

Whitney, Judith

From: Stephen Whitaker <whitaker.stephen@gmail.com>
Sent: Saturday, June 03, 2017 1:53 PM
To: Neal, Barb
Cc: Young, Susanne; Thompson, Darwin; PSB - Clerk; mmarcotte@leg.state.vt.us
Subject: 911 issues in FairPoint/Consolidated acquisition
Attachments: 2017.06.01 PSB Docket 8881 CCHI_FairPoint_DPS MOU.pdf

via email

June 3, 2017

Ms. Barb Neal
Executive Director
Enhanced 911 Board

cc: Darwin Thompson DII
Susanne Young
PSB Clerk Judy Whitney
Rep Kathleen Keenan
Rep Michael Marcotte
bcc: E&T committee members

Barb:

I call to your attention my prior concerns regarding impacts on the E911 system reliability which are a continuing issue and which may now also be impacted by the PSB Docket 8881 'settlement' that has only recently come to my attention.

VPR news and VTDigger both report in recent days that the Department of Public Service has reached a settlement agreement or MOU on the acquisition of FairPoint by Consolidated Communications Holdings Inc.

After my preliminary review of that MOU agreement, (attached), I notice a reference to the potential that the Signalling System Seven (SS7), Signal Transfer Points (STPs) ownership and management might be impacted by the sale or acquisition.

14. For the first two (2) years after completion of the merger, Consolidated also agrees to provide notice to the Board and the Department at least three months prior to any transition of the Vermont SS7/STP service to a third-party. This requirement only applies for a period of two (2) years after the completion of the merger, and in no event after June 30, 2019.

As you are well aware, the Department of Public Service has taken the position that the Vermont Public Service Board lacks jurisdiction over substantial portions of the Enhanced 911 system. As the Department is charged by statute with advocating for the public before the Board, this position/distinction may have already resulted in false assurances that the Enhanced 911 system and Boards' interests are fully represented and protected by the Department in this Docket 8881 acquisition docket and in other prior and pending PSB investigations.

Secondly, after the most recent E911 Board meeting I inquired of the E911 Board's consultant as to why his presentation to the Board had made no reference to any validation or audit of the circuit diversity which was

specifically required by the E911 Board request for proposals RFP which resulted in the FairPoint contract award.

He stated to me that the verification the dedicated circuits from the end offices to the selective router was not completed and was unnecessary due to a definition change; that those circuits are no longer considered to be part of the E911 system! He said the E911 system begins at the FairPoint IP gateway switch, no longer at the telephone central office located in each community.

This is both deeply disturbing and a massive oversight as well as a potential vulnerability to the E911 system and at minimum, merits further investigation. Specifically this also implicates the decision regarding the legal position that the Public Service Board does or does not have jurisdiction over these circuits and their required diversity/protection prior to reaching the new demarcation point of the E911 system boundary.

If the dedicated circuits, from each end office or 'wire center' in the Vermont and a few neighboring states are no longer defined as being part of the Enhanced 911 system, by definition, yet they are also not under PSB jurisdiction and thus the potential impacts of the sale or transfer of the SS7/STPs as a result of the CCHI/FairPoint acquisition leaves those crucial elements impacting the E911 system in a "no-mans-land."

If, in the absence of the protected, dedicated circuits formerly required to be dedicated to 911 calls and in sufficient number for delivering peak 911 call volumes of each central office to the E911 selective router are now relying on the shared fiber trunking to a tandem switch and the SS7/STP shared network elements, this situation has the potential to complicate or even compromise the yet to be completed E911 system reliability analysis significantly.

It is my opinion that the Enhanced 911 Board should immediately convene a special meeting with their Board consultant to more fully examine and inquire into these issues, and possibly even necessitates that the E911 Board hire independent legal counsel to intervene in the Public Service Board Docket 8881 on the CCHI/FairPoint acquisition in order to protect the interests of the security and reliability of the E911 system which are clearly not represented by the Department of Public Service due to their dubious positions on the Public Service Board lacking jurisdiction over E911.

If my detailed understanding of the current E911 network design and protective measures is out of date or missing key details of some protective measures that are already in place, please keep in mind that the E911 Board secrecy and over-use of claimed exemptions to public records law access is only compounding this problem.

