

REGION: N.H. regulators approve Verizon-FairPoint deal

By Kathy McCormack  
Associated Press

CONCORD, N.H. — New Hampshire regulators yesterday approved the sale of Verizon's land line phone and Internet service in northern New England to North Carolina-based FairPoint Communications, saying they believe FairPoint has shown that the proposed deal is for the public good.

Maine, Vermont and the Federal Communications Commission have already approved the \$2.35 billion deal.

The approval is the last major regulatory hurdle for the sale to go through. The companies hope to close the deal by the end of March, FairPoint spokeswoman Rose Cummings said.

"We look at it as now the real work begins," Cummings said. "We're eager to begin serving northern New England customers. We're champing at the bit."

FairPoint and Verizon announced more than a year ago plans for FairPoint to take over Verizon's 1.7 million phone and Internet lines in Maine, New Hampshire and Vermont. FairPoint now has a total of slightly more than 300,000 lines through the 30 phone companies it owns in 18 states.

Regulators in all three states balked at the initial, \$2.7 billion purchase price, questioning whether FairPoint had the resources to take over a regional communications network that would dwarf the rest of the company.

The companies retooled the deal in a way designed to reduce FairPoint's debt.

The New Hampshire Public Utilities Commission approved the deal 2-1, attaching conditions such as the creation of a trust fund to cover unfunded liabilities for future retiree's health benefits; that FairPoint, which is establishing a call center in Littleton and a data center in Manchester, can't move or close them without asking the state's permission; and that FairPoint has to notify the commission whenever its debt rating is downgraded.

"FairPoint has made commitments that are calculated to promote the financial health of its regulated operations in New Hampshire," the commission said in its order. "It has also made binding promises about service quality, relations with wholesale competitors, cooperation with other users of utility poles, and broadband buildout."

FairPoint also has shown that it has the financial, managerial and technical capacity to fulfill its commitments, the commission said.

Commissioner Graham Morrison dissented, saying he couldn't agree that the settlement can "provide a reasonable basis to conclude that FairPoint will not become insolvent, or otherwise be unable to meet its service commitments. ... I am equally concerned and dismayed that the technology plan offered is not consistent with the state's best interests and need to be a competitive global participant in the business and education market in the coming years.

"In my judgment, the public interest standard imposed by the various statutes that are applicable requires something more than commitments and good intentions," he wrote.

Verizon and FairPoint would need to decide whether to abide by the additional conditions the commission put in its order.

Opponents of the decision have 30 days to seek a rehearing, the first step in the appeal process.

Two unions representing Verizon employees have been fighting the deal. They said added conditions improved the original proposal, but that the deal still is risky.

Cummings said once the sale is completed, Verizon employees would immediately become employees of FairPoint. Consumers over time will see the FairPoint logo show up on their bills, on their Internet accounts and on Verizon trucks and pay phones.

— *Associated Press Writer Clarke Canfield contributed to this report from Portland, Maine.*