

NH DKT 07-011
EXHIBIT JFN-IV
Rebuttal Testimony of John F. Nestor, III

Public Service Company of New Hampshire
Docket No. DT 07-011

Data Request FP/VZ-01
Dated: 08/10/2007
Q-FPVZ-002
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Witness: Robert T. Hybsch
Request from: Fairpoint Communications

Question:
Please provide the following:

- a. Evidence in support of PSNH's claim that Verizon is responsible for \$506,000 in maintenance trimming expenses for 2005, including the following:
 - i. total maintenance trimming expenses invoiced to Verizon for 2005;
 - ii. total maintenance trimming expenses paid by Verizon for 2005; and
 - iii. total maintenance trimming expenses denied by Verizon for 2005.
- b. If the \$506,000 allegedly owed is something other than (iii) above, how was the \$506,000 amount arrived at?
- c. All evidence in support of PSNH's claim that PSNH properly gained consent from Verizon to incur these expenses on Verizon's behalf according to the terms of the existing Joint Ownership Agreement (JOA) and associated Inter-company Operating Procedures (IOP).

Response:

- a. PSNH's testimony was inaccurate. The \$506,000 claim relates to calendar year 2006, not 2005 as stated on page 6 of Mr. Hybsch's testimony. During calendar year 2006, PSNH issued Verizon Exchanges of Notice requesting Verizon's participation in 2006 maintenance trimming for approximately 1700 miles of circuits with jointly owned poles. Verizon agreed to participate in joint maintenance trimming for only approximately 47 miles of the total 1700 miles of trimming requested. Copies of the Exchanges of Notice issued to Verizon for 2006 maintenance trimming projects are attached.*
 - i. PSNH billed Verizon \$16,714.92 for Verizon's share of the 47 miles of joint maintenance trimming Verizon agreed to in 2006.
 - ii. Verizon paid 10 of 13 invoices in the amount of \$15,141.99 and \$1,572.93 remains unpaid. Copies of the invoices are attached.*
 - iii. \$1,013,000 per testimony of Steven E. Mullen, NH PUC Utility Analyst III (See Response b. below).
- b. Mr. Mullen computed the amount that Verizon should have paid for the maintenance trimming in 2006. Mr. Mullen halved the amount that Verizon should have paid, resulting in the \$506,000 amount forgone by PSNH in Docket DE 06-028 and requested from Verizon in this proceeding. The relevant portions of his testimony and Adjustment # 13 are copied below:

"My calculations are included on Attachment SEM-1, Schedule 3A. 2006 information provided by PSNH in its responses to TS-NSTF-01, Q-TS-STAFF-35 and Q-TS-STAFF-36 (Attachments SEM-4 and SEM-5) shows that PSNH submitted an exchange of notice to Verizon for 1,700 miles of scheduled maintenance trimming in 2006 and that Verizon agreed to participate in payment for 47 miles of that trimming. That amounts to less than 3 percent of the total miles trimmed, so it appears that PSNH had an expectation of a larger amount of participation by Verizon. PSNH stated that at \$2,450 per mile, the cost to trim the additional 1,653 miles is \$4,049,850. Therefore, the maximum amount of additional revenue from Verizon for 2006 maintenance trimming is slightly more than \$1million. It is quite likely, however, that the maximum amount is not the correct

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amount. Therefore, for purposes of this adjustment, I have cut the amount in half and included \$506,000 as an estimate for the amount of revenue (adjustment #13)." Docket No. DE 06-068, Exhibit 9, Direct Testimony of Steven E. Mullen at 15.
[Adjustment]13

Reduce tree trimming expenses for estimated additional revenue from Verizon:	
Costs to trim 1653 add'l miles of joint trimming lines in 2006	4,050
Verizon's share of joint trimming costs	25%
Maximum add'l revenue from Verizon for joint trimming	1,013
Midpoint	50%
Estimated add'l revenue for adjustment purposes	506

Attachment SEM-1
Schedule 3A

- c. PSNH is not claiming that PSNH obtained Verizon's consent to pay for \$506,000 in 2006 maintenance trimming expense incurred by PSNH. See the preceding responses to 2a. and 2b., above. PSNH is claiming that the maintenance trimming done by PSNH in 2006, which Verizon refused to participate in, benefitted Verizon's jointly owned poles and its facilities, such that the Commission should, in the interests of fairness and the public good, require Verizon to reimburse PSNH for a portion of that expense as a condition of the approval of the merger sought by Verizon.

* Bulk material provided to requesting party and NHPUC Staff only.