STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No.

Joint Petition of Consolidated Communications Holdings, Inc., Consolidated Communications, Inc., Falcon Merger Sub, Inc., FairPoint Communications, Inc., Telephone Operating Company of Vermont LLC, FairPoint Vermont, Inc., 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

JOINT PETITION

Summary

This is a joint petition by Consolidated and FairPoint, two longstanding wireline providers, both public companies in good standing, to allow them to merge at a national level as expeditiously as possible to pursue the opportunities of more significant scale while continuing to pursue excellence in service at a local level in the states currently served by them. The merger does not involve a technical cutover of any kind, does not reduce competition in any market, creates a more financially sound entity, which, if approved, will pool the management resources of two companies whose roots started in telephone service in the 19th century.

Introduction

1. Consolidated Communications Holdings, Inc. ("Consolidated Holdings"), Consolidated Communications, Inc. ("Consolidated"), Falcon Merger Sub, Inc. ("Falcon"), FairPoint Communications, Inc. ("FairPoint"), Telephone Operating Company of Vermont LLC d/b/a FairPoint Communications ("TOCV"), Enhanced Communications of Northern New England, Inc. ("ECNNE"), FairPoint Vermont, Inc. ("FPV"), and UI Long Distance, Inc. ("UILD," and all of the foregoing, together, the "Joint Petitioners"), jointly petition 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. In addition, the Joint Petitioners also seek amendments of existing Vermont Certificates of Public Good, under 30 V.S.A. § 231(a), to reflect changes in the names of the existing operating entities. The Joint Petitioners seek Board approval on an expedited basis to meet a planned June 30, 2017, closing of the proposed acquisition.

2. On December 3, 2016, Consolidated Holdings, Falcon, and FairPoint entered into an Agreement and Plan of Merger (the "Agreement"). The Agreement is attached as **Attachment 1**. As described further below, the proposed transaction involves Consolidated's acquisition of 100% of the common stock of FairPoint in exchange for shares of common stock of Consolidated. Consolidated will thereby acquire control of FairPoint's operations in all 17 states in which FairPoint presently operates, including Vermont. At closing, Falcon will be merged with and into FairPoint, and FairPoint, the surviving entity, will become a wholly owned subsidiary of Consolidated. The transaction thus also represents an indirect change in control of FairPoint's subsidiaries, including its four Vermont operating entities, TOCV, FPV, UILD, and ECNNE. The transaction will also require a pledge of assets by FairPoint and its operating subsidiaries, including TOCV, FPV, UILD, and ECNNE, to secure the transaction financing.

3. The proposed transaction furthers Consolidated's objective of using selective acquisitions to create a communications platform with sufficient strategic and financial scale to deliver a suite of advanced services on a regional basis, while remaining true to its origins as a local, independent company focused on the particular needs of the customers and communities it serves. With this transaction, Consolidated will increase its footprint from 11 states to 24 states.

4. The combined company will be better positioned to continue Consolidated's demonstrated commitment to financial and operational stability in all the markets it serves. Consolidated has already secured an incremental term loan facility to refinance FairPoint's currently outstanding credit facility of approximately $916 million, reducing the risk of securing financing with acceptable terms closer to the closing.

5. The transaction will be seamless from the point of view of FairPoint's current customers. It will have no adverse effect on the services provided to FairPoint's retail or wholesale customers in Vermont, who will continue to receive the services presently provided by FairPoint on the same terms. Because FairPoint's four Vermont operating entities will continue to operate under their existing authority, no transfers of assets, properties or services will take place as a result of the transaction. In particular:

- FairPoint's existing customer-facing systems will remain in place after the closing, so that no system cutovers are required upon implementation of the transaction. Any future information technology upgrades or expansions to Consolidated's systems will be done with careful planning and execution in the normal course of business operations.

- No new certificates of public good under state law or new designations of Eligible Telecommunications Carriers ("ETCs") under federal law will be required to complete this transaction.

- Consolidated will step into FairPoint's shoes in all respects and will assume all rights and obligations that FairPoint has in Vermont, including, without limitation, TOCV's obligations under the 2015-2019 Vermont Incentive Regulation Plan that was approved by the Board in an Order issued on March 18, 2016, in Docket No. 8337.

- The status of FairPoint and/or its Vermont operating entities in all cases and proceedings now pending before Vermont courts and regulatory agencies, including the Board, will not be affected by the transaction.

