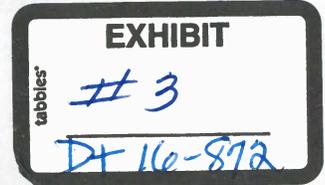


STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DT 16-872



CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.

and

FAIRPOINT COMMUNICATIONS, INC.

Joint Petition for Findings in Furtherance of the
Acquisition of FairPoint Communications, Inc.
and its New Hampshire Operating Subsidiaries
by Consolidated Communications Holdings, Inc.

PREFILED DIRECT TESTIMONY OF

GABE WAGGONER

ON BEHALF OF

CONSOLIDATED COMMUNICATIONS HOLDINGS, INC.

January 17, 2017

I. INTRODUCTION

1 Q. Please state your name and business address.

2 A. My name is Gabe Waggoner. My business address is 211 Lincoln Street, Roseville,
3 California 95678.

4 Q. By whom are you employed and what position do you hold?

5 A. I am employed by Consolidated Communications, Inc. ("CCI"), a wholly owned
6 subsidiary of Consolidated Communications Holdings, Inc. ("Consolidated"). I hold the position
7 of Vice President of Operations.

8 Q. Please describe your professional and educational background.

9 A. I have over 20 years of telecommunications experience, having served in diverse
10 functions, including leadership roles in Customer Service, Engineering, Network and Field
11 Operations with CCI. I have also had primary responsibilities for integration strategy and
12 implementation for key operational functions in five of Consolidated's previous acquisitions. I
13 hold a B.Sc. in Business and an MBA from Eastern Illinois University, in addition to continuing
14 education programs with the University of Wisconsin and Georgetown University.

15 Q. Have you previously testified before the New Hampshire Public Utilities
16 Commission ("the Commission") or another state public utility commission?

17 A. No.

18 Q. What is the purpose of your testimony?

19 A. The purpose of my testimony is to demonstrate that Consolidated possesses the technical
20 capabilities of maintaining the obligations of an incumbent local exchange carrier ("ILEC") in
21 New Hampshire. My testimony describes Consolidated's network and its comprehensive review

1 of FairPoint Communications, Inc.'s ("FairPoint's") network. I also describe Consolidated's
2 technical capabilities, knowledge, and experience with successfully transitioning network and
3 service operations of acquired companies. In addition, I discuss Consolidated's plans to make
4 the proposed integration of FairPoint's operations with those of Consolidated seamless from the
5 point of view of FairPoint's current New Hampshire wholesale and retail customers.

6

7 **II. CONSOLIDATED'S CURRENT NETWORK AND EXPERIENCE**

8 **Q. Please describe Consolidated's current network.**

9 **A.** Consolidated's current network extends over an eleven state¹ footprint with both Local
10 Exchange Carrier ("LEC") and Competitive Local Exchange Carrier ("CLEC") networks. The
11 network infrastructures include Time Division Multiplexing ("TDM") equipment providing
12 traditional switched services through the most advanced Internet Protocol ("IP") based
13 components. The core networks include next generation Wave Division Multiplexing ("WDM")
14 and Multi-Protocol Layer Switching ("MPLS"), IP Core supporting traditional services and
15 advanced broadband services. The last mile networks include copper, coax, and Fiber-To-The
16 Node ("FTTN"), Fiber-To-The House ("FTTH"), and Fiber-To-The Building ("FTTB").
17 Consolidated has deep experience operating as a Local Access and Transport Area ("LATA")
18 provider, Tandem provider, and E911 provider, as well as being dependent upon other
19 telecommunications companies to provide these services.

¹ Consolidated currently provides integrated communications services in California, Illinois, Iowa, Kansas, Minnesota, Missouri, North Dakota, Pennsylvania, South Dakota, Texas, and Wisconsin.

1 Consolidated adopted a process of expanding central office equipment deeper into the
2 network in 1998 by placing fiber fed nodes closer to the customer, shortening the last mile loop
3 lengths and providing higher quality services to customers. This approach has been in place for
4 the markets acquired by Consolidated, and gives Consolidated the ability to offer high quality
5 voice, data, and video services. Fiber redundancy and network equipment redundancy is
6 deployed throughout the networks wherever feasible to ensure uninterrupted service for the end
7 customers. Consolidated has connected all eleven state markets together with a Multi-State
8 Mesh MPLS network to provide further geographical redundancy for operational and subscriber
9 services.