The failure of both the E911 Board or the Department of Information and Innovation to have contracted for an independent ENGINEERING expert review of the proposed FairPoint E911 system proposal, specifically including the network topology and protection measures, prior to its contract finalization as required by statute has aggravated this situation enormously.

I hope you take immediate action to investigate or at minimum to achieve rapid resolution to these issues.

Kind regards,
Stephen Whitaker

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Joint Petition of Consolidated Communications	)	
Holdings, Inc., Consolidated Communications, Inc.,	)	
Falcon Merger Sub, Inc., FairPoint	)	
Communications, Inc., Telephone Operating	)	
Company of Vermont LLC, d/b/a FairPoint	)	Docket No. 8881
Communications, FairPoint Vermont, Inc., d/b/a	)	
FairPoint Communications, UI Long Distance, Inc.,	)	
and Enhanced Communications of Northern New	)	
England, Inc., for approval of a transfer of control	)	
by merger, pursuant to 30 V.S.A. §§ 107, 108, 109,	)	
231(a), and 311	)	

**MEMORANDUM OF UNDERSTANDING BETWEEN THE JOINT PETITIONERS
AND THE VERMONT DEPARTMENT OF PUBLIC SERVICE**

I. Introduction

This Memorandum of Understanding (“MOU”) dated as of June 1, 2017, sets forth the agreement of Consolidated Communications Holdings, Inc. (“Consolidated Holdings”), Consolidated Communications, Inc. (“Consolidated Communications”), Falcon Merger Sub, Inc. (“Falcon”) (together “Consolidated”), and FairPoint Communications, Inc. (“FairPoint”), Telephone Operating Company of Vermont LLC, d/b/a FairPoint Communications (“TOCV”), FairPoint Vermont, Inc., d/b/a FairPoint Communications (“FPV”), UI Long Distance, Inc. (“UILD”), Enhanced Communications of Northern New England, Inc. (“ECNNE”) (together “FairPoint”) (Consolidated and FairPoint collectively the “Joint Petitioners”), and the Vermont Department of Public Service (the “Department”) (collectively, the “Parties”) regarding resolution of all outstanding issues in the above-captioned proceeding.

II. Procedural History

1. On December 3, 2016, Consolidated Holdings, Falcon, and FairPoint, entered into an Agreement and Plan of Merger (the “Agreement”) for the proposed transaction (the “Transaction”).

2. On December 29, 2016, the Joint Petitioners petitioned the Vermont Public Service Board (“Board”), pursuant to 30 V.S.A. §§ 107, 108, 109, and 311, for approval of a transfer of control of FairPoint to Consolidated pursuant to the Transaction. In addition, Joint Petitioners requested amendments of the existing Vermont Certificates of Public Good (“CPG”), under 30 V.S.A. § 231(a), to reflect changes in the names of the existing FairPoint operating entities.

3. On January 11, 2017, the Department and Joint Petitioners entered into a Protective Agreement setting forth the parties’ agreement for the treatment of confidential information disclosed during the proceeding. The Protective Agreement was approved by the Board on February 9, 2017, and a later amendment approved on March 27, 2017.

4. Joint Petitioners filed Direct Testimony on January 11, 2017.

5. The Board held three public hearings to receive comments from the public about the Transaction on February 15, 2017, in Montpelier; on February 21, 2017, in St. Johnsbury; and on March 2, 2017, in Bennington.

6. On March 29, 2017, the Department and Labor Intervenors filed prefiled direct testimony. On April 24, 2017, Consolidated and FairPoint filed rebuttal testimony and exhibits.

7. Throughout the course of the proceedings, the parties engaged in multiple rounds of discovery. Labor Intervenors filed one round of discovery on Joint Petitioners. The Department filed four rounds of discovery on Consolidated and three rounds on FairPoint.

8. Technical hearings were held on May 8 and May 9, 2017. Briefs were submitted on May 26, 2017.

9. Over the last several weeks, Joint Petitioners and the Department have engaged in discussions and negotiations regarding the issues in this proceeding.

10. Based on those discussions, Joint Petitioners and the Department have reached agreement that with the implementation of the Settlement Agreement set forth below, the proposed Transaction promotes the public good of the State of Vermont and the Department supports the Board issuing an Order to that effect.

