STATE OF VERMONT
PUBLIC UTILITY COMMISSION

Case No. 21-4060-PET

Petition of Consolidated Communications of	)
Vermont Company, LLC and Consolidated	)
Communications of Northland Company for	)
approval of a successor Incentive Regulation	)
Plan, pursuant to 30 V.S.A. § 226b	)

PREFILED REBUTTAL TESTIMONY OF
CLAY PURVIS
ON BEHALF OF THE
VERMONT DEPARTMENT OF PUBLIC SERVICE

April 14, 2022

Summary: Mr. Purvis explains the importance of any relaxed regulatory regime including enhanced bill credits and a commitment from Consolidated to further reduce the occurrence of host-remote isolation events in its network. Mr. Purvis also communicates the Department's updated position on acceleration of Consolidated's RDOF obligations.

Mr. Purvis Sponsors the Following Exhibits:

Exhibit DPS-CP-2 Consolidated Host Remote Isolation Status Report

REBUTTAL TESTIMONY OF CLAY PURVIS

Q1. Please state your name and title.

A1. My name is Clay Purvis. I am Director of Telecommunications and Connectivity for the Vermont Department of Public Service ("Department").

Q2. Are you the same Clay Purvis who submitted prefiled direct testimony in this proceeding?

A2. Yes, I am. My prefiled direct testimony was submitted in this proceeding on January 21, 2022.

Q3. What is the purpose of your rebuttal testimony in this case?

A3. The purpose of my testimony is to further explain the importance of enhanced bill credits and reduction of host-remote isolation events as part of any relaxed regulatory regime. I also update the Department's recommendation with respect to Consolidated's Rural Digital Opportunity Fund ("RDOF") obligations.

Q4. Please explain why enhanced bill credits are necessary.

A4. The Department's enhanced bill credit proposal is conditioned on shifting to a 48-hour OOS Troubles Cleared metric in non-competitive/Tier 1 municipalities. When coupled with an enhanced bill credit requirement, a cleared in 48 metric will provide meaningful consumer protections and provide incentive for Consolidated to improve service quality. More specifically, enhanced bill credits will simultaneously provide Consolidated with the incentive to identify and correct problems at locations that suffer from the poorest service quality and give deserved, compensatory relief to those customers with no competitive alternative. Simply put, enhanced bill credits are necessary because they are a form of enhanced service quality aimed to effectively protect captive customers. Department witness August Ankum responds to Consolidated's opposition to the enhanced bill credit proposal in his rebuttal testimony.

Q5. Does the Department support relaxation of Consolidated's regulatory obligations without an enhanced bill credit?

A5. No. Adoption of enhanced bill credits is the trade-off the Department is proposing in exchange for relaxing Consolidated's regulatory obligations. It takes priority above all other recommendations the Department has proposed. Should Consolidated's regulatory obligations be relaxed with no enhanced bill credit in place, the Department will no longer be able to support a cleared in 48 metric in non-competitive/Tier 1 municipalities.

Q6. Please respond to Consolidated's assertion that it would be inappropriate to address host-remote isolation in the IRP.

A6. The Department disagrees with Consolidated's characterization of the host-remote isolation ("HRI") issue. Although Consolidated may be correct in noting that HRI outages contribute to a small percentage of overall outages, the threats to public safety imposed by HRI outages make them a higher priority. In an isolation event, customers in the isolated exchange still have dial tone and can place local calls. However, unlike a typical outage in which the customer loses dial tone, nothing in an HRI event alerts the customer to the loss of interexchange service. In the event of an HRI event, the consumer has lost access to 9-1-1 without knowing it. Further resolution of HRI events will promote the general good of the state and therefore, the Department continues to consider HRI a compelling public safety issue that should be part of any successor IRP.

Q7. Is investing in network improvements that reduce or eliminate HRI cost prohibitive?

A7. No. Consolidated and its predecessor FairPoint Communications have both proven this sentiment wrong by their own actions. According to Consolidated, the two companies have reduced the number of exchanges subject to HRI by 57%, from 60 communities in 2007 to 29 communities affected in 2020 (**Exhibit DPS-CP-2 at 2**). The Department is seeking a commitment from Consolidated to continue this trend.

The more likely issue for Consolidated is that upgrading central offices subject to HRI provides little-to-no return on investment, especially when compared to investments like fiber-to-the-home in urban exchanges. But, the lack of return on investment is the crux of the problem for all service quality issues in rural Vermont. That is why the

Department seeks to raise and address rural service quality through this IRP proceeding.

The Department now recommends that Consolidated reduce the number of exchanges subject to partial diversity by eight and further reduce the number of exchanges with no route diversity by three. Consolidated estimates that it will cost between $220,000 and $900,000 per central office, depending on the exchange. These costs are not insignificant, but they are investments that could save lives. That said, the Department is open to discussion on exactly how many exchanges subject to HRI should be reduced under a successor IRP. Regardless, relief from regulation must be accompanied by an agreement to improve and maintain the Consolidated network for the benefit of all Vermonters.

Q8. Does the Department continue to recommend that Consolidated's RDOF obligations be accelerated under a successor IRP?

A8. No. Despite the fact that Consolidated and its predecessors have made similar commitments in the past, the Department will no longer pursue acceleration of Consolidated's RDOF investments as part of any successor IRP. As explained in the testimony of August Ankum, the Department will continue to receive address-level data from Consolidated on an annual basis for mapping purposes, which should serve as proper means of monitoring fiber investments and identifying any potential investment backsliding during the term of the IRP.

Q9. Does this end your testimony?

A9. Yes.