

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: August 17, 2011

AT (OFFICE): NHPUC

FROM: Jennifer Ducharme, Utility Analyst *JD*

SUBJECT: DT 11-159 Northland Telephone Company of Maine, Inc. d/b/a FairPoint Communications – Tariff Addition, ExpansionPAK II.

TO: Commissioners
Debra Howland, Executive Director *MCC*
Michael Ladam, Assistant Director, Telecommunications



On July 19, 2011, Northland Telephone Company of Maine, Inc. d/b/a FairPoint Communications (Northland) submitted a tariff filing to introduce a new bundled offering for business customers – ExpansionPAK II.

The purpose of the revision is to introduce the ExpansionPAK II bundle which will be available to business customers with fewer than 25 access lines (voice grade or equivalent). The ExpansionPAK II includes an Unlimited Dial Tone Basic Package or an Unlimited Centrex Basic Package along with a specified non-regulated service, if selected, and requires a one or two year term commitment.

The Unlimited Dial Tone Basic Package and Unlimited Centrex Basic Package are optional business flat rated usage packages comprised of a network access line with unlimited local calling, unlimited in-state long distance, unlimited domestic long distance and a choice of eleven calling features. The Unlimited Centrex Basic package also requires the purchase of at least one expansion line, which is offered on a monthly, one or two year basis per each additional line ordered. Expansion lines can also be purchased for the Unlimited Dial Tone Basic Package, but are not required.

The Unlimited Dial Tone Line Package is priced at \$20.75 per month when ordered for a one year term and \$17.75 per month when subscribed to a two year term. Optional expansion line (either unlimited local only or unlimited calling) pricing ranges from \$17.75 to \$24.96, and varies based on whether the customer opts for a month-to-month agreement or a one year or two year term commitment.

The Unlimited Centrex Basic Package is priced at \$19.75 per month for the first line when ordered for a one year term and \$16.75 per month when ordered for a two year term. The required expansion line (either unlimited local only or unlimited calling) pricing ranges from \$16.75 to \$22.00 and varies based on whether the customer opts for a month-to-month agreement or a one year or two year term commitment. Initial

connection and central office work charges are waived for the initial installation of either package when the customer subscribes to any term agreement.

Termination charges apply to customers who terminate service prior to the scheduled end date of their term agreement. Early termination of an Unlimited Dial Tone Line Package or Unlimited Centrex Basic Package one or two year term agreement by the customer will result in a one-time flat termination charge of \$300.00 for default within the first year of the term and \$150.00 within the second year of the term. Early termination of the agreement for an unlimited or local only expansion line (for either package) will result in a one-time flat termination fee of \$150.00 for default within the first year of the term and \$75.00 within the second year of the term.

In Staff's assessment, the bundles in this tariff filing are designed to provide pricing and features that will attract and retain business customers, particularly those seeking flat rate monthly packages. The price of these bundles exceeds their cost, and thus passes the price floor analysis. Additionally, the termination charge will cover all up front non-recurring costs that may burden the Company. Therefore, Staff recommends that this tariff filing be allowed to go into effect by operation of law on August 18, 2011.