

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 8416

Petition of Franklin Telephone Company,)
Shoreham Telephone LLC, Topsham Telephone)
Company, Inc., Vermont Telephone Company,)
Inc., d/b/a VTel, and Waitsfield-Fayston)
Telephone Company, Inc., d/b/a Waitsfield)
Telecom, d/b/a Champlain Valley Telecom, for)
designation as Vermont-Eligible)
Telecommunications Carriers; and Request of)
Shoreham Telephone LLC for modification of)
the broadband buildout requirement of)
30 V.S.A. Section 7515(d))

Docket No. 8542

Joint Petition of Telephone Operating Company)
of Vermont LLC, d/b/a FairPoint)
Communications, and FairPoint Vermont, Inc.,)
d/b/a FairPoint Communications, for designation)
as Vermont Eligible Telecommunications)
Carriers)

Order entered: 12/16/2016

HEARING OFFICER REPORT AND RECOMMENDATION

PRESENT: George E. Young, Esq.
Hearing Officer

APPEARANCES: James Porter, Esq.
Daniel C. Burke, Esq.
for the Vermont Department of Public Service

Paul J. Phillips, Esq.
Primmer Piper Eggleston & Cramer
for Telephone Operating Company of Vermont, d/b/a FairPoint
Communications; FairPoint Vermont, Inc., d/b/a FairPoint
Communications; Franklin Telephone Company; Shoreham
Telephone LLC; Topsham Telephone Company, Inc.; Vermont
Telephone Company, Inc., d/b/a Vtel; and Waitsfield-Fayston
Telephone Company, Inc., d/b/a Waitsfield Telecom, d/b/a
Champlain Valley Telecom

Gerald R. Tarrant, Esq.
Daniel P. Richardson, Esq.
Tarrant, Gillies & Richardson
for Comcast of Connecticut/Georgia/Massachusetts/New
Hampshire/ New York/ North Carolina/Virginia/Vermont LLC,
d/b/a Comcast Phone of Vermont, LLC

I. INTRODUCTION

This proposal for decision (“PFD”) concerns two cases before the Vermont Public Service Board (“Board”) in which seven incumbent local exchange carriers (“ILECs”) request designation as Vermont-Eligible Telecommunications Carriers (“VETCs”).¹

The ILECS, the Vermont Department of Public Service (“Department”), and Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/ New York/ North Carolina/Virginia/Vermont LLC, d/b/a Comcast Phone of Vermont, LLC (“Comcast”) (collectively, all of the abovementioned entities are referred to as the “Parties”), have entered into a Memorandum of Understanding (“MOU”) under which the signatories agree that the Board should designate the ILECs as VETCs, pursuant to 30 V.S.A. § 7515(b).

Having reviewed the MOU, I recommend that the Board accept it and designate each of the ILECs as VETCs. The MOU demonstrates that each of the carriers meets the statutory criteria for such designation. In addition, the MOU ensures that projects undertaken under the

1. The ILECs are Telephone Operating Company of Vermont, d/b/a FairPoint Communications, and FairPoint Vermont, Inc., d/b/a FairPoint Communications (together “FairPoint”); Franklin Telephone Company; Shoreham Telephone, LLC; Topsham Telephone Company, Inc.; Vermont Telephone Company, Inc., d/b/a VTel; and Waitsfield-Fayston Telephone Company, Inc., d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom.

High Cost Program (the “Program”)² will not be competitive overbuilds of existing wired telecommunications facilities.³ The MOU achieves this in part by identifying the towns and exchanges in which each ILEC can expend Program funds received pursuant to 30 V.S.A. § 7515. The resolution of these issues will better enable the Board to implement the Program pursuant to the requirements of Act 190 of 2014. Accordingly, I recommend that the Board accept the MOU, designate the ILECs as VETCs, and close both dockets.

II. PROCEDURAL HISTORY

Docket 8416

On December 12, 2014, the ILECs petitioned the Board for designation as VETCs. On the same date, Shoreham Telephone LLC petitioned the Board for modification of the broadband build out requirements of 30 V.S.A. § 7515(d) (“Docket 8416”).

On January 21, 2015, a prehearing conference was held.

On February 2, 2015, a prehearing conference memorandum was issued, postponing further proceedings until the development of procedures to implement Act 190. It was anticipated that further statutory changes would affect the Program.