6. Consolidated will honor FairPoint's collective bargaining agreements with FairPoint's union employees. After the closing, FairPoint employees will have the same rights under employment agreements or at-will employment arrangements as they now have.

7. The transaction will have no adverse impact on competition in Vermont. Consolidated does not presently operate in New England and therefore does not compete with FairPoint in Vermont. Moreover, in strengthening the financial and operational capacity and scale of the State's largest incumbent telecommunications provider, the transaction will enhance competition.

8. In sum, the proposed transaction will not harm customers or competition in Vermont and will provide operational and financial stability in the delivery of communications services in the areas of Vermont now served by FairPoint. As the Petitioners demonstrate below and in the prefiled testimony to be filed, this stock acquisition and transfer of control will promote the public good, will be consistent with the general good of the State, and will not obstruct or prevent competition in the provision of communications services in the State of Vermont. The transaction thus satisfies the applicable statutory criteria for approval by the Board under Vermont law, based on the criteria the Board has applied in similar cases. Accordingly, the Joint Petitioners respectfully ask that the Board approve this Joint Petition and the proposed transactions described herein.

The Parties

9. Consolidated Holdings is a publicly held Delaware corporation located at 121 South 17th Street, Mattoon, IL 61938-3987. Through its original operating entity, the Mattoon

Telephone Company, which eventually became the Illinois Consolidated Telephone Company, Consolidated Holdings has provided local telephony services since 1894. Consolidated Holdings' operating subsidiaries currently provide integrated voice, data and video communications services to consumers, businesses and carriers in areas of California, Illinois, Iowa, Kansas, Minnesota, Missouri, North Dakota, Pennsylvania, South Dakota, Texas and Wisconsin. Consolidated Holdings presently owns and operates 7 incumbent local exchange carriers ("ILECs") and 1 competitive local exchange carrier ("CLEC") in 11 states serving, in aggregate, approximately 462,000 voice connections, 470,000 data connections and 109,000 video connections as of September 30, 2016. Under the proposed Agreement, Consolidated Holdings will acquire control of FairPoint and its subsidiaries through its wholly owned subsidiary, Consolidated.

10. Consolidated, an Illinois corporation, is a wholly owned subsidiary of Consolidated Holdings. Under the Agreement, Consolidated has formed Falcon as a merger subsidiary and will, upon Falcon's merger with and into FairPoint, become the direct parent company of FairPoint.

11. Falcon is a Delaware corporation that has applied for authority to do business in Vermont. Falcon is a wholly owned subsidiary of Consolidated created solely to effectuate the proposed merger with FairPoint. Under the proposed Agreement, Falcon will cease to exist upon its merger with and into FairPoint, leaving FairPoint as a wholly owned subsidiary of Consolidated.

12. FairPoint is a publicly held Delaware corporation located at 521 East Morehead Street, Suite 500, Charlotte, NC 28202. Through its subsidiaries, FairPoint provides advanced

data, voice and video technologies to single- and multi-site businesses, public and private institutions, consumers, wireless companies and wholesale re-sellers in 17 states. FairPoint's fiber-based Ethernet network extends across more than 21,000 route miles of fiber, including approximately 17,000 route miles of fiber in northern New England, and provides the network coverage, scalable bandwidth and transport capacity to support enhanced applications, including the next generation of mobile and cloud-based communications, such as small cell wireless backhaul technology, voice over IP, data center colocation services, managed services and disaster recovery. FairPoint is the parent company of TOCV, FPV, UILD, and ECNNE, among others.

13. TOCV is an incumbent local exchange carrier in the State of Vermont operating pursuant to a Certificate of Public Good ("CPG") issued by the Board in Docket No. 7270 on February 15, 2008. TOCV is authorized to provide intrastate telecommunications services in the State of Vermont, and provides local exchange, Internet, and ancillary services to approximately 136,163 access lines as of December 31, 2015, in approximately 100 exchanges across the State of Vermont. TOCV is also a designated Eligible Telecommunications Carrier ("ETC"), under 47 U.S.C. § 214(e)(2), in its Vermont exchanges.