11. The Communications Workers of America Local 1400 (“CWA”) and the International Brotherhood of Electrical Workers Locals 2320, 2326, and 2327 (“IBEW”), that form the IBEW System Council T-9 (CWA and IBEW together, “Labor Intervenors”) have reviewed the terms of the MOU and neither support nor oppose the provisions of this MOU.

III. Settlement Agreement

As a result of their negotiations, the Parties agree as follows:

Joint Recommendation

1. Subject to the further provisions of the Settlement Agreement as set forth hereinafter, the Parties will jointly recommend that the Board issue an order adopting and approving this MOU, granting the Joint Petitioners the relief requested in their petition, and issuing any and all certificates and consents as may be required consistent with the relief so granted.
2. This MOU shall be executed by the Parties and then submitted by the Joint Petitioners to the Board for its approval. The Parties agree to recommend to the Board that it enter a final order adopting this MOU in its entirety, without modification, as the full and final resolution of the matters at issue among the Parties in this proceeding.

Capital Investment

3. Consolidated shall maintain a minimum level of capital investment in Vermont for network improvements at an average level of at least 14% of total Vermont revenue for a period of three (3) years after completion of the merger. Total Vermont revenue shall include Vermont-specific total revenue for all FairPoint or Consolidated subsidiaries operating in Vermont, including, but not limited to, the Telephone Operating Company of Vermont LLC, FairPoint Vermont, Inc., UI Long Distance, Inc., and Enhanced Communications of Northern New England, Inc. or the legal successor to any such subsidiary. Total Vermont revenue shall not include any revenues generated as a result of inter-affiliate transactions amongst any FairPoint or Consolidated subsidiaries operating in Vermont. Total Vermont revenue shall also not include any revenue received by Consolidated through the Federal Communications Commission's Connect America Fund Phase II ("CAF II") program. Likewise, any funds received through the CAF II program that are expended to complete CAF II projects shall not be used to satisfy the minimum capital investment requirements.
4. To address the Department's request for an assurance that the 3-year 14% capital investment commitment be made and because the Department is particularly focused on

protecting Vermont residents who only have access to landline service (or POTS) without a competitive option, Consolidated has agreed to a further capital investment for three-years. Specifically, Consolidated has agreed to invest another \$1M, on an average annual basis, for a period of three (3) years after completion of the merger, in capital investments specifically to target areas with on-going service quality concerns, as identified in collaboration with the Department.

5. Consolidated shall annually file with the Board and the Department a report detailing its compliance with the capital investment requirements from paragraphs 3 and 4 above. The report must contain, at minimum, a description of how Consolidated calculated the minimum reinvestment requirement for each year, list total capital expenditures for each year, and provide a summary of the investments completed by Consolidated to satisfy the requirement. The report may be submitted as an appendix or attachment to the regular Annual Reports filed with the Department and the Board and may be submitted under seal.

6. Within six months after closing, Consolidated shall prepare a three-year plan for capital investment in the Vermont network. The Parties understand that capital investment plans can change from year to year based on Consolidated's business needs and assessment of priorities. Consolidated will retain the plan for the three year time period and during the three-year period of the plan, at the request of the Department, Consolidated will confer with the Department on any changes in its capital investment plan. However, the Parties understand that Consolidated may change or otherwise realign its capital plans as its business needs shift with no further approval or requirements from the Department.

Protection of vulnerable and low-income Vermonters

7. In addition to the capital investment terms described above, Consolidated has agreed that for a period of three (3) years after completion of the merger, it will not take steps to reduce the level of Universal Service Fund ("USF") in Vermont and for the same time period, Consolidated agrees that it will not relinquish the Eligible Telecommunications Carrier ("ETC") designation for TOCV and FPV.

Collaboration with DPS Consumer Affairs and Public Information (CAPI) Division

8. Within one month of a final order being issued in this Docket, Consolidated agrees to provide the Department's Consumer Affairs & Public Information ("CAPI") Division with ready access to a high level regulatory affairs and customer service contact with knowledge and responsibility for regulatory affairs in Vermont.