On February 25, 2015, Shoreham Telephone, LLC filed a voluntary dismissal of its request for modification under 30 V.S.A. § 7515(d).

On August 4, 2015, an order was issued granting intervener status to Comcast and denying intervenor status to Comcast Phone of Vermont, LLC.

On May 31, 2016, a status conference was held.

On July 11, July 26, August 4, and September 2, 2016, Orders were issued modifying the schedule.

On September 12, 2016, the parties filed an MOU.

2. The High-Cost Program is a program established by Act 190 (2014) and Act 41 (2015, Adj. Sess.), codified at 30 V.S.A. § 7515, that provides to Vermont-eligible telecommunications providers support for capital improvements in high-cost areas to build broadband capable networks.

3. MOU at 3.

Docket 8542

On June 24, 2015, FairPoint petitioned the Board for designation as a VETC.

On July 11, 2015, a prehearing conference was held.

On July 20, 2015, a prehearing conference memorandum was issued, postponing further proceedings until the development of procedures to implement the Program.

On May 31, 2016, a status conference was held.

On July 11 and 26, August 4, and September 2, 2016, Orders were issued modifying the schedule.

On September 12, 2016, an MOU was jointly filed by the Parties.

III. BACKGROUND

In 2014, the Vermont General Assembly established the Program in Vermont.⁴ The goal of the Program is to keep basic telecommunications service affordable in all parts of Vermont and to maintain universal service as a means of supporting access to broadband service in all parts of Vermont.⁵ The Program advances this goal by providing funding to qualifying telecommunications providers so they can make capital improvements and build broadband-capable networks in high-cost areas within the state.⁶ In order to receive Program funding, a telecommunications provider must first be certified as a VETC by the Board.⁷ A VETC must provide broadband Internet access at speeds no lower than 4 Mbps⁸ download and 1 Mbps upload in each high-cost area it serves within five years of VETC designation.⁹ Furthermore, Program support may not be used to conduct “competitive overbuilds of existing wired telecommunications services.”¹⁰

4. Act 190 (2014) and Act 41 (2015, Adj. Sess.), codified at 30 V.S.A § 7515, *et seq.*

5. 30 V.S.A § 7515(a).

6. *See*, 30 V.S.A § 7515(c), (d), (g), and (i).

7. 30 V.S.A § 7515(b).

8. Megabits per second.

9. 30 V.S.A § 7515(g).

10. 30 V.S.A § 7515(j).

IV. FINDINGS

Having reviewed and considered the various filings in these two Dockets, pursuant to 30 V.S.A. § 8(c), I hereby propose the following findings of fact to the Board:

MOU

1. The MOU was jointly filed by the Parties on September 11, 2016. Exh. MOU.

2. Under the MOU, each VETC shall provide broadband Internet access at speeds no lower than 4 Mbps download and 1 Mbps upload (the “4/1 Requirement”) within five years of designation in each high-cost area for which it is designated, provided, however, that a designated VETC:

- (a) may request a waiver under 30 V.S.A. § 7515(h) within one year of designation; and
- (b) in accordance with 30 V.S.A. § 7515(g) need not provide broadband service to a location that has service available from another service provider, as determined by the Department.

Exh. MOU at 4.

3. Under the MOU, a VETC receiving Program support under 30 V.S.A. § 7515 must use that support for capital improvements in high-cost areas, as defined in 30 V.S.A. § 7515(f), to build broadband-capable networks. Exh. MOU at 4.

4. Under the MOU, following its designation and until such designation expires or terminates, each designated VETC must meet the service requirements of 30 V.S.A. § 7515(d) and must comply with the certification and reporting requirements set forth in 30 V.S.A. § 7515(k). Exh. MOU at 4.

5. The MOU provides that the Board should include the following condition in any orders designating a VETC in this proceeding: VETCs shall have the right “to seek a waiver from the Board under 30 V.S.A. § 7515(h) and to withdraw from the Program at their sole discretion after the Board has adopted the standards and procedures required under 30 V.S.A. § 7515(j).” Exh. MOU at 4.

6. The MOU provides that the Board should include the following condition in any orders designating a VETC in this proceeding:

Until the Board has adopted standards and procedures for ensuring that projects funded under 30 V.S.A. § 7515 are not competitive overbuilds of existing wired telecommunications services, VETCs shall expend funds distributed to them through the Program only in the high-cost areas identified in Appendix A of the MOU (in the case of FairPoint) or Appendix B of the MOU (in the case of an ILEC). After the Board has adopted such standards and procedures, the list of high-cost areas in Appendices A and B of the MOU shall remain in effect and no party to the MOU shall object that projects built in such areas using Program funds are “competitive overbuilds of existing wired telecommunications services” as that phrase is used in 30 V.S.A. § 7515(I).

