

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DT 18-____

**Petition of Dixville Telephone Company
for Approval to Discontinue Operations**

**PREFILED DIRECT TESTIMONY OF
ARTHUR NICHOLSON**

On Behalf of Dixville Telephone Company

November 15, 2018

PREFILED DIRECT TESTIMONY OF ARTHUR NICHOLSON

1 **Q. Mr. Nicholson, please state your full name, employment position and**
2 **business address.**

3 A. My name is Arthur Nicholson. I am the Vice President for Operations at Bretton
4 Wood Telephone Company (“BWTC”), a New Hampshire corporation not
5 affiliated with Dixville Telephone Company (“DTC”) or Tillotson Corporation
6 (“Tillotson”). My business address is 171 Mount Washington Hotel Road,
7 Bretton Woods, New Hampshire 03575.

8 **Q. What are your current responsibilities with BWTC?**

9 A. I oversee the day-to-day operation of BWTC.

10 **Q. Have you previously testified before the Public Utilities Commission**
11 **(“Commission”)?**

12 A. Yes. I submitted prefiled testimony in support of DTC’s previous petition to
13 discontinue operations in 2014 (Docket No. DT 14-240). That docket was
14 suspended in 2014 without further action by the Commission.

15 **Q. What is your involvement with Tillotson Corporation?**

16 A. BWTC provides network operations and management services pursuant to a
17 contract with Tillotson Corporation to operate the Dixville Telephone Company
18 (“DTC”) on Tillotson’s behalf. We provide all provisioning, operations, customer
19 services and repair services under contract to Tillotson, as well as certain network
20 administration tasks upon request.

21 **Q. What is the purpose of your testimony?**

1 A. The purpose of my testimony is to report on the alternatives to DTC's regulated
2 local exchange services.

3 **Q. Which DTC services are presently regulated?**

4 A. Like BWTC, DTC is an incumbent local exchange carrier ("ILEC") that elected
5 to be an excepted local exchange carrier ("ELEC") in New Hampshire. As an
6 ILEC-ELEC, DTC was relieved from regulatory requirements for most of its
7 services but remains subject to state regulation of its basic residential service and
8 any wholesale services that DTC provides in its service area. In addition, DTC is
9 designated as a federal Eligible Telecommunications Carrier ("ETC") and is
10 required to offer the services supported by the Federal Universal Service Fund
11 ("FUSF").

12 **Q. Please describe DTC's service area.**

13 A. DTC is a single-exchange company. It serves the 603-255 exchange in Dixville
14 Notch, in Coos County, New Hampshire. DTC primarily serves the Balsams
15 Grand Hotel and Resort (the "Balsams"), which closed in 2011 and has not
16 reopened. Before the Balsams closed, DTC served more than 450 access lines,
17 but with the closing of the resort, the number of DTC access lines declined
18 rapidly. DTC now serves fewer than 12 access lines, most of which are business-
19 class lines that still serve the Balsams resort buildings.

20 **Q. Does DTC provide any wholesale services?**

21 A. Yes, DTC provides special access service to one customer, which I describe
22 below.

23 **Q. What options for basic residential service are there in DTC's service area?**

1 A. In my previous prefiled testimony in DT 14-240 (the “2014 Testimony”), I
 2 discussed the availability of other telecommunications options in DTC’s service
 3 area. As I noted in the 2014 Testimony, both AT&T and Verizon Wireless
 4 offered cellular telephone service in the DTC service area at that time and both
 5 still offer such services today.

6 **Q. Are these wireless options comparable to the landline voice service that DTC**
 7 **currently offers?**

8 A. Certainly many American households treat wireless service as a suitable
 9 replacement option for landline service and this is a trend that has increased since
 10 my 2014 Testimony. In 2014, I noted that 41% of U.S. adults live in households
 11 that had dropped their landline service entirely in favor of wireless service,¹ and
 12 that in New Hampshire, over 25% of adults lived in households with wireless
 13 service only.² Since that time, the percentage of U.S. and New Hampshire
 14 households utilizing mobile service has increased considerably. As of the second
 15 half of 2017, a majority (53.9%) of US households did not have any landline
 16 service but did have a least one wireless telephone.³ In New Hampshire in the
 17 same timeframe, the percentage of adults living in households with wireless
 18 service only and no landline had risen to 36.6%.⁴ This trend seems likely to

¹ CDC Wireless Substitution Report – July – December 2013, at 1. (available at <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201407.pdf>)(Attached hereto as Exhibit AN-1).

² CDC Wireless Substitution, State Level Estimates Dec 2013, at 6. (available at <http://www.cdc.gov/nchs/data/nhsr/nhsr070.pdf>) (Attached hereto as Exhibit AN-2).

³ CDC Wireless Substitution: Early Release of Estimates Form the National Health Interview Survey, July –December 2017, at 1 (available at: <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless201806.pdf>) (Attached hereto as Exhibit AN-3)

⁴ National Health Interview Survey Early Release Program, Table 1. Modeled estimates (with standard errors) of the percent distribution of household telephone status for adults aged 18 and over, by state. United States, 2016, at 1 (available at https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_201712.pdf) (attached hereto as Exhibit AN-4)

1 accelerate further, with more than three quarters (75.6%) of U.S. adults between
 2 the ages of 25-29 living in households with wireless service only.⁵ Based on
 3 these trends, we can presume that the current end user would not be harmed or
 4 even significantly inconvenienced by migration from a wireline voice service to a
 5 wireless service.

6 **Q. Have any of DTC's customers expressed an intention to migrate from DTC**
 7 **to another telecommunications provider?**

8 A. DTC presently has just one remaining residential customer. We have had
 9 discussions with him, but he has not agreed to discontinue the DTC wireless
 10 service or migrate to a different telecommunications provider. It has been
 11 indicated to us that there are no circumstances in which the end user will migrate
 12 off the DTC network, short of a discontinuance of DTC's service.

13 **Q. Have any other ETCs been designated to serve in DTC's service area?**

14 A. I understand that the FCC has designated at least three wireless carriers as ETCs
 15 solely for the purpose of offering Lifeline service to qualifying low-income
 16 customers in the 603-255 exchange in New Hampshire.

17 **Q. In your 2014 Testimony, you noted that DTC was providing DS1 service to**
 18 **AT&T Mobility. Is this still the case?**

19 A. Yes, DTC currently provides 6 DS1 circuits to AT&T Mobility.

20 **Q. In your 2014 Testimony, you stated that DTC made a standing offer to give**
 21 **these facilities to AT&T Mobility at no cost. Is this offer still extant?**

⁵ Early Release, July-December 2017, fn 3 supra, at 2

1 A. No. Although this offer was outstanding at the time of the 2014 Petition, the
2 potential buyers of DTC subsequently indicated that they wanted to keep the
3 facilities, and so the offer to transfer them to AT&T Mobility was rescinded.
4 With no prospect of a purchase of DTC's assets on the horizon, I understand that
5 DTC would again be willing to transfer the DS1 circuits to AT&T Mobility at no
6 cost as part of any regulatory discontinuance.

7 **Q. Does this conclude your testimony?**

8 A. Yes.