 years of age, and the 17th
9 largest telecom as defined by the rural phone company by
10 the FCC. Very significant, talking about a corporate
11 giant and a corporate entity. What does Verizon offer in
12 terms of technology? You've heard numerous iterations of
13 what they offer. What does FairPoint offer? These are
14 decisions that you have to make and you have to measure
15 the two.

16 Many of my constituents are extremely
17 concerned about the capability of the smaller entity to
18 deliver what the larger entity can provide. That's
19 axiomatic. It's a postulate as to what the smaller entity
20 can deliver. As a result of that, there's great concern.
21 My constituents bring to me great concern about this
22 transaction. This is a tax-free \$2.175 billion
23 transaction between Verizon and FairPoint. There are no
24 tax consequences. It's tax-free. FairPoint receives

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1 Verizon land-based lanes in Maine, New Hampshire, and
2 Vermont, and \$1.7 billion in debt.

3 You have the expertise, you have the
4 ability to gather the information to make this decision.
5 I say to you, as a member of the public, this decision
6 will affect every person in New Hampshire, Maine, and
7 Vermont. The articulation by the gentleman from the Maine
8 Chamber of Commerce, that's good input. But the fact
9 remains that you're taking a major player in the corporate
10 world and a very, very minor player and creating a
11 transaction. This transaction must be measured, based on
12 the risk and the reward and the cost/benefit for the
13 people of the State of New Hampshire.

14 I ask that you look very carefully and
15 very cautiously when it comes to making this decision.
16 Because, in the final analysis, you must make a decision
17 that's in the best interest of the people of the State of
18 New Hampshire. You're given that responsibility by
19 statute, and I'm sure you accept that responsibility and
20 move forward. On face value, this doesn't look like the
21 greatest deal every to come down the pike. Thank you very
22 much for your attention. Thank you for allowing me to
23 speak. I appreciate it. And, my thanks to Mr. MacKenzie
24 for allowing me to move up on the list. Time is precious

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1 these days. Thank you very much.

2 CHAIRMAN GETZ: Okay. Thank you. Peter
3 Flynn.

4 (No verbal response)

5 CHAIRMAN GETZ: Larry Crane?

6 MS. CRANE: I'm sorry, Lucy Crane?

7 CHAIRMAN GETZ: Could be.

8 MS. CRANE: Good morning and good
9 afternoon. My name is Lucy Crane. I am a principal in
10 Northern Belles, a specialized needlepoint design business
11 located here in Concord. I am fully in support of the
12 Verizon/FairPoint merger. My business designs needlepoint
13 specialties for entities such as the New Hampshire
14 Historical Society and the New Hampshire Highland Games,
15 as well as for individuals. For example, we just designed
16 a custom pillow for Chris Wallace of Fox News. Our
17 stitchers are located in Armenia, one of the former Soviet
18 Block countries. In many ways, our citizens located in
19 the underserved parts of New Hampshire are less connected
20 to the world of international commerce than those in the
21 former Soviet Block countries.

22 For my business, I cannot market to
23 potential clients in many parts of New Hampshire, as I can
24 to clients in other parts of the United States and the

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1 world. I need to send my clients drafts of the designs to
2 get feedback. I need my clients to have access to
3 high-speed broadband in order for the design to be pulled
4 up to view for changes or approval. This is not possible
5 in many parts of New Hampshire. I cannot market to many
6 potential clients in New Hampshire without getting in my
7 car and driving to them.

8 On a side note, I am a North Carolinian.
9 I grew up in Rocky Mount, North Carolina with the current
10 CEO of Wachovia Bank and the Governor of North Carolina,
11 both of whom have made their careers in Charlotte, North
12 Carolina. My brother is a banker in the state, and I have
13 checked out FairPoint with my North Carolina connections.
14 Word is they are great members of the community. Thank
15 you for your time.

16 CHAIRMAN GETZ: Thank you. Eric
17 Rosenberger.

18 MR. ROSENBERGER: Good morning. My name
19 is Eric Rosenberger. I'm the President of Education
20 First, an international education consulting business.
21 Let me give full disclosure. My wife is Teresa
22 Rosenberger, who works for Devine, Millimet & Branch, and
23 it seems that she's been working on this project forever.
24 I would be here to testify no matter what law firm she

1 works for.