10 Consolidated has a demonstrated commitment to investing in its networks to meet the
11 leading edge of communications service in its markets. In calendar year 2015 alone,
12 Consolidated invested \$134 million in capital projects and extended its fiber network by over
13 1,300 route miles while adding broadband capacity for its residential and commercial customers.
14 As of September 30, 2016, Consolidated's residential broadband offerings across its service
15 areas were 89% capable of a 20 Mbps service, 42% capable of a 100 Mbps service, and 13%
16 capable of a 1 Gig service.

17 Consolidated's extensive fiber network supports the increased demand on wireless
18 carriers for data bandwidth. In all the markets it presently serves, Consolidated has launched
19 initiatives to support fiber backhaul services to cell sites. As of December 31, 2015,
20 Consolidated had 1,224 cell sites under contract with 1,065 connected and 152 under
21 construction as of December 31, 2016.

22

1 **Q. Please describe the services Consolidated currently provides.**

2 **A.** Consolidated's operating companies provide a wide variety of voice, data, and video
3 products and services. Our customer categories include consumer, commercial and carrier
4 accounts. Our consumer and commercial voice products include both legacy Plain Old
5 Telephone Service ("POTS") and we also offer voice service via advanced Voice over Internet
6 Protocol ("VoIP") technologies. Consolidated's consumer and small business data services
7 range in speed from 3Mbps to 1Gbps. Consolidated offers voice, high speed broadband internet
8 and in some areas, digital video service (cable TV) to its customers. In addition, commercial
9 (business) and carrier customers are primarily offered next generation Ethernet Internet Protocol
10 services that start at 10Mbps through 10Gbps and are delivered with a variety of redundancy
11 options.

12 Consolidated markets its residential services to customers on either a stand-alone basis or
13 as a bundled package, including a "triple play" bundle that includes data, video and voice
14 services. As of September 30, 2016, Consolidated's operating subsidiaries served approximately
15 462,000 voice connections, 470,000 data connections, and 109,000 video connections.

16 Consolidated is also active in providing home automation and security solutions through
17 a third party delivery channel. Advanced Cloud offerings and Data Center options across twelve
18 data centers are available in our markets.

19 **Q. Please describe Consolidated's experience with owning and operating rural network**
20 **systems like some of those owned by FairPoint.**

21 **A.** Consolidated has a long history in delivering service to rural areas in Texas, Illinois and
22 Minnesota. The company started over a century ago as a rural provider and that profile is still

1 the dominant market type that we serve. Consolidated clearly understands that rural customers
2 need reliable telecommunications services not just for enjoying services like Internet access, but
3 also for matters of public safety and extremely reliable emergency calling capability.

4

5 **III. CONSOLIDATED'S REVIEW OF FAIRPOINT'S NETWORK**

6

7 **Q. Please describe Consolidated's review and analysis of the existing FairPoint network**
8 **in New Hampshire.**

9 **A.** Consolidated spent a significant amount of time with the engineering and operations
10 leadership of FairPoint reviewing the New Hampshire network. A comprehensive review of the
11 network diagrams, equipment deployments, and last mile deployments (Fiber/Copper) was
12 conducted. A physical inspection of portions of the network was conducted. In addition, an
13 evaluation of network design within the core and the last mile was conducted, as well as how
14 FairPoint delivers and supports the services within the State.

15 **Q. What was the purpose of this review and analysis?**

16 **A.** The purpose of the review was to understand the current capabilities and state of the
17 deployed network. This understanding led to the valuation of the network and provided insight
18 and guidance as to how Consolidated would manage the network once owned.

19 **Q. How did Consolidated conduct this review and analysis?**

20 **A.** In addition to multi-faceted review of network diagrams, physical inspections were also
21 conducted, reviewing portions of the outside plant and cable facilities, as well as central
22 switching offices. Network review meetings were held with the lead engineering and operations
23 teams from FairPoint.

