



For Immediate Release: 06/15/17

Gregg C. Sayre, Interim Chairman

Contact:

Jon Sorensen | Jon.Sorensen@dps.ny.gov | (518) 474-7080

<http://www.dps.ny.gov>

<http://twitter.com/NYSDPS>

17046/17-C-0050

Public Service Commission Conditionally Approves Financial Transactions for the Sale of Three Local Telephone Corporations in New York

— Service-Quality Improvements, Broadband Expansion and Job Protections Among Conditions Required by the Public Service Commission in Merger of FairPoint Communications and Consolidated Communications —

ALBANY — The New York State Public Service Commission today conditionally approved a transfer of stock to allow the sale of FairPoint Communications and three of its New York subsidiaries – the Berkshire, the Chautauqua and Erie, and the Taconic telephone companies – to Consolidated Communications Holdings, Inc. of Mattoon, Ill.

Broadband, voice and cable video systems service in Chautauqua, Columbia, Dutchess and Rensselaer counties will not see any immediate changes as result of the sale, according to the agreement between FairPoint and Consolidated. Customers will not experience any immediate changes in services, rates, or terms and conditions of service.

The Commission's approval is contingent on Consolidated and FairPoint agreeing to:

- maintain staffing for at least two years for New York workers who directly interact with customers;
- invest at least \$4 million in network reliability and service quality improvements for the New York companies;
- follow through with broadband construction pursuant to Fairpoint's successful bid in Governor Andrew Cuomo's New NY Broadband Program, and bid in the next phase of that program;
- expand Digital Subscriber Line (DSL) internet service during the next three years to serve at least 300 more customer locations, particularly in the Hudson Valley; and,
- provide a \$2 million letter of credit to be held until these and other conditions have been satisfied.

Under today's order, the Commission approved the transfer of all outstanding equity interest in FairPoint Communications, Inc. to Consolidated in exchange for stock. The order also allows FairPoint New York to guarantee or otherwise secure loans in this all-stock transaction. There will be no additional borrowing needed for Consolidated to acquire FairPoint's stock. Consolidated will incur new debt largely to refinance FairPoint's existing debt.

Berkshire Telephone Corp. serves approximately 2,300 access lines in Kinderhook, Niverville and Stuyvesant Falls in Columbia County. The Chautauqua and Erie Telephone Corp. serves 4,500 lines in Chautauqua County, while the Taconic Telephone Corp. serves approximately 16,000 access lines in the Hudson Valley, including parts of Columbia, Rensselaer, and Dutchess counties.

According to the companies, the merger will allow Consolidated to offer better products and services, along with expanded customer choice for telecommunications and broadband services. Broadband coverage and speed will also improve and “over time, New York consumers may expect to see new services not currently offered in all markets, including video, home automation and security services,” according to Consolidated.

Today’s decision may be obtained by going to the Commission Documents section of the Commission’s Web site at www.dps.ny.gov and entering Case Number 17-C-0050 in the input box labeled "Search for Case/Matter Number". Many libraries offer free Internet access. Commission documents may also be obtained from the Commission’s Files Office, 14th floor, Three Empire State Plaza, Albany, NY 12223 (518-474-2500). If you have difficulty understanding English, please call us at 1-800-342-3377 for free language assistance services regarding this press release.