

**THE STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION**

Northland Telephone Company of Maine, Inc.

**Petition For Approval of Transfer of Franchise,
Works and Systems to Affiliate Incumbent
Local Exchange Carrier**

DT 18-____

DIRECT TESTIMONY OF ROBERT D. MEEHAN

EXHIBIT RDM-1

OCTOBER 26, 2018



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EXHIBITS

**RDM-2: Consolidated Communications Holdings, Inc. ("CCHI") Legal Entity
Chart (Present)**

RDM-3: CCHI Legal Entity Chart (Present Maine Regulated Subsidiaries)

RDM-4: CCHI Legal Entity Chart (Post-Consolidation)

1 **I. INTRODUCTION**

2 **Q: Please state your name, occupation, and place of business.**

3 A: My name is Robert D. Meehan. My business address is 770 Elm Street, Manchester,
4 New Hampshire 03101. I am employed by Consolidated Communications, Inc.
5 (“Consolidated”) as Director - Regulatory.

6 **Q: Please describe your professional and educational background and**
7 **experience.**

8 A: I have been employed by Consolidated Communications or its predecessor
9 companies for 35 years, in positions of steadily increasing responsibility. My
10 educational background includes earning an MBA from Northeastern University,
11 Boston, Massachusetts in 1983 and an MS in Telecommunications Management
12 from Polytechnic University, Brooklyn, New York in 1987.

13 **Q: Have you previously testified before the New Hampshire Public Utilities**
14 **Commission (the “Commission”)?**

15 A: Yes. I have testified before the Commission at various times throughout my career,
16 including in DT 02-106 (addressing most aspects of the FCC’s UNE Remand Order),
17 DT 02-28 (addressing Verizon’s xDSL loop conditioning obligations) and DT 99-081
18 (addressing inter-carrier reciprocal compensation charges under the
19 Telecommunications Act of 1996).

1 **Q: What is the purpose of your testimony?**

2 A: My testimony supports the Petition filed in this proceeding by Northland Telephone
3 Company of Maine, Inc. d/b/a Consolidated Communications (“Northland”) seeking
4 Commission authorization pursuant to RSA 374:30(II) to transfer its franchise,
5 works and systems to an affiliate, Maine Telephone Company d/b/a Consolidated
6 Communications (“Maine Telephone”). As explained in greater detail in my
7 testimony, Consolidated Communications Holdings, Inc. (“CCHI”) has successfully
8 completed a series of acquisitions during the past 15 years which has resulted in the
9 accumulation of many holding companies and operating subsidiaries that are
10 unnecessary for the delivery of safe and reliable service to customers. In an effort to
11 streamline the company and produce a more efficient corporate structure, CCHI is
12 reducing the number of holding and operating companies throughout its national
13 footprint. With respect to Maine, CCHI plans to eliminate four holding companies¹
14 and to consolidate five of its rural incumbent local exchange carriers (“RLECs”),
15 including Northland,² into Maine Telephone. In conjunction with the consolidation
16 plan, Maine Telephone’s name will be changed to Consolidated Communications of
17 Maine Company.³ In the current regulatory environment, it is no longer necessary

¹ The four holding companies that will be dissolved are FairPoint Communications, LLC, MJD Ventures, Inc., ST Enterprises, Ltd. and Utilities, Inc.

² The four other Maine RLECs are China Telephone Company, Community Service Telephone Company, Sidney Telephone Company, and Standish Telephone Company.

³ To avoid confusion, my testimony refers to the surviving entity as Maine Telephone.

1 or useful for the six RLECs to be operated as separate legal entities. Accordingly,
2 CCHI plans to merge Northland and four other Maine RLECs into Maine Telephone.

3 **Q: Does the Company's Petition affect Northern New England Telephone**
4 **Operations LLC d/b/a Consolidated Communications ("NNETO")?**

5 A: No. The Petition only affects Northland. That said, FairPoint Communications, LLC⁴
6 ("FairPoint"), a holding company, will be dissolved in conjunction with the
7 consolidation plan and NNETO will become a direct subsidiary of Consolidated
8 Communications, Inc. Additionally, NNETO's name will change to Consolidated
9 Communications of Northern New England Company, LLC d/b/a Consolidated
10 Communications in conjunction with the consolidation and related corporate entity
11 renaming plan, but NNETO will not be transferring its franchise, works or systems
12 to another public utility.

13 **Q: Please summarize Northland's position in this proceeding.**

14 A: Northland believes that the Commission should approve the transfer of its franchise,
15 works and systems to Maine Telephone pursuant to RSA 374:30(II). Northland and
16 Maine Telephone are indirect wholly owned subsidiaries of CCHI and, based on the
17 current regulatory environment in New Hampshire and Maine where Northland
18 provides service, it is no longer necessary to operate the companies as separate
19 business entities. Northland, Maine Telephone and the other four Maine RLECs

⁴ Effective December 31, 2017, FairPoint Communications, Inc. was converted into a limited liability company, FairPoint Communications, LLC pursuant to Delaware law.

