

THE STATE OF NEW HAMPSHIRE

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May 29, 2007

Re: DT 07-027, Kearsarge Telephone Company, Wilton Telephone Company, Hollis Telephone Company and Merrimack County Telephone Company
Petition for an Alternate Form of Regulation
Approval of Procedural Schedule

To the Parties:

On March 1, 2007, four affiliated ILECs -- Kearsarge Telephone Co., Wilton Telephone Co., Hollis Telephone Co., and Merrimack County Telephone Co., all subsidiaries of TDS Telecom – filed, pursuant to RSA 374:3-b, a series of petitions seeking approval of an alternative regulation plan. On March 6, 2007, the Office of Consumer Advocate (OCA) entered an appearance on behalf of residential utility consumers pursuant to RSA 363:28 II. On April 10, 2007, the Commission issued an order of notice scheduling a prehearing conference, which took place on May 4, 2007.

Petitions to intervene were filed by Union Telephone Company and segTel on May 1, 2007. Granite State Telephone and New Hampshire Legal Assistance, on behalf of Mr. Ross Patnode, filed late petitions to intervene on May 7, 2007 and May 15, 2007, respectively. Mr. Patnode is a residential customer of Merrimack County Telephone Company. No party objected to the interventions.

The petitioners asserted that they are qualifying carriers under RSA 374:3-b and they objected to turning this docket into a generic proceeding on the meaning of RSA 374:3-b and urged the Commission to limit its review to the specific proposals filed by the companies. The petitioners stated at the prehearing conference that the statutory process for seeking alternative regulation available prior to the enactment of RSA 374:3-b was too time consuming and expensive and that section 3-b was designed to streamline that process.

The petitioners discussed issues which they assert should not be included in the review because the Legislature rejected them, including a requirement that a company seeking alternative regulation: (1) waive its rural exemption pursuant to section 251(f) of the Telecommunications Act of 1996, 47 U.S.C. § 251(f), (2) change its access rates, or (3) file wholesale tariffs. The companies urged the Commission not to engage in an extensive

theoretical exercise on competitive intermodal services and instead review and approve the alternative regulation plan expeditiously.

Granite State did not initially request intervention but indicated that it would monitor the proceeding to ensure that it does not establish any generic requirements or interpretations of RSA 374:3-b that might impact a future petition by Granite State under the same statute. segTEL indicated that it was interested in examining the state of competition in the petitioners' service territories to see if alternative regulation under 374:3-b is appropriate. On May 7, 2007, after the Technical Session, Granite State filed a motion to intervene, noting that none of the other parties or potential parties objected. At the Prehearing Conference, segTEL also expressed concern that this proceeding not harm competitive markets in the petitioners' service territories. Union took no position except to state that it had an interest in this proceeding both as a competitive provider and as a similarly situated ILEC.

The Office of Consumer Advocate took no position, but stated that it would be reviewing the petitions for compliance with the statutory requirements of 374:3-b. Staff took no position on the petitions but observed that the four companies served a total of approximately 33,600 access lines. Staff stated that, as a result, granting the Companies an alternative regulation plan would amount to a significant change in the telecommunications landscape in New Hampshire. Staff also recommended that parties brief issues concerning the definition of competitive services in RSA 374:3-b, III (a) prior to beginning the evidentiary portion of this proceeding.

Following the Prehearing Conference, the parties and Staff met in a Technical Session and recommended the proceeding begin with legal briefs on a number of issues involving interpretation of the statutory language in RSA 374:3-b. In a Staff report of the technical session dated May 7, 2007, the parties asked the Commission to review the briefs and determine how the statute would be applied in its review of the companies' proposed plans. The following schedule was submitted:

Initial briefs by all parties and Staff	June 1, 2007
Reply briefs by all parties and Staff	June 15, 2007
Technical session	July 6, 2007
Technical session	July 19, 2007

The parties agreed to hold a technical session on July 6 based on the assumption that the Commission will have issued an order on the issues discussed in the briefs by then. They reserved July 19 as a backup date. Staff's letter indicated that the parties and staff would agree upon a further procedural schedule for the remainder of the proceeding at the technical session.

The Commission reviewed the proposed procedural schedule, determined that it is reasonable and voted to approve it and directed that a secretarial letter be issued memorializing such at its public meeting on May 25, 2007.

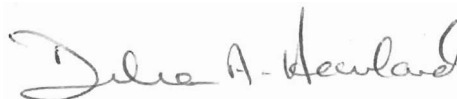
Paragraph III of RSA 374:3-b requires the Commission to approve an eligible ILEC's proposed alternative regulation plan if the Commission finds, *inter alia*, that "[c]ompetitive wireline, wireless, or broadband service is available to a majority of the retail customers in each

of the exchanges served” by the ILEC. As the parties are aware, the contours of this requirement may require some clarification, which could prove helpful to focusing the parties’ discovery of facts and pre-filed direct testimony. Accordingly, the Commission requests that the parties brief at least the following issues:

1. Does a service provided by an affiliate of the ILEC qualify as a competitive service for purposes of the statute?
2. Does long distance service qualify as a competitive wireline service for purposes of the statute?

Finally, there being no objections and recognizing that each of the parties has demonstrated, as required by RSA 541-A:32, “rights, duties, privileges, immunities or other substantial interests” that may be affected by this proceeding, the Commission has determined to grant the motions to intervene of Union Telephone Company, segTel, Granite State Telephone and Ross Patnode.

Sincerely,

A handwritten signature in cursive script that reads "Debra A. Howland".

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Executive Director

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