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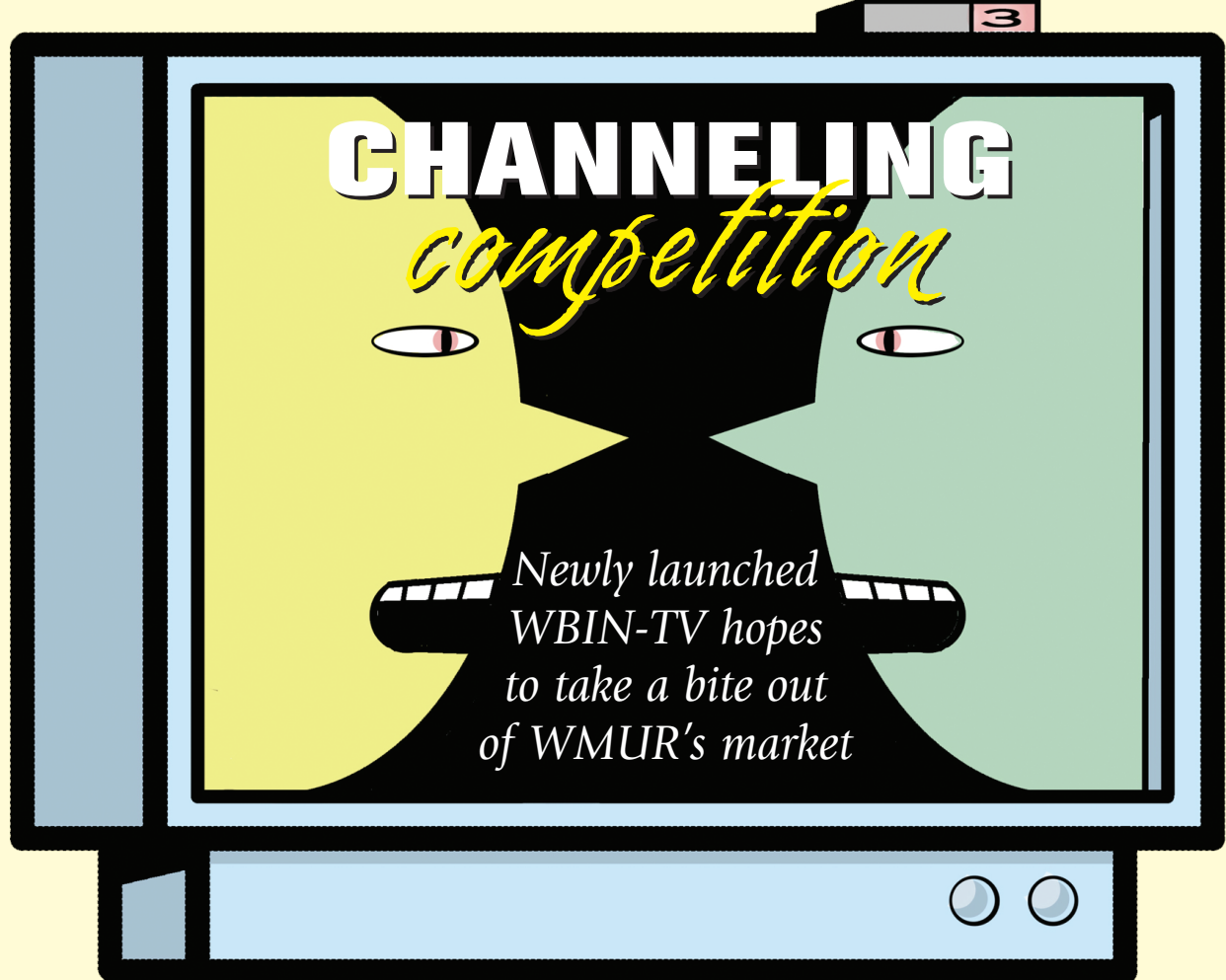
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OCTOBER 7 - 20, 2011