1 **Q. Has Consolidated performed similar reviews and analyses before acquiring**
2 **companies? If so, what has it learned that will inform its acquisition of FairPoint?**

3 **A.** Consolidated has performed similar reviews in five other acquisitions. Through these
4 reviews, we have refined our inspection points to assure we understand what the current network
5 deployment(s) status is and what Consolidated will need to do to advance the network to support
6 next generation services. We continually perform internal network assessments in an ongoing
7 effort to maintain the highest level of service quality and reliability. Beyond the network,
8 Consolidated also reviews and analyzes the processes, procedures, and personnel within the
9 company to be acquired to determine how Consolidated will integrate these into the combined
10 company.

11 **Q. Please provide an overview of the network assets that Consolidated will acquire as**
12 **the result of the merger.**

13 **A.** The core network being acquired consists of traditional TDM and VoIP switching
14 infrastructure deployed using standard telecommunication design with central offices dispersed
15 throughout the state. All central offices are connected and served via fiber with DWDM, TDM
16 and IP transport. Last mile plant consists of aerial twisted pair copper and fiber cable.

17

18 **IV. INTEGRATION PLAN**

19 **Q. What is Consolidated's plan for transitioning operations of the FairPoint network**
20 **infrastructure and service operations?**

21 **A.** The initial goal is to provide a seamless transition for FairPoint's New Hampshire retail
22 and wholesale customers post-closing. FairPoint's existing customer-facing systems will remain

1 in place after the closing, so no system cutovers are required upon implementation of the
2 transaction. Thereafter, Consolidated, with over 120 years of operating experience will evaluate
3 whether there are opportunities in New Hampshire for improving service by employing the
4 proven strategies it has used in its other markets. These strategies include a highly structured
5 process that places emphasis on thoughtful and diligent evaluations of all functional areas,
6 prioritizing phased integration stages, with a focus on implementing Consolidated's best
7 practices for improving customer service and experience, while minimizing customer disruption.

8 As with previous acquisitions, Consolidated will establish an Integration Management
9 Office ("IMO") that monitors all integration projects for every functional area, and holistically
10 ensures that no transitional initiatives adversely affect any other efforts, and that best-practices
11 are being leveraged for smooth, orderly transition. This methodical approach has historically
12 proven very successful for Consolidated, as we have sought to balance expedient, efficient
13 transition with minimal disruption to employees and customers. The process is typically an 18 to
14 24 month incremental process, beginning with functions such as ERP (financial) system and the
15 network inventory systems.

16 The learned experience of launching data in 2000 and IPTV (digital video service) in
17 2004 has allowed us to expand upon our legacy voice experience and become experts in building
18 and maintaining high quality broadband networks and solutions. IP based voice, data, and video
19 require the next level of engineering and support expertise. Consolidated takes its experience-
20 based knowledge and expands it to the market-based support teams, thus bringing a consistent
21 approach to fiber and copper deployment, support, and maintenance.

1 Consolidated will approach the New Hampshire network and the customer base it
2 supports as it does all networks within the company by focusing on continued evolution to
3 support the next generation of services while diligently working to improve the customer
4 experience. Since FairPoint is an independent operating company already servicing customers
5 on systems which will remain in place with the entity Consolidated is acquiring, there is no
6 “cutover” necessary as was experienced in the asset sale of the New Hampshire network from
7 Verizon to FairPoint. As a result, any future billing or operation support system integrations will
8 only occur when it is necessary for supporting new services or efficiency gains.

9 **Q. From a network perspective, what changes, if any, will residential and business**
10 **customers experience upon the acquisition of FairPoint by Consolidated?**

11 **A.** From a network perspective, FairPoint’s New Hampshire residential and business
12 customers will experience no changes upon the closing. The existing operating entities, their
13 operations and service offerings will remain in place following the closing, and no system
14 cutover is required as a result of this transaction.

15 As I discuss above, post-closing, Consolidated will look at options for improving
16 operating efficiencies, expanding services, and improving quality. Consolidated has been
17 offering broadband services since 2000, including IPTV services since 2004 and VoIP services
18 since 2005. Consolidated has a wide breadth of experience in conditioning the cable facilities
19 and designing the network to support high quality broadband solutions for customers.