Exh. MOU at 5.

7. The MOU provides that the Board should include the following condition in any orders designating a VETC in this proceeding:

Upon the issuance of the findings and designation orders of the Board as described herein and the expiration of any application for reconsideration or appeals periods, Docket 8416 and Docket 8542 shall be closed.

Exh. MOU at 5.

8. Under the MOU, the Parties agree not to claim that buildouts using Program funds to the locations in the high-cost areas identified in Appendix A and B of the MOU are competitive overbuilds of existing wired telecommunications services under 30 V.S.A. § 7515(i). The Parties agree that any VETC use of Program funds disbursed prior to the standards and procedures under 30 V.S.A. § 7515 taking effect to build broadband-capable networks in areas identified in Appendix A or B of the MOU will not be deemed a violation of the MOU.

9. Under the MOU, the Parties ask that, upon the designation of VETCs by the Board and the Board’s determination that the VETCs otherwise are entitled to receive Program funding, each VETC shall receive funds from the fiscal agent in accordance with 30 V.S.A. § 7515(e) in an amount calculated in accordance with 30 V.S.A. § 7515(i). Exh. MOU at 5.

10. Under the MOU, the Parties ask that if the Board determines that a designated VETC is not entitled to receive Program funding based upon noncompliance, in whole or in part, with the requirements of finding 3 above, the VETC shall have the right either: (a) to coordinate with the Department on a joint proposal to the Board seeking approval to release, in whole or in part, the VETC’s annual allocations of Program funds to fund broadband-only projects to locations

identified in Appendix A or B of the MOU and approved by the Department; or (b) to voluntarily revoke its VETC designation and withdraw from the Program without penalty. Exh. MOU at 6.

11. The Department agrees to support the issuance of orders and findings of the Board as specified in the MOU, subject to the Department's obligations under Title 30 of the Vermont Statutes Annotated. Exh. MOU at 6.

Certification as VETCs

12. Each ILEC is designated as an ETC in Vermont as defined by the Federal Communications Commission ("FCC"). *In re: Designation of Eligible Telecommunications Carriers Under the Telecommunications Act of 1996*, Docket No. 7969, Order entered 5/23/13.

13. Each ILEC has agreed to use support from the Program subject to the requirements contained in 30 V.S.A. § 7515, including providing voice telephony services, as defined by the FCC, and broadband Internet access, directly or through an affiliate. Exh. MOU at 4.

14. Each ILEC has agreed to use Program support for capital improvements in high-cost areas, as defined in 30 V.S.A. § 7515(f), to build broadband-capable networks. Exh. MOU at 4.

V. DISCUSSION AND RECOMMENDATION

Discussion of VETC Designation

Section 7515(b) provides that:

The Public Service Board, after review of a petition of a company holding a certificate of public good to provide telecommunications service in Vermont, and upon finding that the company meets all requirements for designation as an "eligible telecommunications carrier" as defined by the FCC, may designate the company as a Vermont-eligible telecommunications carrier.

After reviewing the filings and materials in these two Dockets, I recommend that the Board find that each ILEC has been designated as an ETC in Vermont as defined by the FCC and that the Board additionally should designate each of those companies as a VETC in the high-cost areas of their service territories for purposes of the Program.

The FCC defines an ETC as a provider that offers the services that are supported by federal universal service support mechanisms, using either its own facilities or a combination of its

own facilities and resale of another carrier's services (including the services offered by another ETC) and advertises the availability of such services and the charges therefor using media of general distribution.¹¹ Carriers may become an ETC when their state commission confirms that the carrier provides the services funded by universal service support.¹² On May 13, 2013, the Board found that the ILECs each provide the services funded by universal service support and designated the ILECs as ETCs in Vermont.¹³

Because each ILEC is an ETC, pursuant to 30 V.S.A. § 7515(b) the Board may also designate each of them as a VETC eligible to participate in the Program. As such, I recommend that the Board designate each ILEC as a VETC in the high-cost areas of its service territories. 30 V.S.A. § 7515(f) defines high-cost area as:

if the exchange is served by a rural telephone company, as defined by federal law, or if the exchange is designated as a rural exchange in the wholesale tariff of a regional bell operating company (RBOC), as defined by the FCC, or of a successor company to an RBOC. An exchange is not a high-cost area if the Public Service Board finds that the supported services are available to all locations throughout the exchange from at least two service providers.