14. FPV is an incumbent local exchange carrier in the State of Vermont operating pursuant to a CPG issued by the Board on June 14, 1994, in Docket No. 5717, as amended by Order of the Board issued in on November 17, 2006, in Docket No. 7229. FPV is authorized to provide intrastate telecommunications services in the State of Vermont, and provides local exchange, Internet, and ancillary services to approximately 4,376 access lines as of December 31, 2015, in the exchanges of Alburg, Cabot, Groton, Isle La Motte, Marshfield, Montgomery,

Peacham, and West Newbury. FPV is also the designated ETC, under 47 U.S.C. § 214(e)(2), in the aforesaid exchanges.

15. UILD is a Maine corporation that operates as a reseller of intrastate telecommunications services in the State of Vermont pursuant to a CPG issued by the Board in Docket No. 6919 on February 3, 2004. Long-distance and Internet services provided by FPV are resold and billed by UILD.

16. ECNNE is authorized to provide intrastate telecommunications services and Internet services in the State of Vermont pursuant to a CPG issued by the Board in Docket No. 7270 on February 15, 2008. ECNNE also provides interstate communications services under authority granted by the Federal Communications Commission. Long-distance and Internet services provided by TOCV are resold and billed by ECNNE.

Description of the Transaction

17. Pursuant to the Agreement, and subject to satisfying the conditions, including regulatory approvals, specified therein, Consolidated Holdings will acquire all of the outstanding common stock of FairPoint from its current shareholders, who will receive in exchange therefor shares of Consolidated Holdings' common stock at a fixed exchange ratio of 0.7300 shares of Consolidated for each share of FairPoint common stock. Cash is not a component of the consideration other than for the customary settlement of factional shares.

18. The proposed transaction is structured as a reverse triangular merger in which Consolidated's newly created and wholly owned subsidiary, Falcon, will be merged with and into FairPoint, whereupon Falcon will cease to exist and FairPoint, as the entity surviving the merger, will be a wholly owned subsidiary of Consolidated.

19. The proposed merger, if approved, will result in an indirect change in control of TOCV, FPV, UILD, and ECNNE, but will not otherwise affect the services received by FairPoint's customers in Vermont.

20. The transaction also requires a pledge of assets by TOCV, FPV, UILD, and ECNNE, to secure the transaction financing.

21. After the closing, FairPoint will continue doing business in Vermont under the Consolidated name as a direct subsidiary of Consolidated. The transaction thus requires simple amendments to the existing Vermont CPGs of TOCV, FPV, UILD, and ECNNE to reflect changes in company names. Other than changes in their names, TOCV, FPN, UILD, and ECNNE will continue to operate as they presently operate, pursuant to existing operating authority, and will continue to provide services to current retail and wholesale customers in Vermont as indirect subsidiaries of Consolidated.

22. The proposed transaction does not require the issuance of any certificates of public good to new operating entities or any designation of new ETCs under state or federal law.

Regulatory Approvals[1]

23. The proposed transaction requires Board approval under 30 V.S.A. §§ 107, 109, 108, 231(a), and 311. Section 107 conditions approval of a proposed transfer of control upon a

[1] The Petitioners seek all Board approvals of the transaction as are required by law, and have stated herein those approvals they believe to be implicated by the terms of the transaction. To the extent the Board determines that other approvals are necessary, the Petitioners request that the Board issue an order granting any and all approvals and authorizations required in connection with or as a result of the transactions described in this petition.

finding that the transfer of control will promote the public good. Section 108 conditions the Board's consent to a pledge of a Vermont-certificated utility's property upon a finding that the proposed action will be consistent with the general good of the State of Vermont. Sections 109 and 311 condition approval of a proposed merger upon a finding that the merger will promote the public good (Section 109) and will not obstruct or prevent competition (Section 311). *Joint Petition of NYNEX Corp. and Bell Atlantic Corp.*, Docket No. 5900, Final Order (Vt. Pub. Serv. Bd., Feb. 26, 1997) (the "*Bell Atlantic* Order").[2] Finally, 30 V.S.A. § 231(a) authorizes the Board to amend an existing Vermont CPG for good cause.

24. The proposed transaction satisfies all criteria under which the Board evaluates proposed transfers of control, pledges of utility property, and public utility mergers.

I. The proposed acquisition will promote the public good.

A. Consolidated satisfies the statutory requirements to own a telecommunications utility in Vermont.

(1) Consolidated's management team is competent and experienced.

