

State of New Hampshire
Public Utilities Commission

Docket No. DT 10-025
FairPoint Communications, Inc., et al.

Respondent: Gary Garvey
Title: Senior Vice President, Human Resources

REQUEST: NHPUC Staff
Set 1

DATED: March 17, 2010

ITEM: STAFF-47 Reference also New Hampshire regulatory settlement section 4.6: Please list the "management bonuses" referred to and provide a copy of each document establishing the terms thereof. Is the bonus program described in FairPoint's 8-K filed on March 4, 2010 one of these "management bonuses" and does that bonus program comply with the requirements and expectations of this section? If so, please explain how it complies and why it is reasonable.

REPLY: The only management bonus plan that has been approved for 2010 is the Annual Incentive Plan, which is described in the 8-K filed on March 4, 2010.

The Annual Incentive Plan complies with this section, as one third of the weighting for awards under the plan is for achieving targeted service levels across the three northern New England states. The service level measures are reasonable as they are constructed from SQI metrics across the three state region for operations (meeting installation and repair appointments) and commercial (call center time to answer with minimum abandonment rates), all weighted equally. Please see Attachment FP-CONF 133-143 for the service metrics and target levels in the Annual Incentive Plan for 2010.