NEW HAMPSHIRE BUSINESS REVIEW ■ NHBR.COM

VOL. 33, NO. 21, \$1.75



CHANNELING
competition

Newly launched WBIN-TV hopes to take a bite out of WMUR's market

■ **MEDIA**

BY KATHLEEN CALLAHAN

Though barely a few months old, New Hampshire's newest television station is making some big moves to carve itself a spot in the state's media landscape. WBIN-TV, the station recently launched by (and named for) former Republican U.S. Senate candidate Bill Binnie, has recruited executives from local stations, launched its own nightly news program, and will co-sponsor the Oct. 11 Republican presidential debate at Dartmouth. Along with his Carlisle One Media Inc., Binnie also has purchased several low-power stations around New Hampshire,

WBIN-TV, PAGE 19

FairPoint sees benefit in deregulation

■ **UTILITIES**

'Let us be like everyone else on the retail level,' says utility

BY BOB SANDERS

Before FairPoint Communications took over Verizon's northern New England landlines in 2009, that means of communication was the "only game in town," says Teresa Rosenberer, the company's New Hampshire president. But since that monopoly no longer exists, FairPoint should be treated like any other retail provider, she adds.

Lawmakers and regulators should remove the "shackles on our ankles," she told NHBR last month in a wide-ranging interview. "Let us be like everyone else on the retail level."

There is no question that the number of people using traditional phone service is dropping off like a bad cell call. For one thing, cellular service has tripled in the last decade, while landlines have fallen off by 55 percent. And even within that shrinking landline universe, the share held by FairPoint and other smaller

FAIRPOINT, PAGE 21

NHBR forum to present 'The Good News' about health care

A presentation by longtime Washington Post reporter and NPR commentator T.R. Reid and a panel featuring top health care experts from the region will highlight the third annual NHBR Health Care Forum.

The forum is presented by MVP Health Care and will be held from 7:30 to 11:30 a.m. Thursday, Oct. 13, at the Grappone

Conference Center in Concord.

Reid's address will focus on his current project, "U.S. Health Care: The Good News," a film that reveals how some U.S. communities have found ways to orchestrate their health care system locally without waiting for Washington to tell them what to do.

Following the keynote, a panel of the health care experts will discuss current benefit trends and incentives, worksite wellness tips and strategies for value-based benefit designs.

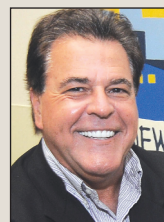
The forum, which also includes a networking breakfast and book signing by Reid, costs \$42 per person, or \$37 for

groups of 10 or more.

Sponsors of the event are Ethicon, a Johnson & Johnson Company; Anthem Blue Cross and Blue Shield; Harvard Pilgrim Health Care; Gallagher, Callahan & Gartrell; Granite Group Benefits LLC; Delta Dental; Workforce Wellness; and CGI Employee Benefits Group. **NHBR**

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FairPoint

FROM PAGE 1

incumbent local exchange carriers (or ILECs, like Weare-based Granite State Telephone), is rapidly declining.

This is particularly true in New Hampshire, where competitors accounted for 51 percent of access lines in 2010, as opposed to 24 percent in 2006, according to a recent Federal Communications Commission report — the second-highest rate in the nation. (Nationwide, the percentage also increased, from 17 to 32 percent.) And when it comes to

Is the federal government financing FairPoint's competitors?

FairPoint has done a good job building up broadband throughout the state, said FairPoint president Teresa Rosenberger in an exclusive interview with NHBR.

Rosenberger said that she has made the "state Public Utilities Commission proud" by boosting the percentage from 62 percent when it took over landlines from Verizon in 2009 to 85 percent, a percentage that already exceeds requirements in Vermont and Maine.

And the company has been on target in meeting its requirement to build out broadband 95 percent, Rosenberger said.