[2] In the *Bell Atlantic* Order, the Board determined that its jurisdiction to approve a reverse triangular merger arises only under Sections 107 and 311 of Title 30. *Id.* Because the standard of approval under Section 109 is the same as under Section 107, the Board held that "it is not necessary to determine whether we have independent jurisdiction under section 109." *Id*., f.n. 2. The Joint Petitioners have included a request for Section 109 approval in their Joint Petition in the event the Board determines that such approval is needed. *See Joint Petition of Verizon New England, Inc. and FairPoint Communications*, Docket No. 7270, Approval Order (Vt. Pub. Serv. Bd. Feb. 15, 2008), at 39-40 ¶ 1 (approving FairPoint's acquisition of Verizon's assets, *inter alia*, under Sections 107 & 109), and at 40 ¶ 6 (approving Verizon-FairPoint merger, *inter alia*, under section 311).

25. As the Illinois Consolidated Telephone Company (now a Consolidated subsidiary), Consolidated has provided local exchange telephone service for more than 120 years.

26. Consolidated has a proven record of successfully acquiring and operating telecommunications providers. Since 2004, Consolidated has acquired 18 communications businesses in 5 transactions, including, notably:

- Consolidated's April 2004 acquisition of TXU Communications, which brought two rural local exchange carriers ("RLECs") in southeast Texas into the Consolidated family;
- Consolidated's December 2007 purchase of North Pittsburgh Systems, Inc., which extended Consolidated's operations to western Pennsylvania;
- Consolidated's July 2012 purchase of SureWest Communications, which extended Consolidated's operations to Roseville and Sacramento, California, and to metropolitan Kansas City;
- Consolidated's October 2014 merger with Eventis Corporation, which added operations in Minnesota, Iowa, Wisconsin, North Dakota and South Dakota; and
- Consolidated's July 2016 acquisition of the Champaign Telephone Company, a private business-communications provider in the Champaign-Urbana, Illinois, area.

27. Consolidated has successfully integrated and is successfully operating each new property it has acquired.

28. Consolidated's management has many years of experience in the telecommunications industry. Its senior management has extensive and significant expertise managing both ILECs and CLECs across its footprint. The senior management of Consolidated who will be primarily responsible for managing the proposed transition and for overseeing FairPoint's continued operations after the closing includes:

a. Steven Childers, Chief Financial Officer

b. Steven Shirar, Chief Information Officer

c. Michael Shultz, Vice President—Regulatory and Public Policy

d. Michael Smith, Chief Marketing Officer

e. C. Robert Udell, Jr., President and Chief Executive Officer

f. Gabe Waggoner, Vice President Operations

g. Tom White, Chief Technology Officer

h. Ryan Whitlock, Vice President Human Resources

i. Carol Wirsbinski, Chief Sales Officer

29. Consolidated and its operating companies have well-established working relationships with the regulatory bodies overseeing their operations, due in large part to the importance Consolidated places on regulatory rules and regulations and its informed and respectful participation in the regulatory process. Consolidated has earned its good business reputation.

30. In addition to Board approval in Vermont, the proposed transaction will require approval from public utility regulatory agencies in the other states in which FairPoint or its operating subsidiaries presently operate, as well as from the Federal Communications Commission. Applications for such approvals are being filed contemporaneously with this Joint Petition.

(2) Consolidated has the technical knowledge, experience, and ability to serve communications customers in Vermont.

31. Consolidated presently provides integrated communications services to residential, commercial and wholesale customers in California, Illinois, Iowa, Kansas, Minnesota, Missouri, North Dakota, Pennsylvania, South Dakota, Texas and Wisconsin.

32. Consolidated's services and products include local and long-distance service, high-speed broadband Internet access, video services, Voice over Internet Protocol ("VoIP"), custom calling features, private line services, carrier grade access services, network capacity services over its regional fiber optic networks, cloud services, data center and managed services, directory publishing, and equipment sales and services.

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

34. Consolidated operates each of its subsidiaries as either an ILEC or a CLEC, depending on the territory served by the operating entity. For each service area served by Consolidated's 7 ILEC entities, the ILEC is a designated ETC under federal law and serves as the carrier-of-last resort ("COLR") or its equivalent under applicable state law.

35. In addition to experience as a COLR in several markets, Consolidated's Illinois operating subsidiary owns and operates a tandem switch and serves as an E911 system administrator in its service area in Illinois. Consolidated, through its operating ILEC subsidiaries, has extensive experience providing services to wholesale carriers, including,

without limitation, the negotiation and implementation of interconnection agreements and pole-attachment agreements.