Discussion of MOU

After reviewing the filings and materials in these two Dockets, I find that the MOU is reasonable, and I recommend that the Board accept the MOU.

The General Assembly passed Act 190 in 2014 and established the Program in order to keep basic telecommunications service affordable in all parts of Vermont and to maintain universal service as a means of supporting access to broadband service in all parts of the state.¹⁴ The Program advances this goal by providing funding to qualifying telecommunications providers so they can make capital improvements to and build broadband-capable networks in high-cost areas within the state. The MOU proposed by the Parties helps to achieve this goal by clarifying in which towns and exchanges VETCs can expend Program funds received pursuant to 30 V.S.A. § 7515 and by ensuring that projects funded in the aforementioned towns and exchanges will not be

11. 47 C.F.R. § 54.201.

12. *Id.* at § 54.201(b).

13. *See*, finding 12, *supra*.

14. 30 V.S.A § 7515(a).

competitive overbuilds of existing wired telecommunications facilities in violation of Act 190. The MOU will enable the disbursement of high-cost funding to VETCs while the Board finalizes permanent rules for the Program going forward.

VI. CONCLUSION

Because the MOU is reasonable and because each ILEC is an ETC in Vermont, I recommend that the Board accept the MOU, as modified, and designate each ILEC as a VETC.

Because the proposal for decision is not adverse to any of the Parties, I have not circulated this proposal for decision, pursuant to the requirements of 30 V.S.A. § 8(c).

Dated at Montpelier, Vermont, this 16th day of December, 2016.

s/George E. Young
George E. Young, Esq.
Hearing Officer

VII. ORDER

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED by the Public Service Board (“Board”) of Vermont that:

1. The findings and conclusions of the Hearing Officer are adopted.
2. The Memorandum of Understanding filed in this docket on September 12, 2016, between the Vermont Department of Public Service; Telephone Operating Company of Vermont LLC, d/b/a FairPoint Communications; FairPoint Vermont, Inc., d/b/a FairPoint Communications; Franklin Telephone Company; Shoreham Telephone, LLC; Topsham Telephone Company, Inc.; Vermont Telephone Company, Inc., d/b/a VTel; Waitsfield-Fayston Telephone Company, Inc., d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom; and Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/ New York/ North Carolina/Virginia/ Vermont LLC, d/b/a Comcast Phone of Vermont, LLC, is hereby accepted.
3. Pursuant to 30 V.S.A. § 7515(b), Telephone Operating Company of Vermont LLC, d/b/a FairPoint Communications; FairPoint Vermont, Inc., d/b/a FairPoint Communications; Franklin Telephone Company; Shoreham Telephone, LLC; Topsham Telephone Company, Inc.; Vermont Telephone Company, Inc., d/b/a VTel; and Waitsfield-Fayston Telephone Company, Inc., d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom, are each designated as Vermont-eligible telecommunications carriers in the high-cost areas of their service territories.
4. Docket Numbers 8416 and 8542 are hereby closed.

Dated at Montpelier, Vermont, this 16th day of December, 2016.

<u>s/James Volz</u>)	
)	
)	PUBLIC SERVICE
<u>s/Margaret Cheney</u>)	
)	BOARD
)	
)	OF VERMONT
<u>s/Sarah Hofmann</u>)	

OFFICE OF THE CLERK

FILED: December 16, 2016

ATTEST: s/Judith C. Whitney
Clerk of the Board

NOTICE TO READERS: This decision is subject to revision of technical errors. Readers are requested to notify the Clerk of the Board (by e-mail, telephone, or in writing) of any apparent errors, in order that any necessary corrections may be made. (E-mail address: psb.clerk@vermont.gov)

Appeal of this decision to the Supreme Court of Vermont must be filed with the Clerk of the Board within thirty days. Appeal will not stay the effect of this Order, absent further order by this Board or appropriate action by the Supreme Court of Vermont. Motions for reconsideration or stay, if any, must be filed with the Clerk of the Board within ten days of the date of this decision and Order.