9. Consolidated will make high-level regulatory affairs and/or service quality employees available for in-person meetings with staff from the Department's CAPI division at least quarterly for a period of three (3) years after completion of the merger.

10. Consolidated plans to have high-level and/or senior level management members with direct responsibility for Vermont located in Maine and New Hampshire. It also agrees to have senior regulatory staff, with decision making authority, located within the State of Vermont.

11. Consolidated agrees to comply with the August 10, 2015 side letter between the Department and FairPoint from Docket 8390 that pertains to prioritization of service repairs for medically vulnerable customers. The Parties agree, however, that the side letter may be modified by the mutual agreement of Consolidated and the Department.

Network Operations

12. Consolidated agrees that within three months of assuming responsibility for the network operations of FairPoint, it will utilize the Consolidated escalation process for aging trouble tickets.

13. Consolidated agrees to provide a staffing plan for the SS7/STP functional network expertise within three months after approval of the merger and file it with the Board and Department under seal.

14. For the first two (2) years after completion of the merger, Consolidated also agrees to provide notice to the Board and the Department at least three months prior to any transition of the Vermont SS7/STP service to a third-party. This requirement only applies for a period of two (2) years after the completion of the merger, and in no event after June 30, 2019.

System conversions

15. Consolidated agrees to provide to the Board and the Department its plan describing the work approach and quality control metrics to be employed to ensure a successful OSS/BSS cutover at least 3 months prior to any final cutover for the initial conversion of any OSS/BSS applications. This requirement only applies for a period of two (2) years after the completion of the merger, and in no event after June 30, 2019.

16. Consistent with its current practices, for any initial cutover, Consolidated will complete a thorough stress and volume test in advance of converting any of its existing source applications to the target OSS/BSS applications. This requirement only applies for a period of two (2) years after the completion of the merger, and in no event after June 30, 2019.

17. In implementing systems conversions, Consolidated agrees to employ its proven “Integration Management Office” process and integration discipline developed through its prior acquisitions. Consolidated shall investigate the feasibility of completing any OSS or BSS cutover for an individual state within the existing FairPoint Northern New England (“NNE”) service territory before completing any initial cutover for the entire NNE territory. Prior to conducting any OSS or BSS systems cutover, Consolidated shall provide a report to the Board and Department that details how Consolidated intends to proceed with cutover of such systems to mitigate risk to consumers, including its assessment of whether such cutover could effectively be completed on a state-by-state basis based on Consolidated’s assessment. This requirement only applies for a period of two (2) years after the completion of the merger, and in no event after June 30, 2019.

Wholesale related obligations

18. Consolidated agrees that it will: 1) follow the terms, conditions, and prices contained in FairPoint’s existing Interconnection Agreements (“ICAs”) for services provided in Vermont; 2) that future changes or modifications to ICAs will only be made through negotiation with the parties to such ICAs at the expiration of the term of each existing ICA; and 3) that the manner in which changes or modifications are made will be based on the terms and conditions of the existing ICAs.

19. Consolidated, upon assuming control over FairPoint, will comply with any and all requirements and obligations of a Regional Bell Operating Company (“RBOC”), as established under the federal Telecommunications Act and any other applicable federal and/or state laws or regulations, until such requirements are removed by state and/or federal lawmakers or regulators.

20. Consolidated intends to adopt the recently completed Wholesale Performance Plan (“WPP”), as approved by the Board in Docket No. 7506 on March 25, 2015, which contains restrictions on how and when the WPP can be modified.

21. Consolidated must retain discretion to make staffing decisions within its wholesale carrier division consistent with the volume of the wholesale business, but it agrees that for a period of two years after completion of the merger, it will appropriately staff this division utilizing, as it deems appropriate, the existing FairPoint knowledge-base, so as to provide reliable wholesale service.

22. Consolidated currently uses the Synchronous Virtual Front Office (“VFO”) and CDG Carrier Access Billing System (“CABS”) used by FairPoint for interconnection and wholesale service ordering for services provided in Vermont, and will continue to do so for a period of at least two years after closing the merger with FairPoint.

23. Consolidated agrees that it will use FairPoint’s existing change management process for the wholesale system for services provided in Vermont, and will continue to do so for a period of at least two years after closing the merger with FairPoint.