36. Consolidated understands the special challenges that COLRs face in a rapidly changing competitive and regulatory environment. From loss of access lines to declines in interstate revenues and federal subsidies, COLRs must find ways to stabilize their economic footing and to compete effectively for every customer in their service areas.

37. Consolidated has a demonstrated commitment to investing in its networks to meet the leading edge of communications service in its markets. In calendar year 2015 alone, Consolidated invested $134 million in capital projects and extended its fiber network by over 1,300 route miles while adding broadband capacity for its residential and commercial customers. As of December 31, 2015, Consolidated's residential broadband offerings across its service areas were 96% capable of a 20 Mbps service, 42% capable of a 100 Mbps service, and 13% capable of a 1 Gig service.

(3) Consolidated is financially sound.

38. Consolidated is financially sound. **Attachment 2** is Consolidated's SEC Form 10-K Annual Report for calendar year 2015.

39. During calendar year 2015, Consolidated had total operating revenues of $775.7 million, adjusted EBITDA[3] of $329 million, and net cash from operations of $219 million. As of December 31, 2015, Consolidated had over $2.1 billion in total assets and approximately $1.9 in

[3] "EBITDA" is defined as net earnings before interest expense, income taxes, and depreciation and amortization. "Adjusted EBITDA" is comprised of EBITDA, adjusted for certain items as permitted or required under Consolidated's existing credit facility. These measures are common measures of operating performance in the telecommunications industry and are useful, with other data, as a means of evaluating a company's ability to fund its estimated uses of cash.

total liabilities, including $1.4 billion in long-term debt and capital lease obligations. Consolidated distributed $78 million in dividends to its shareholders and generated a payout ratio of approximately 67%.

(B) Consolidated will act as a fair partner in its business transactions with the residents of the State of Vermont and its acquisition of FairPoint will benefit the State and its residents.

(1) The combined company will achieve greater operating efficiencies and a material increase in scale.

40. FairPoint's customers will benefit from operational efficiencies that will result from the transaction. Among the 11 states in which Consolidated presently operates and the 17 states in which FairPoint operates, there are four overlapping states. The merger, if approved, is expected to achieve approximately $55 million in annual run-rate synergies, with $45 million in annual savings from reduced operating costs and $10 million in annual savings in vendor and other third-party costs.

41. The combined company has superior access to capital than FairPoint. Consolidated has already secured an incremental term loan facility to refinance FairPoint's currently outstanding credit facility of approximately $916 million at terms slightly favorable to its expectations but significantly lower interest rate than Fairpoint's current facility.

42. The already secured credit facility which is slightly favorable to Consolidated's expectations will allow Consolidated to operate without the uncertainty or the pressure of unfavorable financing terms as it enters the New England market.

43. As described above, Consolidated presently deploys a broad suite of products in its existing markets. The proposed transaction will allow Consolidated to leverage its enhanced product suite and its consultative sales approach across FairPoint's markets, including Vermont.

44. Consolidated also brings over 120 years of experience in providing communications services as an independent, incumbent local exchange carrier and as a carrier-of-last-resort. Headquartered in its original community of Mattoon, Illinois, Consolidated values each community it serves and is committed to using its greater operational scale to benefit its local residential and commercial customers.

(2) The transaction is good for FairPoint customers in Vermont.

45. The transaction, at closing, will be seamless to FairPoint's current customers and will have no adverse impact on the customers of FairPoint. The same Vermont operating companies will continue to provide services under the existing E911 contract with the State and to FairPoint's wholesale and retail customers under existing rates, terms and conditions without disruption.

46. Upon closing, FairPoint's customer-facing systems will remain in place and no system cutovers will be required.

47. After the closing, Consolidated expects to continue and support FairPoint's investment and focus in technologically advanced telecommunications networks and to enhance and expand its network by deploying technologies to provide additional capacity to its customers. Where necessary, Consolidated continues to enhance an existing copper network to increase bandwidth in order to provide additional products and services to marketable homes. At the same time, Consolidated believes bringing fiber closer to the customer premises can increase

its service offerings, service quality and bandwidth services. Consolidated presently deploys a 100% fiber backbone network that supports all of the inter-office and host-remote links, as well as the majority of office parks, within its service areas. In addition, its fiber network uses fiber-to-the-home ("FTTH") and fiber-to-the-node ("FTTN") networks to offer bundled residential and business services.

