

Today the Vermont Public Service Board authorized the acquisition of FairPoint Communications, Vermont's largest landline telecommunications carrier, by Illinois-based Consolidated Communications. With approval from the Federal Communications Commission, the Federal Trade Commission, and other states where FairPoint operates, the combined company will be about twice the size of FairPoint and will operate in 24 states. The company will operate in Vermont under the Consolidated name.

Based on its review of the proposed transaction, the Board found that the acquisition by merger will promote the general good of the State of Vermont and its ratepayers. The Board determined that the combined company will be more financially stable than FairPoint, with stronger credit ratings, more flexible access to capital, and greater revenue diversity. The testimony highlighted a number of important benefits to be gained through the acquisition, including technological advances in customer care and service and more sophisticated technologies for trouble-shooting network system problems and failures.

Of significant importance in the Board's decision are the capital investments that Consolidated will make in Vermont. In order to upgrade current services to Fairpoint's approximately 136,000 customers, Consolidated has committed to reinvesting an annual average of 14% of its total Vermont revenues over the next three years, plus \$1 million annually to address areas in Vermont with ongoing service quality concerns.

In addition, Consolidated will provide broadband to 28,000 Vermonters under the federal Connect America Fund and is expected to introduce new video streaming products and automated home security services to the Vermont marketplace. Finally, Consolidated has committed to providing better service quality through its established system for identifying and remediating network areas that experience consistent out-of-service problems.

Consolidated made these and other commitments through a memorandum of understanding ("MOU") with the Vermont Department of Public Service and FairPoint. The MOU commitments provided a critical basis for the Board's assessment that the transaction is in the public good.

The text of the Public Service Board's decision may be viewed here: http://psb.vermont.gov/sites/psbnew/files/doc_library/8881-final-order-issued.pdf. Additional information on the proceeding may be found by using the Board's electronic filing system, ePSB, and searching for case number 8881. More information on how to use ePSB can be found at this web address: <http://psb.vermont.gov/epsb-information>.

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