2 My business is focused on one thing, and
3 it's pretty much what the U.S. Army says, "Be all that you
4 can be." For students today, to reach their potential,
5 they need access to broadband. My business helps students
6 get into colleges, graduate schools, and boarding schools.
7 I work with students in New Hampshire, throughout the
8 country, and throughout the world. My clients in the
9 North Country or other parts of New Hampshire that do not
10 have access to broadband are very disadvantaged. I'm in
11 constant contact with my clients on the Internet reviewing
12 their applications, essays, lists of schools, asking them
13 to do research, and to get back to me. My clients without
14 access to high-speed broadband are having to fax or call
15 me with their questions, edits, etcetera, and they also
16 have a very hard time doing research on the colleges.
17 Today, all of the colleges have wonderful websites. And,
18 if you don't have high-speed, it's very hard at times to
19 get access to what's on those websites.

20 I'm in total support of FairPoint in
21 their initiative to deploy broadband to the parts of our
22 state where our students are disenfranchised. Every
23 student, high school student, college student, graduate
24 student, without -- whether from Ringe or Nashua, deserves

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1 the same access to help in this competitive education
2 environment. Thank you.

3 CHAIRMAN GETZ: Thank you. Chris
4 Williams.

5 MR. WILLIAMS: Good afternoon, Mr.
6 Chairman, members of the Commission. My name is Chris
7 Williams. I am the President of the Greater Nashua
8 Chamber of Commerce. And, I'm here to support the
9 transaction that you are reviewing here today. I will
10 just make a couple of points.

11 Number one, I believe that this
12 transaction is indeed good for the State of New Hampshire.
13 We had a woman up here a few minutes ago who talked
14 eloquently I thought about the global economics that we
15 are now operating under here today. Many of our
16 businesses in New Hampshire do business all across our
17 country and internationally. And, we realize that we no
18 longer can operate within ourselves as individual
19 businesses -- as independent businesses and be successful.
20 We rely on each other.

21 In the same vein, our communities also
22 rely on each other. It used to be, 50, 60 years ago, that
23 the City of Nashua could indeed thrive and succeed on its
24 own. The City of Manchester could do the same thing, the

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1 City of Concord, etcetera, right on down the line. But,
2 due to the global environment in which we operate today,
3 and in which our businesses try to thrive, we now must
4 pull together and be able to rely on each other's
5 resources and each other's potential.

6 That gets to the crux of the issue here
7 today. Our State of New Hampshire is very divided in
8 terms of our technology and our economic resources.
9 Businesses in the City of Nashua are fibered out. They
10 have the capability that the rest of the state wants. The
11 communities in the North Country and in the western part
12 of the state do not have these resources. If the southern
13 tier of New Hampshire is to succeed, it relies critically
14 on the success of the Northern part of the state and the
15 western part of the state. This has become a situation
16 again due to the global economics in which we are forced
17 to operate today.

18 Therefore, it only makes sense that the
19 southern tier of New Hampshire must do all that it can to
20 make sure that the northern part of the state and the
21 western part of the state are able to bring themselves up
22 to a level in which we can rely on them as resources, as
23 vendors, as business partners, etcetera.

24 Right now, we're not able to do that.

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1 Nashua businesses again are fibered out. They have the
2 technology but the vendors that they wish to use, the
3 partners that they wish to use, the clients that they wish
4 to pick up in other parts of the state do not have the
5 technological capability to remain on par with them. This
6 particular transaction will help to change that. No, it
7 will not give them FIOS, it will not give them fiber, but
8 it does give them the broadband access that's needed to at
9 least bring them up to a reasonable par with the southern
10 tier of the state, so that we can indeed be succeeding by
11 working together and promoting our entire state together.

12 Governor Lynch is very eloquent on this.
13 He has been talking recently about the need for the entire
14 State of New Hampshire to bill itself as a high-tech
15 state. Yet, how can we do that if we don't actually have
16 the capability that allows us to be a high-tech state.
17 Granted, we're not going to get it with the fiber and the
18 FIOS, but we can at least bring the rest of the state up
19 through the DSL, the other broadband services that
20 FairPoint is willing to provide.

21 I look at it kind of like a football
22 analogy, if you will. You know, many people that have
23 spoken against this transaction say that we shouldn't
24 bring FairPoint into the deal, because they're not able or

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1 capable of providing the fiber. They're not able to give
2 us that topnotch service. That's akin to saying that the
3 Kraft family wants to sell the Patriots, and we shouldn't
4 allow them to do that, because the person who wants to
5 come in and buy the team isn't going to be able to win the
6 Super Bowl for us. That fiber and FIOS is that Super
7 Bowl, that Lombardi Trophy. And, the Kraft family,
8 hypothetically, let's say they want to sell that team off,
9 and we've got a partner that wants to come in and buy the
10 team and continue to try and achieve that Super Bowl
11 Trophy. Those who are opposed to that sale are saying
12 that we shouldn't allow the Patriots to be sold because
13 the people coming in won't be able to actually achieve the
14 Super Bowl Trophy itself.