48. Consolidated's extensive fiber network supports the increased demand on wireless carriers for data bandwidth. In all the markets it presently serves, Consolidated has launched initiatives to support fiber backhaul services to cell sites. As of December 31, 2015, Consolidated had 1,224 cell sites under contract with 1,065 connected and 159 scheduled for completion by Year End 2016.

(3) Consolidated will meet the Board's service quality standards.

49. Consolidated is committed to offering high quality service to its customers in Vermont. Consolidated will meet the standards for retail service quality established by the Board in Docket No. 5903 and in Board Rule 7.600, as those standards now exist and as they may subsequently be amended.

50. Consolidated understands that TOCV presently meets service quality standards pursuant to a Memorandum of Understanding entered into between TOCV and the Department and approved by the Board in Docket No. 8390. *See Petition of Vermont Department of Public Service for an investigation into the adequacy of Telephone Operating Company of Vermont LLC, d/b/a FairPoint Communications, provision of service quality*, Docket No. 8390, Final Order (Vt. Pub. Serv. Bd., Dec. 18, 2015).

51. Consolidated is also aware that FairPoint has petitioned the Board to adopt certain amendments to the Board's retail service quality standards, that technical hearings were held in that case earlier this month and that the evidentiary record is now closed, and that, following briefing by the Parties, the Board will soon be ready to render a final decision in that proceeding. *See Petition of Telephone Operating Company of Vermont LLC, d/b/a FairPoint Communications, to open a proceeding investigating Docket No. 5903 service quality reporting requirements*, Docket No. 8701, Order Opening Investigation (Vt. Pub. Serv. Bd, Mar. 4, 2016).

52. Consolidated is not a party in either Docket 8390 or Docket 8701. Under the Joint Petitioners' proposed stock acquisition, however, Consolidated will step into FairPoint's shoes upon closing and will be subject to all requirements and orders to which FairPoint is subject, including, without limitation, the Final Order in Docket No. 8390 and the expected final order in Docket No. 8701.

(4) The transaction is good for FairPoint's workforce in Vermont.

53. As of December 31, 2015, approximately 28% of Consolidated's workforce was covered by collective bargaining agreements. Consolidated enjoys harmonious relationships with the labor unions representing its union workers. Consolidated is an experienced employer of union workers and expects to extend its good relations to the union workers at FairPoint following the merger. All collective bargaining agreements now in place between labor unions and FairPoint or its subsidiaries will remain in place and in force following the acquisition by Consolidated.

II. The proposed pledge of assets by the Vermont operating entities will be consistent with the general good of the State of Vermont.

54. The transaction requires FairPoint and its subsidiaries, including the four Vermont-certificated operating entities (TOCV, FPV, UILD, and ECNNE), to pledge their assets as security for Consolidated's transaction financing. The Joint Petitioners seek approval of this pledge pursuant to 30 V.S.A. § 108.

55. Under the Agreement, Consolidated will assume FairPoint's existing liabilities, including its existing credit facility with current outstanding balance of approximately $916 million. The strength of the combined company and Consolidated is demonstrated by Consolidated's ability to secure this financing in advance of closing at terms slightly favorable to its expectations but at significantly lower interest rate than FairPoint's existing facility.

56. Upon the closing, the recently secured term loan facility will bear interest rate of about 4% compared to FairPoint's current facility of about 7.9%.

57. Securing the new facility at terms slightly favorable to Consolidated's expectations but better than FairPoint's current interest rate will allow Consolidated to operate under its measured and disciplined process consistent with the general good of the State of Vermont.

III. The transaction will not adversely affect competition in the provision of communications services in Vermont.

58. The proposed merger will not obstruct or prevent competition in the provision of communications services in the State of Vermont. Consolidated has not previously conducted business in the State of Vermont, or in any other New England state. The merger represents only

a change in control of FairPoint and its four Vermont operating entities, which will continue to operate under the same authority they now have.

59. The transaction is likely to benefit the marketplace for communications and broadband services in Vermont by improving the capacity of the FairPoint operating entities (which will now be controlled by Consolidated) to compete on a more equal footing with providers of cable and wireless services. Consolidated offers an expansive suite of communications products in its existing markets, and anticipates introducing new services, such as video services, to the FairPoint markets.

60. The marketplace for communications and broadband services will be strengthened by having an incumbent provider with greater financial and strategic flexibility operating in Vermont.

