

FairPoint Communications, Inc.
State of New Hampshire
Docket No. DT 07-011

Respondent: Peter G. Nixon
Title: President

REQUEST: Office of Consumer Advocate - Rebuttal

DATED: September 19, 2007

ITEM: OCA R-130 Re page 16, lines 6 through 12, of the Rebuttal Testimony of Peter G. Nixon.

- a. In your view, is the approximate \$14 million broadband plan to which FairPoint is committed likely to be profitable? Please explain.
- b. Based on FairPoint's current expectations about costs and revenues, in how many years after the transaction occurs will total discounted revenues exceed total discounted costs for FairPoint's broadband plan?
- c. What are the criteria, if any, by which, FairPoint will evaluate the success of its broadband deployment?
- d. If improving service quality in rural communities is not profitable (that is, if the expected costs of improving service quality are greater than the sum of the anticipated maintenance savings and new revenues), by what criteria will the regional team be held accountable for service quality improvement?

REPLY:

- a. Broadband is expected to have a positive gross margin.
- b. FairPoint did not perform this analysis on a product line basis.
- c. Based upon current plans broadband success will be evaluated based upon:
 - Meeting the deployment plan for addressability and budget
 - Penetration
 - ARPU and gross profit

The regional team will be held accountable for meeting the service quality objectives.