15 Yet, what they're missing is that the
16 Kraft family may not be willing to even put the football
17 team on the field in the first place. Verizon is that
18 Kraft family. They're not willing, they have already told
19 us, they have made it very clear, that they are not going
20 to be putting this fiber and this FIOS throughout the rest
21 of the state. They are an international company and their
22 focus is elsewhere. It's not New Hampshire. They have
23 made that very clear. They are not willing to put the
24 football team on the field.

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1 FairPoint is. They have made that
2 abundantly clear to us. They stress that through their
3 public ads that we see on television, on the radio,
4 through meetings with the business communities throughout
5 the state. And, I think it's a very practical decision
6 that we as businesses want to see. We have a partner
7 that's willing to come in and put the football team at
8 least on the field and keep us going in a good direction.
9 We have a company that's looking to sell, because they're
10 not interested in doing that. They are looking at putting
11 their resources elsewhere.

12 A woman that was up here earlier said
13 "why can't we just force Verizon to put in FIOS or fiber
14 throughout the rest of the state?" We operate in a
15 capital economy. We can't just force the Company to come
16 in and build infrastructure that they're not willing to
17 do. That's the environment under which we operate. And,
18 therefore, we should be practical about this and take a
19 partner into our state that is willing to actually put
20 some effort into continuing our technological advances.

Finally, one other point I'd like to make. A couple of people have spoken this morning against this transaction, and they have specifically gone after chambers of commerce or business associations and

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1 discredited or smeared them up here at the podium saying
2 that "they should not be listened to." One person I would
3 say is probably doing that because he doesn't actually
4 understand a chamber of commerce and its internal process.
5 The other one, I take strong exception to his statement in
6 saying that chamber execs are "only up here as paid
7 lobbyists and are tainted" or manipulating the message
8 here this morning. I take very strong exception to that.
9 I think that type of a tactic may be acceptable in
10 elective politics, but it should not be acceptable in a
11 PUC hearing where we are here to debate the merits. A
12 chamber executive represents all sorts of businesses. We
13 represent financial services, legal, real estate, banking,
14 you put all of these different companies into a chamber of
15 commerce, and we represent all of them. We don't
16 represent one telephone company here today. We represent
17 the interests of all of our members.

18 A chamber of commerce represents the
19 business community because the business members themselves
20 don't necessarily have the time to stand up here as I do.
21 They pay me specifically to stand up here and represent
22 their interests. That's what a chamber of commerce is all
23 about. That is the point. So, when Mr. Tim Sink shows up
24 here representing Concord or I show up here representing

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1 Nashua, I'm not here representing Verizon or FairPoint,
2 I'm representing the hundreds of companies in my
3 particular chamber of commerce. And, we did put this
4 issue out to our members. And, our members themselves
5 have an advocacy committee that they volunteer their time
6 to sit on and they have a board of directors that they
7 elect to make these types of decisions on their behalf.
8 Did I have a conservation with all 700 of my members? Of
9 course not. Those 700 members are members of my chamber
10 and they pay my salary every week, because they trust our
11 board of directors, who they have elected, and our
12 Advocacy Committee, who are our members who volunteered
13 their time, they trust us to make these decisions. And,
14 we have shared our decision with them. I had a grand
15 total of three companies in my chamber who called me up to
16 ask "what was the thought process behind our decision in
17 supporting this transaction?" All three companies, when
18 we explained our reason for supporting this, said "That
19 makes sense to me. We're still a member."

20 In the past we have had other issues
21 that we have lobbied for or against, and we have lost
22 members as a result of the position that we took. That's
23 the game that we play. That's the business I'm in. And,
24 a member is a volunteer part of our organization and they

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1 write their dues every year based on the positions that we
2 take and based on the services we give them. I have not
3 lost one member over the fact that the Nashua Chamber is
4 supporting this transaction.

5 Thank you very much for your time this
6 morning -- or, this afternoon, I should say. And, I
7 appreciate the patience you've had with those here today.

8 CHAIRMAN GETZ: Thank you. I understand
9 Evan Dent is not intending to speak. So, the next person
10 would be Representative Morrison.