1 being consolidated are currently managed and operated for the most part as a single
2 business entity and all of the companies are branded as Consolidated
3 Communications. Northland's retail voice access line customers in New Hampshire
4 (221 voice customers as of December 31, 2017) will not be negatively affected by
5 the planned consolidation of business entities and customers will continue to be
6 served by a Consolidated entity. Maine Telephone, as a company comprised of the
7 six Maine RLECs, will have the technical, managerial and financial ability to maintain
8 the obligations of an ILEC-ELEC under New Hampshire law and therefore the
9 standard of review for RSA 374:30(II) is met.

10 II. CCHI BACKGROUND

11 **Q: Please provide a brief overview of CCHI and its acquisition history.**

12 A: CCHI is a Delaware holding company with operating subsidiaries that provide a
13 wide range of communications solutions to consumer, commercial and carrier
14 channels across a 23-state service area that includes the areas formerly served by
15 the FairPoint Communications, LLC ("FairPoint") companies in Maine, New
16 Hampshire and Vermont.

17
18 During the FairPoint-Consolidated merger approval docket, Michael Shultz provided
19 an overview of CCHI's background and merger experience.⁵ As Mr. Shultz testified,

⁵ *Consolidated Communications Holdings, Inc. and FairPoint Communications, Inc., Joint Petition for Findings in Furtherance of the Acquisition of FairPoint Communications, Inc. and its New Hampshire Operating Subsidiaries*

1 the company traces its roots back to the Mattoon Telephone Company (founded in
2 1894) which, after several acquisitions, was incorporated as the Illinois
3 Consolidated Telephone Company in 1924. CCHI was incorporated under the laws
4 of Delaware in 2002, and through its predecessors, has been providing
5 communication services in many of the communities where it serves for more than a
6 century. As Mr. Shultz testified in DT 16-872, CCHI has achieved business growth
7 and diversified its revenue and cash flow streams through a series of acquisitions
8 that have been completed over the last fifteen years. For example, the acquisition of
9 CCHI's Texas properties in 2004 tripled the size of the company's business and
10 provided the requisite scale to make system and platform decisions that would
11 facilitate future acquisitions. CCHI's acquisitions of its Pennsylvania properties in
12 2007, of SureWest Communications in 2012 and of Eventis Corporation in 2014
13 significantly expanded CCHI's operating footprint and allowed the company to
14 diversify its service offerings and revenue streams. In July of 2017, CCHI closed on
15 its acquisition of FairPoint and its operating subsidiaries to further strengthen
16 CCHI's position to provide services in rural, suburban and metropolitan markets
17 through service territories that span the country.⁶

by Consolidated Communications Holdings, Inc., DT 16-872, Prefiled Direct Testimony of Michael Shultz at pp. 10-11 (Jan. 17, 2017).

⁶ See Commission Order No. 26,011, dated May 31, 2017, approving Stipulation and Settlement Agreement in DT 16-872 and issuing the findings required under RSA 374:30, II.

1 **Q: How have CCHI's acquisitions affected its corporate structure?**

2 A: As a result of the acquisitions described above, CCHI has amassed a significant
3 number of subsidiaries. As of the filing of this Petition, CCHI is the holding company
4 for 72 separate companies. A copy of CCHI's current legal entity chart is provided in
5 Exhibit RDM-2 attached to my testimony.

6 **Q: Is CCHI taking any action to reshape its corporate structure?**

7 A: Yes. In each of the 23 states where CCHI's companies currently operate, the
8 company has examined its business structures with a critical eye toward reducing
9 the number of business entities necessary to provide service in each jurisdiction.
10 Accordingly, the company's operating subsidiaries, including those providing
11 service in New Hampshire and Maine, are in the process of consolidating business
12 entities and, where necessary, obtaining regulatory approval to do so. As a result of
13 this process, CCHI expects to reduce the number of subsidiaries from 72 to 21. A
14 copy of CCHI's expected post-consolidation organizational chart is provided in
15 Exhibit RDM-4, which is attached to my testimony.