IV. Good cause exists to amend the existing CPGs of FairPoint's Vermont operating entities to reflect changes in their names.

61. The proposed transaction contemplates that FairPoint and its subsidiaries, including its four Vermont operating entities (TOCV, FPV, UILD, and ECNNE), will be rebranded with the Consolidated name upon closing. Each of the four Vermont operating entities holds a CPG issued by the Board under 30 V.S.A. § 231. Section 231(a) authorizes the Board to amend an existing CPG "[f]or good cause." 30 V.S.A. § 231(a).

62. Good cause exists to amend the Vermont CPGs to reflect a change in name for each operating entity. Consolidated seeks to unify its operations under a common brand name. The name changes will identify the new owner and eliminate any customer confusion as to the nature of this acquisition.

V. There are no material reasons to delay approval, and there are financial and market advantages to a prompt closing.

63. The Joint Petitioners seek expedited approval of the proposed transaction in order to meet a planned closing date of June 30, 2017. They respectfully request that the Board issue a Final Order in this proceeding in early May 2017 to meet this closing date.

A. There are no material reasons to delay approval.

64. The Joint Petitioners have proposed an acquisition that will be seamless to FairPoint's existing customers in Vermont. The existing operating entities, their operations and service offerings will remain in place following the closing. No system cutovers are required as a result of this transaction. Consolidated will step into FairPoint's shoes and will assume responsibility for FairPoint's obligations under existing contracts, agreements, rules and orders.

65. Consolidated possesses the technical, managerial and financial experience to operate FairPoint's network. Consolidated, through its original operating entity, has provided COLR services for more than 120 years. Through its program of selective acquisitions, Consolidated has successfully integrated ILEC and CLEC operating entities in 11 states.

66. Consolidated is a financially secure, public traded company that had total operating revenues of $775.7 million, adjusted EBITDA of $329 million, and net cash from operations of $219 million in 2015, and that ended 2015 with over $2.1 billion in total assets. Consolidated has maintained a consistent dividend payout ratio for its shareholders.

67. Consolidated will assume FairPoint's liabilities including its existing credit facility with current outstanding balance of approximately $916 million at the closing, and because of Consolidated's greater access to capital as demonstrated by the already secured incremental term loan facility, the combined company can operate without the uncertainty or pressure that could arise from unfavorable financings.

68. There are no material reasons to delay the Board's approval in this matter. Expedited approval of the proposed acquisition will allow Vermont customers to enjoy the benefits of Consolidated's greater strategic and financially flexibility more quickly.

B. There are material financial advantages to a prompt closing.

69. There are significant advantages to gaining full regulatory approval of this transaction in time for a June 30, 2017 closing.

70. Consolidated has already obtained its transaction financing so as to take advantage of favorable market conditions. The timing and terms have allowed Consolidated to significantly reduce risks in its existing capital structure. Ticking fees will begin to accrue to lenders providing the incremental term financing in mid-January at the interest rate of the interim credit facility.

71. A prompt closing will allow Consolidated to minimize the monthly loan charges and increase free cash flow that is available for network operations and services.

Request for Relief

72. For the reasons set forth above, the Joint Petitioners respectfully request that the Board:

a. Schedule a prehearing conference as soon as convenient;

b. Make findings, under 30 V.S.A. §§ 107 and 109, that the proposed transfer of control of FairPoint, TOCV, FPV, UILD, and ECNNE to Consolidated, and the proposed merger of Falcon with and into FairPoint, will promote the public good;

c. Make a finding under 30 V.S.A. § 108 that the pledge of assets of the Vermont operating entities will be consistent with the general good of the State of Vermont;

d. Make a finding, under 30 V.S.A. § 311, that the proposed merger of Falcon with and into FairPoint will not obstruct or prevent competition in the provision of communications services in the State of Vermont;

e. Approve the direct transfer of control of FairPoint, and the indirect transfer of control of TOCV, FPV, UILD, and ECNNE, to Consolidated;

f. Approve the merger of Falcon with and into FairPoint, with FairPoint as the entity that survives the merger; and

g. Authorize amendments to the existing CPGs of TOCV, FPV, UILD, and EECBE, to reflect changes in their company names;

h. Grant the foregoing relief on an expedited basis; and

i. Grant any and all relief necessary to conclude the proposed transaction described above.

December 29, 2016 Respectfully Submitted,

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, Inc.

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