11 REP. MORRISON: Thank you, Mr. Chairman
12 and members of the Commission. My name is Gail Morrison.
13 I represent, in the House of Representatives, Belknap
14 District 2, the Towns of Tilton and Sanbornton. About
15 this time, perhaps a little after this year -- of last
16 year, I began receiving a few telephone calls from
17 constituents interested in what I knew about the sale of
18 Verizon property to FairPoint. And, I put myself on the
19 list to receive the information via my fairly slow
20 Internet. And, so, have been, to some degree, keeping
21 abreast of the millions of exhibits, the millions of pages
22 you've been receiving. I don't know how you do it. But I
23 have been looking at this as a major change in the
24 availability of communication in the state, in my region

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1 and north. When I came here today I had no intention of
2 speaking, but, as I listened, I realized that there was a
3 bit of a comparison to be made with a situation I remember
4 experiencing during my first two terms in the Legislature
5 in the late '70s. When everyone told us that "Should we
6 put the highway through the Notch? Business would flow.
7 Population would flow north. And, it would be the
8 solution above all solutions." Well, it's brought some
9 population to the north. It's brought some business to
10 the north. But it is a long and slow process. As I hear
11 people equating a great change in communications with this
12 transfer of property, I'm realizing that this is going to
13 be a long, slow process. This is not an instant cure. A
14 lot of planning needs to be done and movement should not
15 be fast.

16 I hear comparisons between football,
17 Schonland's hot dogs, companies that do need the work, and
18 I realize there's a very important difference. Although
19 we do work in a market economy, there's no question that
20 has to be considered, but public utilities have a special
21 role, and you have a special role in overseeing those
22 public utilities.

23 I know, just taking the long view, that
24 whatever that company is that is working for change,

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improvements, bringing us up to par and speed with the rest of the world, has to be a very, very stable company.

And, I ask you to remember that. The size of Verizon versus the size of FairPoint Communications. I don't know if this is a cut and dried sort of a thing. But, whatever is done, please take the long view. And, so, at this point, I would say -- I would say, for my constituents, that this move being proposed now does not appear to be in the best interests of those people I represent. You have more information than I do, at the time would you consider their opinion and my opinion. Thank you.

12 CHAIRMAN GETZ: Thank you.

13 Representative Friedrich.

14 REP. FRIEDRICH: Good afternoon.

15 CHAIRMAN GETZ: Good afternoon.

16 REP. FRIEDRICH: I'm Representative
17 Carol Friedrich. I represent five small towns in Grafton
18 County; Wentworth, Campton, Orford, Rumney and Ellsworth.
19 Not quite the North Country, but certainly north of
20 Concord. And, this morning I would like to urge you to
21 consider strongly the testimony and conditions of both
22 your own special consultant and the special consultant of
23 the Office of Consumer Advocate. Both of these
24 consultants have concerns that the proposed transaction

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1 will not be good for the people of New Hampshire. I also
2 have concerns that FairPoint may not have the ability to
3 deliver technology advanced services, such as the fiber
4 optic broadband, to the rural areas of our state. We need
5 to ensure that the Company can bring these areas into the
6 21st Century, rather than be satisfied with promises of
7 20th Century technology.

17 CHAIRMAN GETZ: Thank you.

18 Mr. MacKenzie.

19 MR. MacKENZIE: Good afternoon, Mr.
20 Chairman and members of the Committee. Let me begin by
21 introducing myself. My name is Mark MacKenzie, and I am
22 the President of the New Hampshire AFL-CIO. And, I
23 represent some 40,000 workers throughout the State of New
24 Hampshire, and have been involved in workforce issues for

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1 some 30 years in the State of New Hampshire. I also want
2 to, because this will be the last time I have the
3 opportunity to address you, really commend this Commission
4 for all of the work that you've done, for the patience
5 that you have displayed during the period of time through
6 the many speakers that have been before you. And, I know
7 now that we finish up, the real difficult work starts in
8 sorting out what you need to do. And, I would be remiss
9 if I did not thank some of your staff, too. This
10 gentleman in front of me who has been pounding away for a
11 number of hours here. He's doing a terrific job. And, I
12 will try to heed his message to slow down, as well as your
13 other staff that's here.

14 Mr. Chairman, as you have heard, I think
15 from Bonnie Newman, we are clearly in a position, this is
16 a new paradigm that we are constructing I think in New
17 Hampshire. And, I think it is one that will launch us in
18 a certain direction. Now, I come from a time in
19 Manchester when you could dial five numbers and actually
20 get to your neighbor next door. I remember the Manchester
21 Airport when there was just a few, there were just a few
22 planes that would come in there, and the planes that did
23 leave there most people wouldn't want to get on, because
24 it was a little short in the runway and a little bumpy as

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1 you went down. They said to us "Build it and they will
2 come." And, I think, if you look at the Manchester
3 Airport today, I think you've seen the kind of investment
4 that has been made and the kind of investment in
5 infrastructure that's been made, and the tremendous boost
6 that has made to New Hampshire and to the State of New
7 Hampshire.