So why is the federal government to spend \$66 million to subsidize competitors to install their own "redundant" broadband fiber in certain regions, as opposed to other areas that have no service at all?

"Why go somewhere where we are providing the service, to someone who is not regulated. Why are they getting the free money?"

Rosenberger was referring to Network New Hampshire Now, a University of New Hampshire effort, which also funds FastRoads in the Monadnock region.

"UNH is becoming a competitor to us, subsidized with taxpayer money," she said.

Carole D. Monroe, executive director of New Hampshire FastRoads, took issue that its efforts are merely a duplication of what FairPoint is doing.

"Although it appears that FairPoint is finally making an effort to connect homes with DSL within the radius of their remote terminals, they do not appear to be committed to expanding their limited 'fiber-to-the-home products' in the densely populated areas, and certainly there has been no commitment to build out 'fiber to the home' in rural areas," she said.

Monroe added that "FairPoint will be able to take advantage of the federal investment in this project by using the network to provide fiber-based services to their existing customers as well as new customers that it could not make a business case to reach with its own funds." **NHBR**

New Hampshire businesses, a whopping 64 percent of the lines are provided by companies that aren't ILECs.

FairPoint, the biggest ILEC of them all, hemorrhaged more than 100,000 lines a year over a three-year period, falling from 1.56 million in the first quarter 2008 to 1.1 million in the second quarter of 2011. Revenue in the second quarter of '11 was \$262.6 million — 9.3 percent lower than the previous year, primarily due to the loss of landlines.

But even though FairPoint doesn't even have the majority of lines in its territory, "we are regulated like a monopoly, yet we have total competition," Rosenberger said.

In this respect, she said, New Hampshire's regulatory environment lags far behind Maine and Vermont, which are both taking more proactive steps to loosen retail telephone regulations.

Rosenberger emphasized that FairPoint, which still owns most of the poles and conduits in New Hampshire, isn't trying to get out of its regulatory obligation to share those wires with the company's competitors (competitive local exchange carriers, known as CLECs), which she complimented as being good customers.

"They are a big part of our business, and we are looking to serve them well," she said.

Nor did the FairPoint president dispute that it should remain as a service provider of last resort. Nor did she dispute the company's obligations to maintain its poles and wire network, which have costs that range from \$200 a line in Manchester to \$10,000 a line in the North Country.

Rosenberger did question whether everybody was chipping in their fair share to maintain that system, noting that it's used even by competitors that have laid out their own fiber as well as by cellular providers.

"We lose a ton of money on these poles" when work has to be done on them, she said. "There is the flag rate, the excavation fee, pay-

FairPoint says an outdated regulatory system is making it difficult to compete fairly on a retail level

ing for a cop out there — and that's before taxation and reporting requirements."

The debate, she said, is somewhat similar and somewhat different from the one going on at the Public Utilities Commission concerning Public Service of New Hampshire, a utility that is also facing stiffer competition, at least at the commercial level, resulting in a massive migration of customers.

In PSNH's case, the controversy is over whether the company can pass an additional charge to competitors to maintain generating capacity. Competitors counter that PSNH should simply sell off that capacity so it doesn't have to pay to maintain it.

But FairPoint doesn't have such assets to sell off. "Who is going to buy our poles?" asked

Rosenberger. "Nobody wants them."

Rosenberger's major beef is that an outdated regulatory system is making it difficult to compete fairly on a retail level.

Ultimately, FairPoint wants New Hampshire lawmakers to tell the PUC to stop regulating the company's retail activities, but for now the company is pushing to eliminate at least some of its regulated requirements, such as filing special contracts reached with customers — a requirement that enables competitors to "steal our business," said Rosenberger.

State law requires utilities to file such contracts to make sure that they don't secretly give special rates to preferred customers as a way of yielding economic power and strengthening a monopoly.

