

May 18, 2009

Jeff Allen
Executive Vice President External Relations
FairPoint Communications
Davis Farm Road
Portland, ME 04103

Re: DT 07-011 Verizon New England, et al
Transfer of Assets to FairPoint Communications, Inc.

Dear Mr. Allen:

On April 3, 2009, a status conference was held regarding FairPoint's post-cutover transition and its plan to stabilize operations to acceptable levels. Following the status conference, by secretarial letter dated April 9, 2009, the Commission directed FairPoint to take specific actions aimed at returning to business-as-usual and to mitigate any adverse impact of transitional activities on FairPoint's retail and wholesale customers. The Commission also directed Staff to review and report on FairPoint's compliance with the terms of the settlement agreement dated January 23, 2008 and approved in Order No. 24,823 (Settlement Agreement).

FairPoint has provided, in some instances, insufficient information required by the Commission and, according to Staff's compliance review, has not provided certain information required by the Settlement Agreement. Further, in light of recent events including the release of FairPoint's 10-Q quarterly report, the payment of executive compensation in the form of bonuses, and the failure by FairPoint to meet some of the established benchmarks for operational issues, the Commission has determined that further information is required. Accordingly, FairPoint is directed to do the following not later than May 26, 2009:

1. File all past and present FairPoint policies on executive compensation. If no such policies exist, FairPoint shall file a detailed, written description of its actions on its executive compensation packages since closing, and its prospective plan for executive compensation;

2. File a detailed, written description of steps taken for succession planning regarding replacement of the present Chief Executive Officer, Eugene Johnson, as per the press release of November 6, 2008;
3. Provide the Company's most current financial projections for the remaining three quarters of 2009 and for each quarter in 2010;
4. Provide capital spending projections for the remaining three quarters of 2009 and for each quarter in 2010. Break down the spending by state and by major category, with spending towards the Company's broadband build out commitment shown separately from any other category;
5. Describe whether the Company has adopted a cash preservation strategy, and, if so, provide details;
6. File a detailed, written description of any and all steps FairPoint has taken and plans to take to apply for or otherwise obtain funds from the National Telecommunications and Information Administration pursuant to the American Recovery and Reinvestment Act of 2009 and other related funds;
7. File any and all reports produced by KPMG and HHCG, LLC as a result of any contracts they have with FairPoint and a description of what progress the Company has achieved toward service improvement as a direct result of recommendations from either of these consultants;
8. Provide a date by which the Company will file a full Network Improvement Plan based on root cause analysis required by section 10.2 of the Settlement Agreement;
9. Provide a date by which the Company will file a detailed work plan with respect to removal of the outstanding inventory of double poles required by section 10.7.1 of the Settlement Agreement. Include in such detailed work plan quarterly targets for pole removals that achieve the commitment of 500 or fewer by July 31, 2010;
10. Provide the step-by-step methods and procedures to complete orders that fall out from normal processing;
11. Provide the written business process (written step-by-step methods and procedures and responsible organizations) created prior to cutover and reviewed by Liberty for hotcuts. Also provide an analysis of whether the process is being followed in the current environment. To the extent the process is not being followed, provide a detailed account describing each step taken, identifying the responsible organization for each step, to prevent a customer from experiencing a service disruption. In the event a customer's

service is disrupted as a result of migration, describe the procedures in place to restore service as soon as possible;

12. As follow-up to the FairPoint Escalation process diagram provided in the April 17, 2009 Stabilization Plan, provide executive level management objectives from the provisioning organization, for prioritizing, expediting and completing a new customer's POTS order and a new customer's DSL order that is past the due date, and received by FairPoint as a result of a customer complaint to Commission Staff. Include in the description, expectations for the length of time required for each step of the process and remediation when the time is exceeded in a particular step, from when the order is successfully entered into Metasolv until completion of all steps of the provisioning plan. Compare these steps with the steps taken to complete an unescalated POTS and DSL installation; and
13. FairPoint has various priority lists to provide direction to personnel on which problems should be addressed first. For example, Staff understands that there is a Top 10 list that CapGemini works on, a Top 20 list of orders pending from public safety agencies and a Top 50 list of orders pending from customers with medical considerations. Explain how the work is prioritized among these lists and the escalations and appeals received from Commission Staffs. Also explain who is responsible for deciding how the lists get resolved in the expected amount of time and how the priorities are balanced.

Sincerely,

Debra A. Howland
Executive Director

cc: Docket File
Service List