20 Consolidated has developed multiple tools and automation resources to assist in the deployment
21 and support of services allowing for quality installation and first call resolution of issues. We
22 will be evaluating opportunities to integrate these tools and our experience and knowledge after

1 the close of the transaction. Consolidated also expects to bring additional redundancy to critical
2 parts of the network and to leverage our multi-state presence through connecting the New
3 Hampshire network to our existing Multi-State Mesh Network to bring additional layers of
4 redundancy for services and support.

5 **Q. From a network perspective, what changes, if any, will wholesale customers
6 experience upon the acquisition of FairPoint by Consolidated?**

7 **A.** From a network perspective, FairPoint's New Hampshire wholesale customers will
8 experience no changes following the closing. The existing operating entities, their operations
9 and service offerings will remain in place following the closing, and no system cutover is
10 required as a result of this transaction. We expect to continue the growth and expansion
11 opportunities for wholesale and carrier customers throughout the state as we do within all of our
12 existing markets. Consolidated has a long and successful track record of serving wholesale
13 customers. For example, we have interconnection obligations in all of our ILEC territories, and
14 as a CLEC, we purchase unbundled network elements ("UNEs") from AT&T and Verizon. All
15 of the wholesale agreements, pricing, processes and systems in place with FairPoint today will
16 continue post close.

17
18 **V. CONSOLIDATED'S TECHNICAL CAPABILITIES TO MAINTAIN**
19 **FAIRPOINT'S ILEC OBLIGATIONS IN NEW HAMPSHIRE**
20

21 **Q. Is FairPoint currently meeting its ILEC obligations under New Hampshire RSA
22 362:8 and RSA 374:22-p?**

23 **A.** Based on the testimony of Michael C. Reed submitted on behalf of FairPoint in this
24 docket, FairPoint's New Hampshire companies are meeting their ILEC obligations under the

1 above-referenced statutes. My understanding is that the obligations of RSA 362:8, I. include
2 obligations that arise from the Commission's authority under the federal Telecommunications
3 Act, *i.e.*: Eligible Telecommunications Carrier ("ETC") obligations under 47 U.S.C. §214(e)(1);
4 ILEC obligations under 47 U.S.C. § 251(a)-(c); and obligations as a regional Bell Operating
5 Company ("RBOC") under 47 U.S.C. § 271 et seq.

6 FairPoint has satisfied all of the obligations specified in RSA 362:8, II., *i.e.*, those that
7 arose prior to February 1, 2011, relating to the availability of broadband, soft disconnect
8 processes, and capital expenditure commitments within the state.

9 FairPoint is meeting its obligations specified in RSA 362:8, III. to provide services to
10 CLECs, interexchange carriers, and wireless carriers, regardless of technology.

11 Finally, pursuant to RSA 362:8, IV, FairPoint is meeting all of its obligations arising
12 under RSA 374:22-p (relating to basic service, rate caps and reporting) and RSA 374:30, II.
13 (relating to the transfer of utility franchise, works or system). FairPoint has not discontinued
14 basic service in any portion of its franchise area. FairPoint is complying with the rate caps on
15 basic service set in RSA 374:22-p, VIII(b). FairPoint has agreed to report any changes in basic
16 service rates to the Commission. Lastly, the Joint Petition filed in this docket evidences
17 FairPoint's compliance with RSA 374:30, II.

18 **Q. Based on your knowledge, expertise and experience, does Consolidated have the**
19 **technical capabilities to maintain FairPoint's ILEC obligations in New Hampshire?**

20 **A.** Yes. Consolidated has the technical capabilities maintain FairPoint's ILEC obligations in
21 New Hampshire. As indicated in my testimony and that of Mr. Shultz, because FairPoint's
22 existing operating entities and systems will remain in place post-closing, FairPoint's New

1 Hampshire ILEC obligations will continue to be met. Moreover, because FairPoint will become
2 part of a larger company with a long history and extensive technical experience in providing
3 telecommunications services, its New Hampshire companies will have access to the additional
4 technical capabilities possessed by Consolidated, thereby enhancing the combined company's
5 ability to meet the New Hampshire ILEC obligations referenced above.

6 **Q. Does this conclude your prefiled direct testimony?**

7 **A. Yes.**

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