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STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket 8416

Request of Franklin Telephone Company, Inc., Shoreham)
Telephone LLC, Topsham Telephone Company, Inc.,)
Vermont Telephone Company, Inc., d/b/a VTel, and)
Waitsfield-Fayston Telephone Company, Inc. d/b/a)
Waitsfield Telecom, d/b/a Champlain Valley Telecom, for)
designation as Vermont eligible telecommunications carriers)

Docket 8542

Joint Petition of Telephone Operating Company of Vermont)
LLC d/b/a FairPoint Communications and FairPoint Vermont,)
Inc. d/b/a FairPoint Communications, for designation as)
Vermont eligible telecommunications carriers)

MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (the "MOU") is entered into as of the 12th day of September, 2016, by and among Franklin Telephone Company, Inc., Shoreham Telephone LLC, Topsham Telephone Company, Inc., Vermont Telephone Company, Inc., d/b/a VTel, Waitsfield-Fayston Telephone Company, Inc. d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom (the five foregoing, together, the "RLEC Petitioners"), Telephone Operating Company of Vermont LLC d/b/a FairPoint Communications ("TOCV"), FairPoint Vermont, Inc. d/b/a FairPoint Communications ("FPV," and, together with TOCV, the "FairPoint ILECs," and the FairPoint ILECs and the RLEC Petitioners, together, the "ILEC Petitioners"), Comcast of Connecticut/Georgia/Massachusetts/New Hampshire/New York/North Carolina/Virginia/Vermont LLC d/b/a Comcast, Comcast Phone of Vermont, LLC (the two foregoing, together,

“Comcast”), and the Vermont Department of Public Service (“Department”) (all of the foregoing, collectively, the “Parties” and, individually, a “Party”).

Recitals

WHEREAS, 30 V.S.A. § 7515(b) provides that the Vermont Public Service Board (“Board”), after review of a petition of a company holding a certificate of public good to provide telecommunications service in Vermont, and upon finding that the company meets all requirements for designation as an “eligible telecommunications carrier” as defined by the Federal Communications Commission (“FCC”), may designate the company as a Vermont-eligible telecommunications carrier (“VETC”); and

WHEREAS, the RLEC Petitioners on December 12, 2014, each requested designation by the Board as a VETC pursuant to 30 V.S.A. § 7515(b), and the Board opened Docket No. 8416 to investigate the RLEC Petitioners’ request; and

WHEREAS, the FairPoint ILECs on June 24, 2015, subject to a reservation of their rights, jointly petitioned the Board to designate TOCV and FPV as VETCs pursuant to 30 V.S.A. § 7515(b), and the Board opened Docket No. 8542 to investigate the FairPoint ILECs’ joint petition; and

WHEREAS Comcast was granted permissive intervention in Docket No. 8416 by Board Order dated August 4, 2015, and Comcast was granted permissive intervention in Docket No. 8542 by Board Order dated July 6, 2016; and

WHEREAS, the Parties to this MOU, taken together, constitute all of the parties of record in Docket Nos. 8416 and 8542 now pending before the Board; and

WHEREAS, the Board is presently conducting, but has not completed, a separate proceeding to establish procedures of general applicability for the designation and oversight of VETCs and for the operation of the Vermont High-Cost Program under 30 V.S.A. § 7515 (the “Program”), including, without limitation, satisfaction of the requirement in 30 V.S.A. § 7515(j) that “[t]he Board shall adopt by rule standards and procedures for ensuring projects funded under this section are not competitive overbuilds of existing wired telecommunications services”; and

WHEREAS, the Parties desire to resolve an issue raised in Dockets 8416 and 8542, by identifying the exchanges and towns in which each of the ILEC Petitioners can expend High-Cost Program funds received pursuant to 30 V.S.A. § 7515 and ensuring that projects funded in such exchanges and towns are not competitive overbuilds of existing wired telecommunications, as required under 30 V.S.A. § 7515(j), and to focus their collective and individual efforts on establishing standards and procedures of general applicability to all persons affected by the Program.

NOW THEREFORE, in consideration of the mutual promises and representations contained herein, and intending to be bound hereby, the Parties stipulate and agree as follows.

Stipulation

1. The Department and Comcast do not object to the Board’s designation of the ILEC Petitioners as VETCs, subject to the conditions set forth below and upon the Board’s finding that each ILEC Petitioner (a) holds a certificate of public good to provide telecommunications services in Vermont, and (b) meets all requirements for designation as an “eligible telecommunications carrier” as defined by the FCC.