Application of the Service Quality Metrics Applicable to FairPoint

24. Consolidated has agreed to follow the current Docket 5903 service quality metrics that apply to FairPoint, including any modifications to such metrics as may be adopted by the Board in Docket 8701, as well as related agreements from Docket 8390, and applicable Board Rules.

Corporate Structure

25. Consolidated agrees that its Vermont-related assets and liabilities will be maintained in a separate subsidiary.

Information Related to Vermont-Specific Synergies

26. Consolidated shall prepare information identifying Vermont-specific synergies impacts (for the projected Transaction-related synergy savings only) within six (6) months of completion of the merger and share that information once prepared during a meeting with the Department to be scheduled at the request of the Department.

27. Consolidated has agreed that it will provide the Department's Director of the Telecommunications and Connectivity Division with verbal notice before it announces any layoffs in Vermont.

Other Terms and Conditions

28. The Parties agree that this MOU, and any order approving this MOU, relate only to these Parties and should not be construed by any party or tribunal as having precedential or any other impact on future proceedings involving the Parties, except as necessary to implement the terms of this MOU or to enforce an order of the Board approving the MOU.

29. This MOU represents a final, integrated, and comprehensive resolution of all issues between the Parties in this proceeding. The parties to this MOU hereby agree to provide each other with written notice as to whether each party will waive its right to seek reconsideration or appeal of the Board's final order within two business days after the issuance of such an order. However, the parties further agree that they may exercise their right to seek reconsideration or appeal of the Board's final order only if the Board does not adopt and approve this MOU in its entirety, or otherwise issues a final order that includes a material modification to any term or condition contained in this MOU. The parties further acknowledge that they each reserve the right, in their sole discretion, to determine in good faith whether any terms or conditions included in the Board's final order constitute a material modification to this MOU.

30. In the event that the Board fails to approve this MOU in all material respects, then each party to this MOU may, in its sole discretion, terminate this MOU and all obligations hereunder, upon five days' written notice to the other parties, and in such event each party shall have the same rights as each would have had absent this MOU.

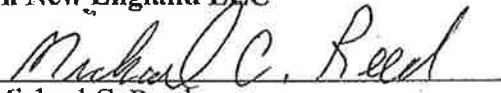
31. The Parties will cooperate in further Board proceedings necessary to support this MOU to the extent deemed necessary. The Department will support issuance of the orders and findings of the Board specified herein subject to the Department's obligations under Title 30 of

the Vermont Statutes Annotated. Nothing in the MOU abrogates the Department's ability to use its existing regulatory authority to initiate or seek an investigation of a utility company or its actions under Title 30.

32. This MOU is governed by Vermont law and any disputes under this MOU shall be decided by the Board.

33. This MOU may be executed by the Parties in one or more counterparts, and through original and/or electronic signatures. As so executed, this MOU shall constitute one and the same agreement. This MOU constitutes the complete agreement of the Parties and may not be amended except by a written instrument signed by all of the Parties to this MOU.

**FairPoint Communications, Inc.,
Telephone Operating Company of
Vermont LLC d/b/a FairPoint Communications,
FairPoint Vermont, Inc. d/b/a FairPoint
Communications, UI Long Distance, Inc.,
and Enhanced Communications of
Northern New England LLC**



Michael C. Reed

FairPoint State President for Vermont and Maine

Dated at MANCHESTER, this 1 day of June, 2017.
NEW HAMPSHIRE.

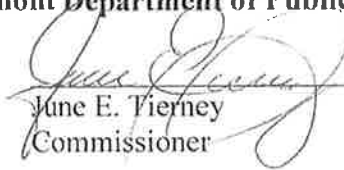
**Consolidated Communications Holdings, Inc.,
Consolidated Communications, Inc.,
and Falcon Merger Sub, Inc.**

A handwritten signature in black ink, appearing to read "Michael J. Shultz", written over a horizontal line.

Michael J. Shultz
Vice President – Regulatory & Public Policy

Dated at Watertown, NY, this 1st day of June, 2017.

Vermont Department of Public Service


June E. Tierney
Commissioner

Dated at Montpelier, this 1 day of June, 2017.