But the requirement just notifies CLECs as to which customers to go after. Compactors could offer to undercut FairPoint's deal, but FairPoint in turn couldn't do the same without filing for another special rate. And a price floor prevents them from going too low.

"We don't have that flexibility on prices," she said. "We need that nimbleness."





Last year, Senator Bob O'Dell sponsored SB48, which would exempt telephone utilities from the special contract regulations, but the full Senate sent it back to Senate Energy and Natural Resources committee, which O'Dell chairs.

Other reforms on FairPoint's wish list would be to do away or lessen retail service standard requirements. Those indices — such as the amount of time it takes to answer the phone, or install a new line — were originally put in place because of complaints against >

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FROM PAGE 21

Verizon. When FairPoint took over, they were adopted and toughened up with multi-million dollar penalties.

"We agreed to it, because here was a tadpole taking over the whale," said Rosenberger.

And indeed, there were many complaints about FairPoint's service both wholesale and retail during the transition, complaints that helped its competition eat into the utility's market share.

But since then, maintained Rosenberger, the company has been meeting those standards (with some exception, such as Tropical Storm Irene, which "blows every metric").

An audit released in August, conducted for the PUC by The Liberty Consulting Group, takes issue with whether FairPoint reporting is accurate enough to show that it is meeting the standards. The audit questions whether the methods and assumptions Liberty used led to misleading results. For instance, FairPoint didn't initially count abandoned calls as a negative because the company wasn't sure people hung up because they were frustrated, according to the audit. And

Liberty's calculation of percentage of service orders met each month averaged 67 percent rather than 96 percent.

But aside from pointing out data problems, Liberty is silent as to whether FairPoint met the standards, a question that is more than academic, since by doing so FairPoint could void a \$6 million penalty handed out during the transition period in 2009.

FairPoint maintains that such errors were relatively minor and did not materially affect whether the company met its target. It also vehemently disagreed with Liberty's suggestions that the PUC add more standards for the company to meet.

"The QoS (Quality of Service) process was not intended to be an evolving program for the Commission's management of FairPoint's customer relations. Moreover, the QoS has become increasingly obsolete in the current competitive environment," FairPoint said in its response to the Liberty audit. "As it is, the current QoS process provides little marginal benefit to FairPoint's customers while at the same time it depletes resources that FairPoint

could devote to developing new services and meeting an ever-increasing level of competition."

Rosenberger made the same point to NHBR. There is no need to put good retail service in as a regulatory requirement, she said, since it is already a competitive necessity. The report itself proves her point, she said. It had to spend about a half million paying for, cooperating with and responding for the audit, money she said that would be better spent elsewhere.

Rosenberger pointed to Vermont, which is looking at alternatives to such requirements, as well as Maine, where the PUC is also discussing parity on the retail level.

However, Verizon's attempt at alternative regulation led to a docket that dragged on for years, ending only when Verizon pulled out of the state. Rosenberger suggested that it is one of the reasons it left.

There is some discussion at the PUC about alternative regulation, said Meredith Hatfield, the consumer advocate at the agency. But it is unlikely that it will sail through any quicker this time. Hatfield said that competition is not a realistic option for all. Not everybody can

afford the bundled packages of FairPoint's competitors, she said. And others need the landline for safety reasons. And while FairPoint said that it would continue to provide that service, Hatfield said she worried about the quality of that service if it were unregulated.

"We want to make sure that those that don't have access to competition are protected," Hatfield said.

FairPoint might find a more receptive ear among conservative lawmakers who currently dominate the state Legislature, like James Garrity, R-Atkinson, who chairs the House Science, Technology and Energy committee, the committee that would hear any bill concerning telephone deregulation.

"I think we should get the PUC out of regulating retail communication," Garrity said. "Let FairPoint, AT&T and Comcast beat each other up and bundle as many services as they want and see who wins. We are living with a 100-year regulatory system that ignores the facts on the ground - there is competition everywhere you look." **NBR**

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