2. The Parties agree that this MOU is subject to the requirement in 30 V.S.A. § 7515(g), that for their respective broadband Internet access services, each ILEC Petitioner that is designated as a VETC shall provide broadband Internet access at speeds no lower than 4 Mbps download and 1 Mbps upload (the "4/1 Requirement") within five years of designation in each high cost area for which it designated; provided, however, that a designated VETC (a) may request a waiver under 30 V.S.A. § 7515(h) within one year of designation; and (b) in accordance with 30 V.S.A. § 7515(g) need not provide broadband service to a location that has service available from another service provider, as determined by the Department.

3. The Parties agree this MOU is further subject to the requirement in 30 V.S.A. § 7515(c) that a VETC receiving High-Cost Program support under 30 V.S.A. § 7515 shall use that support for capital improvements in high-cost areas, as defined in 30 V.S.A. § 7515(f), to build broadband capable networks.

4. The Parties agree that following its designation and until such designation expires or terminates, each designated VETC shall meet the service requirements of 30 V.S.A. § 7515(d) and shall comply with the certification and reporting requirements set forth in 30 V.S.A. § 7515(k).

5. The Parties request that the Board attach the following conditions to the Board's order(s) designating VETCs in this proceeding:

a. Each ILEC Petitioner has not waived and at all times reserves, its rights to seek a waiver from the Board under 30 V.S.A. § 7515(h), and to withdraw from the Program at its sole discretion after the Board has adopted the standards and procedures required under 30 V.S.A. § 7515(j).

b. Until the Board has adopted standards and procedures for ensuring that projects funded under 30 V.S.A. § 7515 are not competitive overbuilds of existing wired telecommunications services, an ILEC Petitioner shall expend funds distributed to it through the High-Cost Program only in the high-cost areas identified in Appendix A (in the case of a FairPoint ILEC) or Appendix B (in the case of an RLEC Petitioner). After the Board has adopted such standards and procedures, the list of high-cost areas in Appendices A and B shall remain in effect and no Party hereto shall object that projects built in such areas using High-Cost Program funds are “competitive overbuilds of existing wired telecommunications services” as that phrase is used in 30 V.S.A. § 7515(j).

6. The Parties agree not to claim that buildouts to the locations in the high-cost areas identified in Appendix A and B using High-Cost Program funds are competitive overbuilds of existing wired telecommunications services under 30 V.S.A. § 7515(j). For the avoidance of doubt, any VETC use of High-Cost Program funds disbursed prior to the standards and procedures under 30 V.S.A. § 7515 taking effect to build broadband capable networks in areas identified in Appendix A or B under this MOU will not be deemed a violation of this MOU.

7. Upon the issuance of the findings and designation orders of the Board as described herein and the expiration of any application for reconsideration or appeals periods, Dockets 8416 and 8542 shall be closed.

8. Upon the designation of VETCs by the Board and the Board’s determination that the VETCs otherwise are entitled to receive High-Cost Program funding, each VETC shall receive funds from the fiscal agent in accordance with 30 V.S.A. § 7515(e), in an amount calculated in accordance with 30 V.S.A. § 7515(i).

9. If the Board determines that a designated VETC is not entitled to receive High-Cost Program funding based upon non-compliance, in whole or in part, with the requirements of Paragraph 4 hereof, the VETC shall have the right either:

(a) to coordinate with the Department on a joint proposal to the Board seeking approval to release, in whole or in part, the VETC's annual allocations of High-Cost Program funds to fund broadband-only projects to locations identified in Schedules A or B (as the case may be) and approved by the Department; or

(b) to voluntarily revoke its VETC designation and withdraw from the High-Cost Program without penalty.

10. This MOU shall be governed by Vermont law and any disputes arising from the implementation or enforcement of this MOU shall be decided by the Board under Title 30 of the Vermont Statutes Annotated, including, without limitation, the appeals provisions thereof.

11. The Department will support issuance of the orders and findings of the Board as specified herein, subject to the Department's obligations under Title 30 of the Vermont Statutes Annotated.

12. The Parties agree that this MOU shall not be construed by any Party or tribunal as a waiver as to jurisdiction or otherwise having precedential impact on any future proceeding involving any Party or any Party's positions therein, except as necessary to implement this MOU or to enforce an order of the Board resulting from this MOU.

