STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 8881

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

MOTION TO INTERVENE OF LABOR INTERVENORS

Communications Workers of America (CWA) Local 1400 and International Brotherhood of Electrical Workers (IBEW) Locals 2320, 2326, and 2327, that form the IBEW System Council T-9 (collectively "Labor Intervenors") pursuant to Section 2.209(A) of the rules of the Public Service Board ("Board"), move to intervene as of right parties in the above-captioned proceeding. If intervention as of right is not granted, intervention by permission is sought pursuant to Rule 2.209(B).

The grounds for this Motion are:

1. On December 29, 2016, FairPoint Communications, Inc. Vermont affiliates ("FCI")[1] and Consolidated Communications Holdings, Inc. ("Consolidated") filed a Joint Petition with the Board requesting regulatory approvals and authorizations pursuant to 30 V.S.A. §§ 107, 108, 109, 231(a), and 311 with respect to the proposed merger of FCI with and into Consolidated (the "Transaction").

2. The proposed Transaction is part of a larger transaction under which FCI and Consolidated (together, the "Joint Petitioners") are proposing to merge a new subsidiary of Consolidated (Falcon Merger Sub, Inc.) with and into FCI, with FCI as the surviving company. The

[1] The FCI Vermont affiliates include Telephone Operating Company of Vermont LLC, FairPoint Vermont, Inc., UI Long Distance, Inc., and Enhanced Communications of Northern New England, Inc.

result of the proposed transaction would be that Consolidated will become the upstream holding company of both FCI and FCI's Vermont affiliates.

3. Labor Intervenors are the authorized collective bargaining representatives for more than 1350 employees of FCI in Vermont, Maine, and New Hampshire, many of whom are also customers of FCI. This includes approximately 194 employees of FCI's Vermont affiliates who are members of IBEW Local 2326, who are employed as field technicians, inside technicians, facilities and provisioners, among others; approximately 110 employees of CWA who provide service to FairPoint customers in Vermont and throughout New England from FairPoint's call centers in Bangor, ME, Portland, ME, Burlington, VT, and Manchester, NH; as well as members of IBEW System Council T-9, who provide services to FairPoint customers throughout New England, such as the provisioning of DSL service.

4. As employees and customers of FCI, Labor Intervenors will be directly, and potentially adversely, affected by the proposed change in ownership of FCI. Consolidated already has stated that it expects to save in excess of $50 million in operating expenses as a result of the proposed transaction, but it is unclear the extent, if any, to which those savings will come from reductions in FCI's workforce and other potentially service-affecting changes.

5. This proceeding represents the exclusive means by which Labor Intervenors can protect their joint interest as employees and customers of FCI.

6. The interests of Labor Intervenors are not adequately represented by any other party to this proceeding.

7. Labor Intervenors have started the process of reviewing the proposed transaction and are looking for more information before forming an opinion as to the fitness of Consolidated to own and operate the major telecommunications provider in Vermont. Additional information is needed in order to determine whether the details of the proposed transaction include terms, conditions, or requirements that are necessary to protect the interests of ratepayers, and whether the benefits of the

merger are at least equal to any risks – so as to ensure no harm to ratepayers, employees, and members of the public (including FCI's employees). For instance, Labor Intervenors want to determine the extent to which Consolidated has experience providing service over a large geographic area containing the diverse mix of business, government, non-profit, and residential customers in urban, suburban, and rural areas that is found in FCI's Vermont service territory.

8. The capacity of Consolidated to provide good-quality landline and wholesale service in Vermont will be a central issue in the determination of whether the proposed transaction is consistent with the public interest because FCI has had a history of poor service quality in Vermont and other jurisdictions, has continued to reduce its work force, has deferred preventive maintenance, has failed to provide reasonable customer service, and has otherwise allowed service to deteriorate.

9. Labor Intervenors also are concerned that, in its current state, the Agreement filed with the Joint Petition does not represent the entire agreement between FCI and Consolidated. Specifically, the Joint Petitioners did not file the exhibits and schedules to the Agreement and Plan of Merger, even though the Agreement states that those documents are an integral part of the Agreement. (Sec. 10.4 of the Agreement and Plan of Merger states: "All schedules accompanying this Agreement and all information specifically referenced in any such schedule form an integral part of this Agreement, and references to this Agreement include reference to them."). As a consequence, Labor Intervenors, the Board, and other potential intervenors possess only incomplete information about the details of the proposed Transaction. Only after those schedules and exhibits are provided can the parties begin to learn and understand the true terms and conditions of the proposed transaction.

10. Labor Intervenors seek complete access to any and all allegedly confidential information, including the schedules and exhibits to the Agreement and Plan of Merger, as well as information related to Consolidated's financing of the proposed transaction, subject to the terms of any protective orders that may be issued.

11. Labor Intervenors also note that the Companies have not yet filed testimony in support of the proposed Transaction. This will hamper the ability of Labor Intervenors to begin discovery and to fully understand the nature of Consolidated's plans for FCI. For example, the Joint Petition states that the proposed transaction "does not involve a technical cutover of any kind." Joint Petition p. 1. Yet on the day the transaction was announced, Consolidated's Chief Financial Officer stated that his company projected significant synergies from "efficiencies from integration of back office systems," and that Consolidated had a goal of "getting [FCI on] our common systems as quickly as possible."[2] Labor Intervenors would hope that Consolidated's testimony would fully and accurately set forth Consolidated's plans for integrating FCI into Consolidated, so that the parties and Board can fully understand and evaluate Consolidated's understanding of FCI's systems and Consolidated's fitness to undertake such an integration.

12. For the proposed Transaction to be approved, the Board must determine that the proposed transaction will promote the public good.

13. Labor Intervenors, are hiring a financial analyst to provide consulting assistance in this proceeding, will seek discovery, and are planning to present testimony to determine the true nature of the proposed transaction and to explore the risks that the proposed transaction may create in areas important to determination of the public good, including but not limited to the following:

- The financial fitness of Consolidated;
- The managerial fitness of Consolidated;
- The ability of Consolidated to maintain and improve the quality of service received by Vermont consumers;
- The ability of Consolidated to maintain, enhance and expand the availability of broadband services to government, business, non-profit, and residential consumers in Vermont, while maintaining and improving the quality and safety of FCI’s existing infrastructure;
- The nature and extent of Consolidated’s commitments to FCI’s employees;
- Whether Consolidated has plans to outsource any functions currently performed by FCI employees in New England;
- Whether the proposed transaction will have any effect on the pensions and other current or post-retirement benefits provided to FCI employees; and

[2] Transcript of Conference Call, Consolidated Communications Holdings, Inc. Monday, December 05, 2016.

- Such other matters that will or may affect the interests of FCI's represented employees.

14. Labor Intervenors propose to consolidate their presentations to the Board in this docket, thereby promoting efficiency in the processing of the docket.

WHEREFORE, the undersigned counsel for Labor Intervenors request this Board (1) to permit Communications Workers of America Local 1400 and International Brotherhood of Electrical Workers Locals 2320, 2326, and 2327, as the IBEW System Council T-9 to intervene as of right as full parties in the above-captioned proceedings; or (2) in the alternative, to grant Labor Intervenors permissive intervention.

Respectfully submitted,

Labor Intervenors,

BY:

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