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P R O C E E D I N G

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2 CHAIRMAN HONIGBERG: We are here this
3 morning in Docket DT 18-175, which is a
4 Petition by Dixville Telephone Company for
5 Approval to Discontinue Operations. We're here
6 for a prehearing conference.

7 We do have a preliminary matter we're
8 going to need to deal with. But, before we do
9 anything else, let's take appearances.

10 MR. PHILLIPS: Good morning, Mr.
11 Chairman, Commissioner Giaimo. I'm Paul
12 Phillips, from the law firm of Primmer, Piper,
13 Eggleston & Cramer, in Manchester. I'm here on
14 behalf of Dixville Telephone Company. Seated
15 just behind me is Christopher Bond, from our
16 firm, on behalf of Dixville. And then,
17 starting on the end, we have Peter Tamposi, who
18 is the President and Chair of the Board of the
19 Tillotson Corporation; Ann Walsh, who is the
20 Deputy Secretary and Deputy Treasurer of the
21 Tillotson Corporation; and then seated beside
22 me is Art Nicholson, from Bretton Woods
23 Telephone Company, who actually manages the
24 day-to-day operations under a management

1 contract with Dixville Telephone Company.

2 CHAIRMAN HONIGBERG: Anybody else on
3 that side need to enter an appearance? Yes.

4 MR. HUTTENHOWER: Hi. My name is --
5 my name is James Huttenhower. I'm an in-house
6 lawyer for AT&T. We have filed a petition to
7 intervene in this docket. Accompanying me, to
8 my left, is Owen Smith, an Internal Affairs
9 person for Northern New England; and Ryan
10 Clark, another Internal Affairs person from
11 AT&T, for Northern New England.

12 MR. WIESNER: Good morning, Mr.
13 Chairman, Commissioners. I'm David Wiesner,
14 attorney for Staff in this matter. With me are
15 Kath Mullholand, Director of the Regulatory
16 Innovation & Strategy Division; as well as Mary
17 Schwarzer, Staff attorney and co-counsel in
18 this matter.

19 CHAIRMAN HONIGBERG: All right. The
20 first matter we need to take up is the
21 disqualification issue for Commissioner Bailey.
22 We received a letter from Mr. Phillips saying
23 that Dixville was willing to waive. Under the
24 rules, we need to hear from everybody, and we

1 need to hear from everybody having given a
2 consideration to it outside of the presence of
3 Staff and the Commissioners.

4 So, I think I probably need to hear
5 from AT&T/Cingular.

6 MR. HUTTENHOWER: We do not have an
7 issue with Commissioner Bailey participating in
8 this case.

9 CHAIRMAN HONIGBERG: Okay. Are we
10 aware of any other intervenors?

11 MR. PHILLIPS: We are not, Mr.
12 Chairman.

13 CHAIRMAN HONIGBERG: Mr. Wiesner, are
14 we solid? Can we call Commissioner Bailey down
15 then?

16 MR. WIESNER: Yes. I believe these
17 are the only parties that will be participating
18 in the case.

19 CHAIRMAN HONIGBERG: All right.
20 We're going to take a two-minute break and get
21 Commissioner Bailey.

22 *(Brief recess taken at*
23 *10:13 a.m. and the prehearing*
24 *conference resumed at*

1 10:16 a.m.)

2 CHAIRMAN HONIGBERG: All right. We
3 have retrieved Commissioner Bailey. And we are
4 ready to resume the technical -- the prehearing
5 conference, which will be followed by a
6 technical session.

7 Are there any preliminary matters
8 before we hear from the parties?

9 MR. PHILLIPS: Mr. Chairman, we also
10 filed this morning a letter indicating Dixville
11 has no objection to New Cingular Wireless's
12 intervention.

13 CHAIRMAN HONIGBERG: That's right,
14 you did. Does Staff have any position?

15 MR. WIESNER: We have no objection.

16 CHAIRMAN HONIGBERG: All right.
17 We'll grant the Motion to Intervene.

18 With that, Mr. Phillips, why don't
19 you provide your preliminary position.

20 MR. PHILLIPS: Thank you, Mr.
21 Chairman and Commissioners. And very nice to
22 see you, Commissioner Bailey.

23 Dixville Telephone Company has
24 petitioned for authority to discount its

1 operations. This is Dixville's second request
2 to do so. Action on Dixville's first petition,
3 in 2014, was stayed because there appeared to
4 be a reasonable possibility that the Company's
5 assets would be sold to the new owners of The
6 Balsams Grand Resort. That possibility did not
7 come to fruition and is no longer viable. No
8 other option for Dixville to continue operating
9 is available. Consequently, Dixville has come
10 to the unfortunate conclusion that closing the
11 business and dissolving the company is the only
12 prudent course.

13 Dixville Telephone's existence and
14 fate have always been tied to The Balsams Grand
15 Resort. For most of its existence, Dixville
16 and The Balsams were under common ownership.
17 In the heyday of The Balsams, Dixville
18 Telephone served approximately 450 access
19 lines. In 2011, Dixville was -- I'm sorry, The
20 Balsams was sold to new owners, and was closed
21 pending redevelopment. In 2013, the shares of
22 the Tillotson Corporation, which operates
23 Dixville Telephone Company, went by request to
24 the New Hampshire Charitable Foundation.

1 With the closing of The Balsams,
2 nearly all the residents of Dixville Notch
3 moved away, and Dixville Telephone's business
4 shrank to fewer than 20 lines, greatly reducing
5 their operating revenues. At the same time,
6 sweeping regulatory reforms at the federal
7 level have significantly reduced Dixville's
8 federal universal service support, as well as
9 its interstate access revenues, while imposing
10 new federal obligations to build out broadband
11 in Dixville's rural exchange. I will say in
12 that regard as well, that Dixville Telephone is
13 operating under a forbearance from the FCC on
14 its broadband build-out obligations presently,
15 and we're not sure how long that will go on.