8 And, I think, in many ways, where we are
9 right now is really at a place that is pivotal in terms of
10 the future of the State of New Hampshire. And, I am
11 really struck by all of the testimony that I've heard over
12 the various hearings that I've been at, about the
13 commonality that we share, I think, in many ways, in terms
14 of wanting to make sure that New Hampshire positions
15 itself in a way that we have access to technology and that
16 we're able to have that throughout the state.

17 I think, whether you're from the Chamber
18 of Commerce or you're from the AFL-CIO and the IBEW, we
19 are in agreement, there is commonality there. I think
20 where we differ, quite frankly, is how we get there, and
21 the type of technology that will be available to the
22 people of the State of New Hampshire.

23 Now, I don't know if you can compel
24 people to do FiOS or fiber throughout the State of New

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1 Hampshire. But I hope that what you can do is to make a
2 very clear decision about what the capabilities of this
3 company are, to maintain the current network that they
4 have, and also to see if there's a possibility of their
5 capacity to expand. If, in fact, what we are buying into
6 is a network, as many people have said, that is a copper
7 network, that is DSL service, I've had to learn more about
8 DSL service in the past couple of months from my brothers
9 and sisters from IBEW and CWA than I probably ever wanted
10 to know. I know one's faster than the other, I know DSL
11 is faster than dial-up, and I've never experienced FiOS or
12 fiber, but I understand that is very, very quick, and
13 really the way to go in the future. But what I have
14 learned from the brothers and sisters that I represent,
15 and the workers who have done this work for a long period
16 of time, and I would hope that you take into consideration
17 the vast experience that many of these people have in
18 understanding what is out there, in understanding the
19 advantages and disadvantages, to understand what is
20 actually -- what that system looks like today. Because I
21 think we many times forget to ask the workers. And, I
22 think it's a mistake that American business has made for a
23 long time. We forget to ask the workers who are on the
24 floor, on the shop floor, and understand better than

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1 anybody what the technology looks like. And, so, for me,
2 when somebody, when a worker says to me, you know,
3 "there's a problem in a certain part of the state because
4 the copper is old", if a worker says to me you know "to
5 get DSL from Point A to Point B is going to be very
6 difficult without certain equipment being put in there", I
7 have to take what they say because that's been my
8 experience.

9 Now, I think that these are very
10 intelligent, bright people who have been trying to
11 advocate and make you understand what's going on with that
12 network out there and how difficult it's going to be to
13 maintain that. And, while there would be some workforce,
14 new workforce coming into the State of New Hampshire, I
15 would also suggest that you look at the attrition rate
16 that's going to be going on and the number of people who
17 will probably leave and the experience that will probably
18 leave this network with the taking over of the FairPoint
19 company, because, quite frankly, there are incentives to
20 Verizon workers now that might outweigh their interest in
21 staying with the new company.

22 So, I think, Mr. Chairman, you know, I
23 am concerned about some of the comments that people made
24 about this being irreversible. I think it's one of the --

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1 probably one of the most, as I said, pivotal and difficult
2 decisions that you will make. The workers from Verizon
3 and CWA are committed, as they have always been, to making
4 sure that they deliver quality service to the people of
5 the State of New Hampshire, but what I think they are
6 saying, and I think they're saying, with a fair amount of
7 experience and confidence, is understand the shortcomings
8 of that, understand the investment it's going to take to
9 make sure this is a quality network for what exists, and
10 also understand that, when you make this turn down this
11 path, that really what you clearly are being sold is a DSL
12 network on a system that is fairly old, it will take a lot
13 of investment, infrastructure investment, to maintain and
14 to keep going within the State of New Hampshire.

15 And, with that, Mr. Chairman, I end it.
16 And, I wish you the very best in your deliberations as you
17 go through this process over the next few weeks.

18 CHAIRMAN GETZ: Thank you.
19 MR. MacKENZIE: Thank you, Mr. Chairman.
20 CHAIRMAN GETZ: That's all that I've had
21 comments submitted. I don't know, is ChristiAne out
22 there? Are there more comments? Well, I'm going to take
23 it that we have no more speakers this morning. In
24 closing, I'd like to say a couple of things. I want to

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1 thank everyone for attending. The comments have been
2 thoughtful and informed. And, I'd also like to recognize
3 the great courtesy that everyone has shown in making their
4 comments.

5 It's our intention to conduct a fair
6 process, to examine all the issues and arguments
7 thoroughly, and to issue a decision that serves the public
8 interest. And, so, we're going to close this public
9 statement hearing. And, thank you very much.

10 (Whereupon the hearing ended at 12:27
11 p.m.)

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