

**STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

DT 09-136

**UNION TELEPHONE COMPANY AND TDS TELECOMMUNICATIONS
CORPORATION**

Union Telephone Company Transfer to TDS Telecommunications Corporation

Prehearing Conference Order

ORDER NO. 25,024

October 8, 2009

APPEARANCES: Brian McDermott, Esquire, of Synergies Law Group, for Union Telephone Company; Frederick Coolbroth, Esquire, of Devine, Millimet & Branch, for TDS Telecommunications Corporation; Rorie Hollenberg, Esquire, of the Office of Consumer Advocate, for residential ratepayers; and Robert D. Hunt, Esquire, for the Staff of the Public Utilities Commission.

I. PROCEDURAL HISTORY

On July 31, 2009, Union Telephone Company (Union) and TDS Telecommunications Corporation (TDS Telecom) filed with the New Hampshire Public Utilities Commission (Commission) a notification pursuant to RSA 369:8, II(b) that TDS Telecom, Utel, Inc. (Utel), Union, Freedom Ring Communications (Freedom Ring) and Unex, Inc. (Unex) entered into a Stock and Asset Purchase Agreement dated July 27, 2009 (the Agreement). Pursuant to the Agreement, Utel will transfer to TDS Telecom all of the issued and outstanding shares of capital stock of Union (the Union Stock), and Freedom Ring and Unex will transfer to TDS Telecom certain assets consisting primarily of the assets associated with, and the business of, providing customers in the Union service area with interstate and international toll service and internet service. The notification provides that TDS Telecom may designate one or more affiliate entities to hold title to the assets being transferred by Freedom Ring and Unex, and that, after closing,

TDS Telecom will control Union and the business of providing interstate and international toll service and internet access service to customers within the Union service territory.

On August 13, 2009, the Office of Consumer Advocate (OCA) filed a letter notifying the Commission that it would be participating in this docket on behalf of residential ratepayers consistent with RSA 363:28. On September 17, 2009, the Commission conducted a prehearing conference as scheduled, allowing the parties the opportunity to present argument on whether the petition is governed by RSA 369:8, RSA 374:33, or any other provision of law. On that same date, Staff and parties conducted a technical session, agreed to a proposed procedural schedule, and presented that schedule to the Commission at the prehearing conference.

II. PRELIMINARY POSITIONS OF THE PARTIES AND STAFF

A. TDS Telecom and Union

TDS Telecom and Union assert that the transaction at issue in this docket is subject to RSA 369:8, II(b) and that the Commission should, therefore, set a schedule that complies with the timeframes established in that provision. In essence, their view is that because the transaction consists of an acquisition involving parent companies of a public utility whose rates, terms and conditions of service are regulated by the Commission, it is governed by RSA 369:8, II(b).

B. Staff

Staff takes the position that RSA 369:8, II(b) does not apply to this transaction, asserting that this provision applies instead to the corporate merger between parent companies, or to the acquisition of parent companies by other parent companies, not to parent companies buying and selling shares of a New Hampshire public utility. Staff asserts that the Commission must determine that the transfer is lawful, proper, for the public good and in the public interest.

C. Office of Consumer Advocate

The OCA agrees with Staff that RSA 369:8 does not govern the transaction. It contends that the Commission must determine that the transfer is lawful, proper, for the public good and in the public interest.

III. PROPOSED PROCEDURAL SCHEDULE

The following schedule was submitted during the prehearing conference, to be applied if the Commission determines that the proceeding is subject to the time frames of RSA 369:8 which imposes a 60-day deadline for a Commission ruling on the petition. If a different statute were to apply, the schedule could be altered.

Data requests	September 25, 2009
Data Responses from the Company	October 9, 2009
Technical Session and Settlement Conference	October 15, 2009
Settlement Agreement to be filed	October 21, 2009
Hearing (on the settlement agreement or the merits)	October 26 & 27 at 1:30 p.m.

IV. COMMISSION ANALYSIS

While the petitioners have filed both redacted and unredacted copies of the Agreement and described the transaction in general terms, they have not provided a sufficient description of the transaction and its impact on customers, employees and operational systems. The proposed procedural schedule, therefore, is premature. Given the potential impact of the transfer on New Hampshire customers, including the billing and customer support systems and changes in management affecting operations and capital investments, we find that further inquiry is required. A detailed written representation should be submitted by Union and/or TDS that includes, but is not limited to: (1) clarification of the anticipated future operation of Union under

TDS Telecom management and operation (including whether they will be merged into TDS Telecom management/operations or function as a stand alone entity); (2) any codes of conduct that will govern the relationship between Union and TDS Telecom; (3) changes, if any, to the Union billing system and a transition plan to move from one system to the other; (4) changes, if any, in customer support services, including location and staffing of call centers, if planned; (5) other operational changes as a result of the transaction including effect on employees, work location and management services to be provided by TDS Telecom; (6) changes, if any, to benefits for employees and retirees, as well as a transition plan to move from one benefits package to the other; (7) allocations from TDS Telecom to the operating company and a comparison of how those services are currently provided; (8) TDS Telecom's investment plan for Union service territory; and (9) any further information regarding the relationship between Union, TDS Telecom, and affiliated entities that may be implicated by the transaction.

Parties and Staff are directed to file a proposed procedural schedule within seven days after the date on which the petitioners file their detailed written representation that would comport with the timeframes of RSA 369:8, though the determination as to whether that statute in fact will govern is dependent on our review of the detailed written representation.

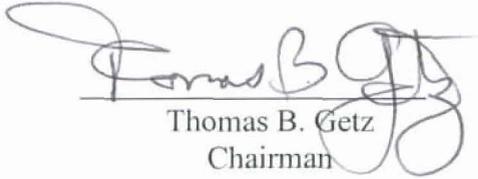
Based upon the foregoing, it is hereby

ORDERED, that the procedural schedule as proposed herein is denied; and it is

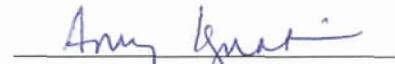
FURTHER ORDERED, that the petitioners shall file a detailed written representation in compliance with this order; and it is

FURTHER ORDERED, that Staff and the parties shall file a proposed procedural schedule within seven days after the date on which the petitioners file their detailed written representation.

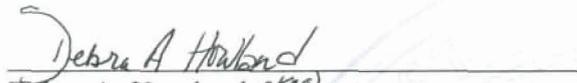
By order of the Public Utilities Commission of New Hampshire this eighth day of
October, 2009.


Thomas B. Getz
Chairman


Clifton C. Below
Commissioner


Amy L. Ignatius
Commissioner

Attested by:


Debra A. Howland (KNS)
Executive Director