16 As long as the plans for re-opening
17 The Balsams were moving forward, Dixville
18 Telephone had some hope that it could hold on
19 long enough to see a return to economic
20 viability. Now, however, with the
21 redevelopment of The Balsams Resort on hold and
22 without a clear path forward for the
23 foreseeable future, Dixville Telephone has no
24 reasonable economic hope of continuing to

1 operate a communications network in the 21st
2 Century.

3 At present, Dixville serves a single
4 residential line in Dixville Notch and fewer
5 than ten business lines that are still in use
6 at The Balsams Resort. A business line that
7 previously served the New Hampshire Department
8 of Transportation was recently voluntarily
9 disconnected, and the DOT employees there are
10 now using cellphones. In addition, Dixville
11 still provisions a small number of T1 circuits
12 to a cell tower operated by AT&T Mobility,
13 which Dixville serves out of its wholesale
14 tariff.

15 Dixville is well aware that the
16 current petition, like the 2014 petition, could
17 be seen as raising issues of first impression
18 for this Commission, and establishing a
19 precedent for other incumbent communications
20 companies. However, Dixville does not see it
21 that way. This case presents a unique set of
22 facts that the Commission must weigh in the
23 application of the "no net harm" test. There
24 are only two regulated customers, one retail

1 residential customer and one wholesale
2 customer, who come within the Commission's
3 regulatory oversight. The dramatic reforms at
4 the federal level have all but eliminated
5 Dixville's ability to rely on federal revenues
6 to subsidize its network operations.

7 Finally, Dixville Telephone is a
8 charitable entity, and so the continued
9 expenditure of its financial resources in this
10 uneconomic enterprise is a depletion of
11 charitable assets that could and should be
12 better used to advance the public good of the
13 State of New Hampshire.

14 Dixville does not see this case as
15 creating a precedent of general applicability
16 to other companies. Rather, Dixville is
17 hopeful that the Commission will be able to
18 decide this case on the unique set of facts and
19 circumstances that are presented here today.
20 In Dixville's view, the Commission's decision
21 will be of limited precedential value to other
22 incumbent carriers.

23 In addition, Dixville is hopeful that
24 the two regulated customers, as well as the two

1 unregulated customers -- or, I'm sorry -- as
2 well as the one regulated customer --
3 unregulated customer, will not be raising
4 material objections to the present petition.
5 In addition to the newspaper notice that you
6 requested, Dixville has provided actual notice
7 of this proceeding to all of its customers.
8 Dixville is in ongoing discussions with those
9 customers to address any concerns they may have
10 about the proposed discontinuance. We will
11 discuss the particulars of those discussions
12 with Staff in the technical session that
13 follows this one. Our hope is to move forward
14 with a case that does not have any material
15 customer disputes, but instead presents a
16 straightforward set of facts upon which the
17 Commission can apply the law.

18 If the Commission is able to approve
19 Dixville's petition, Dixville then intends to
20 seek permission from the FCC to discontinue its
21 status as a federal eligible telecommunications
22 carrier. The federal question poses challenges
23 of its own that we're aware of, but we believe
24 that a favorable decision by this Commission

1 regarding Dixville's intrastate operations will
2 give added weight to the petition that we bring
3 to the FCC.

4 And that's all I have, unless you
5 have any questions. Thank you.

6 CHAIRMAN HONIGBERG: Mr. Huttenhower.

7 MR. HUTTENHOWER: Good morning.

8 AT&T's interest in this matter is simply that
9 we want to continue to serve customers in this
10 part of the state, either those who live up
11 there who have wireless service from us or
12 people who might be vacationing or something
13 and are passing through and want to make calls
14 on their phones.

15 We are appreciative of the difficult
16 situation that Dixville finds itself. And we
17 are hopeful, we've been in talks with them,
18 been in talks with Consolidated, about how
19 Dixville Telephone can transition out of
20 providing the T1s to us and Consolidated can
21 take over the service. And we are hopeful that
22 that will lead to a harmonious situation for
23 all of us.

24 And we're looking forward to talking

1 to Staff about this and seeing if there's any
2 ways in which Staff can help this come about.

3 Thank you.

4 CHAIRMAN HONIGBERG: Thank you, Mr.
5 Huttenhower. Mr. Wiesner.

6 MR. WIESNER: Thank you, Mr.
7 Chairman.

8 We do believe that this is a case of
9 first impression, certainly under state law,
10 and perhaps under national law as well. We
11 will look forward to working with the Company
12 and AT&T to develop a full record that will
13 inform the Commission's decision in this
14 matter.

15 I would acknowledge Mr. Phillips'
16 representation that these are "unique
17 circumstances", and we are mindful of those
18 special circumstances. But we are concerned
19 about the precedential effect under state law.
20 And we will be exploring those issues very
21 carefully with the Company and with AT&T.

22 We're also mindful of the request for
23 a timely decision by Dixville, and we will try
24 to develop a procedural schedule which

1 accelerates and expedites this process.

2 CHAIRMAN HONIGBERG: Thank you,
3 Mr. Wiesner.

4 It appears that we don't have any
5 questions for any of you. So, I think, with
6 that, we will adjourn the prehearing conference
7 and leave you to your technical session. Thank
8 you all.

9 MR. PHILLIPS: Thank you.

10 MR. HUTTENHOWER: Thank you.

11 ***(Whereupon the prehearing***
12 ***conference was adjourned at***
13 ***10:25 a.m., and a technical***
14 ***session was held thereafter.)***

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