16 **III. CCHI'S PLAN TO CONSOLIDATE NORTHLAND AND THE OTHER MAINE RLECS**

17 **Q: Would you please provide an overview of Northland's retail service in New**
18 **Hampshire?**

19 A: Yes. Northland is a Maine corporation that provides retail services in both Maine
20 and New Hampshire. Northland predominantly serves retail access lines in Maine,
21 as well as a relatively modest number of customers served in New Hampshire along

1 the border towns of Chatham and East Conway. The table below summarizes
2 Northland’s retail access line counts as of December 31, 2017:

State	Residential Access Lines	Business Access Lines	Total
Maine	7,834	2,460	10,294
New Hampshire	202	19	221

3

4 **Q: Is Northland the only company that CCHI plans to merge into Maine**
5 **Telephone?**

6 A: No. As noted previously, four other Maine RLECs in addition to Northland are
7 planned to be merged into Maine Telephone. All of these companies were acquired
8 by FairPoint prior to its acquisition of Verizon’s New Hampshire, Maine and
9 Vermont landline properties in 2008. While these Maine RLECs were owned by
10 FairPoint, they were regulated as separate, stand-alone companies, although they
11 shared management and operations personnel for efficiency.

12 **Q: Although Northland and the other Maine RLECs have historically been**
13 **regulated as separate companies, do you believe that customers distinguish**
14 **among the companies?**

15 A: I believe that customers do not distinguish among the six companies. The
16 Companies have been historically branded and operated as “d/b/a FairPoint
17 Communications” while under FairPoint ownership and are currently branded and
18 operated as “d/b/a Consolidated Communications.” Accordingly, I believe that
19 customers are generally unaware whether they are being served as a legal matter by
20 Northland, Maine Telephone, or any other Consolidated RLEC affiliate.

1 **Q: Why is Northland being merged into Maine Telephone instead of a different**
2 **CCHI Maine RLEC?**

3 A: This decision was primarily driven by Maine law. Generally speaking, Maine ILECs
4 are required to provide a back stop retail landline service known as provider of last
5 resort (“POLR”) service. For POLR service purposes, Maine law recognizes two
6 categories of ILECs, price cap ILECs and non-price cap ILECs, and applies different
7 POLR obligations in terms of eligibility to be relieved of the POLR service obligation,
8 regulation of POLR service rates and POLR service quality obligations.⁷ The six
9 Maine RLECs subject to CCHI’s consolidation plan are a mixture of price cap and
10 non-price cap ILECs. Northland is a price cap ILEC and Maine Telephone is a non-
11 price cap ILEC. CCHI determined that the consolidated RLEC should be a non-price
12 cap ILEC for purposes of Maine POLR regulation, and therefore the plan is
13 structured such that Maine Telephone will be the surviving entity. Exhibit RDM-3
14 provides an overview of the consolidation plan as it affects Northland.

15
16 **IV. REQUESTED REGULATORY APPROVALS**
17

18 **Q: What regulatory approvals does Northland seek from the Commission?**

19 A: Northland seeks all regulatory approvals that may be necessary for the proposed
20 consolidation. Based on Northland’s analysis, it believes that, as an excepted local
21 exchange carrier, it only requires approval from the Commission pursuant to RSA
22 374:30(II). Section 374:30(II) generally requires excepted local exchange carriers

⁷ See, e.g., 35-A M.R.S. §§ 7102 (defining price cap ILEC), 7221(4) & (5) (relief from POLR service obligation for price cap ILECs), 7222-A(1) (capping POLR service rates of price cap ILECs).

1 that seek to transfer their “franchise, works or system, exercised or located in” New
2 Hampshire to obtain a finding from the Commission that “the utility to which the
3 transfer is to be made is technically, managerially, and financially capable of”
4 meeting the obligations of an ILEC pursuant to New Hampshire law.

5 **Q: Do you believe that Maine Telephone is technically, managerially and**
6 **financially capable of providing ILEC service as required by RSA 374:30(II)?**

7 A: Yes. The merger of Northland into Maine Telephone is one element of a larger
8 consolidation plan by CCHI to eliminate separate business entities that are no longer
9 necessary or desirable in the prevailing regulatory environment in which CCHI’s
10 companies operate. Northland provides retail voice services to a relatively small
11 number of customers in New Hampshire. Post consolidation, those customers will
12 continue to receive service from a Consolidated company (Maine Telephone), and
13 that company will benefit from the same access to management, engineering and
14 operations expertise currently enjoyed by Northland. Like Northland today, Maine
15 Telephone will benefit from access to Consolidated’s financial resources after the
16 consolidation is complete. For these reasons, as well as others stated previously in
17 this testimony, Maine Telephone will possess the same technical, managerial and
18 financial capability currently possessed by Northland to provide ILEC services in
19 New Hampshire. Accordingly, the commission should approve the transfer to Maine
20 Telephone of Northland’s franchise, works and systems exercised and located in
21 New Hampshire pursuant to RSA 374:30(II).

1 **Q: Does this conclude your prefiled direct testimony?**

2 **A:** Yes, it does.