13. The Parties have made specific compromises to reach this MOU. In the event that the Board fails to approve this MOU in its entirety or acts to overrule or disapprove any portion or provision hereof, each Party agrees that its agreement set forth herein may terminate, if such

Party so determines in its sole discretion, and each Party shall have the same rights as it would have had absent this MOU.

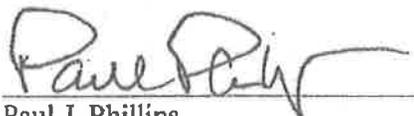
14. This MOU may be executed in multiple counterparts and exchanged by electronic transmission, with such electronic version or original counterpart(s) having the full force and effect of an original signature and original MOU.

IN WITNESS WHEREOF, the Parties have executed this Memorandum of Understanding by their duly authorized representatives.

The RLEC Petitioners:

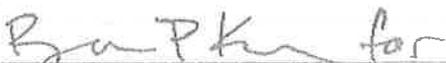
Franklin Telephone Company, Inc.,
Shoreham Telephone LLC, Topsham
Telephone Company, Inc., Vermont
Telephone Company, Inc. d/b/a VTel,
and Waitsfield-Fayston Telephone
Company, Inc. d/b/a Waitsfield Telecom,
d/b/a Champlain Valley Telecom

By: Primmer Piper Eggleston & Cramer PC,
Their Attorneys

By: 
Paul J. Phillips

Comcast of Connecticut/Georgia/
Massachusetts/New Hampshire/New York/
North Carolina/Virginia/Vermont I.LC
d/b/a Comcast and Comcast Phone
of Vermont, LLC

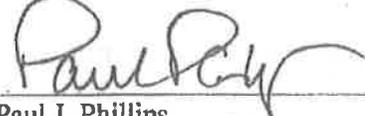
By: Tarrant, Gillies & Richardson,
Their Attorneys

By: 
Gerald R. Tarrant

The FairPoint ILECs:

Telephone Operating Company of
Vermont LLC d/b/a FairPoint
Communications and FairPoint
Vermont, Inc. d/b/a FairPoint
Communications

By: Primmer Piper Eggleston & Cramer PC,
Their Attorneys

By: 
Paul J. Phillips

Vermont Department of Public Service

By: 
Daniel Burke, Special
Telecommunications Counsel

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APPENDIX A

FairPoint Vermont Inc. d/b/a FairPoint Communications

Wire Center /Exchange Serving Area:

Alburg
Cabot
Isle La Motte
Marshfield
Peacham
West Newbury

Telephone Operating Company of Vermont LLC d/b/a FairPoint Communications

Wire Centers:

Barnet	Jamaica	S. Royalton
Bradford	Jeffersonville	S. Strafford
Brookfield	Lunenburg	Tunbridge
Chelsea	Lyndonville	W. Burke
Concord	Newbury	Wardsboro
Danville	Pittsfield	West Dover
Fairlee	Plainfield	Williamstown
Greensboro	Readsboro	Wilmington
Jacksonville	Rupert	

In addition, to the above wire centers/exchanges, FairPoint may build in the following towns:

Averill	Ferdinand	Norton
Averys Gore	Goshen	Peru
Bloomfield	Granville	Sandgate
Brunswick	Holland	Stannard
Canaan	Landgrove	Victory
Craftsbury	Lemington	Warrens Gore
East Haven	Lewis	Westmore
Eden	Lowell	Wheelock
Elmore	Marlboro	Wolcott

In addition the above towns and wire centers/exchanges, FairPoint may build on the following street: Skiparee Road in the Pownal Exchange.

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APPENDIX B

**Waitsfield-Fayston Telephone Company, Inc.
d/b/a Waitsfield Telecom, d/b/a Champlain Valley Telecom**

Wire Center

Addison
Bridport
Panton
Waitsfield
Weybridge

Exchange

Addison
Bridport
Panton
Waitsfield
Weybridge

Shoreham Telephone LLC

Wire Center

Benson
Orwell
Shoreham
Whiting

Exchange

Benson
Orwell
Shoreham
Whiting

Franklin Telephone Company, Inc.

Wire Center

Franklin

Exchange

Franklin

Topsham Telephone Company, Inc.

Wire Center

East Corinth

Exchange

East Corinth

Vermont Telephone Company, Inc. d/b/a VTel

Wire Center

Cuttingsville
Middletown Springs
Pawlet

Exchange

Cuttingsville
MiddletownSprings
Pawlet