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## FairPoint Set to Emerge from Bankruptcy

Telecommunications company, FairPoint Communications could emerge from bankruptcy by the end of this month or early next month. This was facilitated by the state of Vermont's approval of the company's reorganization plans, something that two other states, namely New Hampshire and Maine have already done. If this happens FairPoint would be free to focus on its other major problem which is the declining popularity of land phone lines.

About 40% of its landline customers in New Hampshire have ceased their subscriptions since the cutover from Verizon systems began two years ago. The number of access lines in the state declined from 415,671 in January 2009 to 252,309 in November 2010. No data after November is available yet.

FairPoint wants to offset its lower business turnover due to the loss of landlines by focusing on expanding broadband services and increasing its base of DSL customers.

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Almost 30% of FairPoint's landline loss over the past two years came in 2009, when the company faced service and billing problems because of the change of ownership from Verizon to FairPoint. These problems led to huge amounts of money in unexpected expenses. At the same time, the nationwide financial crisis raised the cost FairPoint had to bear in buying Verizon's access lines in New Hampshire, Maine and Vermont.

FairPoint filed for bankruptcy in October 2009, proposing to cut its debt by roughly 66%. The plan would have reduced FairPoint's debt to about \$1 billion from nearly \$2.8 billion.

Public utilities officials in New Hampshire and Maine approved the company's bankruptcy reorganization plan last summer, but Vermont rejected the proposal. Finally, on December 23, the Vermont Public Service Board followed suit when it announced it would approve an amended version.

After 15 months in bankruptcy, the company is seeing signs of better things to come. In January, the company said it had been successful in meeting their broadband expansion goals in all 3 states - Vermont, New Hampshire and Maine. The number of complaints from consumers has also fallen to what they were when owned by Verizon.

FairPoint has spent \$129 million on communications infrastructure since taking over Verizon's Northern New England landline and DSL operations. In addition, FairPoint has also installed 700 miles of new fiber lines in New Hampshire, Maine and Vermont.

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One successful business strategy for FairPoint was to expand broadband services to rural areas in all 3 states, something that Verizon was reluctant to do. New Hampshire regulators gave FairPoint until New Year's Day this year to offer broadband service to at least 85% of its customers. The company managed to beat the deadline.