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## **VERMONT PUBLIC SERVICE BOARD APPROVES SETTLEMENT OF FAIRPOINT SERVICE QUALITY INVESTIGATION**

### **FairPoint to issue bill credits, improve customer notification and invest in additional rural broadband service throughout Vermont**

**SOUTH BURLINGTON, Vt. (December 18, 2015)** - FairPoint Communications, Inc.<sup>1</sup> (Nasdaq: FRP) (“FairPoint” or the “Company”), a leading communications provider, today announced that the Vermont Public Service Board approved FairPoint’s settlement agreement with the Vermont Department of Public Service to resolve the state’s service quality investigation of FairPoint pending since December 2014.

The Board’s Order recognized the important operational and network changes that have occurred at FairPoint since the start of the investigation. Since concluding a difficult labor negotiation earlier this year, FairPoint improved its network architecture and implemented operational changes that have helped service quality to return to normal levels.

The Board’s Order adopts the settlement framework agreed to between FairPoint and the Department, requiring FairPoint to pay bill credits to eligible telephone customers who experienced out-of-service repair delays leading up to and during the labor strike. The Order also requires FairPoint to provide clear guidance for telephone customers who are eligible for such credits in the future.

Within three months of the Board’s Order, FairPoint will issue a retroactive bill credit to eligible customers so no action will be needed by customers to receive bill credits under the Board’s Order. Eligible customers are those who reported an out-of-service telephone repair delay of more than 24 hours that occurred from April 1, 2013 to February 28, 2015, and have not already received a bill credit.

The Board’s Order also recognizes FairPoint’s decision to utilize \$8.8 million of annual funding from the federal Connect America Fund (“CAF”) Phase II program to improve broadband in rural areas in Vermont. The federal CAF Phase II program will require FairPoint to construct and operate network infrastructure and offer high-speed broadband service to approximately 28,400 qualifying locations in Vermont over six years. CAF II also requires significant capital investment from FairPoint in order to install the FCC-required broadband service of at least 10 Mbps download and 1 Mbps upload. FairPoint is in the preliminary stages of the six-year CAF II program.

“FairPoint has implemented new operations protocols that have helped us provide better customer service,” said Beth Fastiggi, Vermont State President for FairPoint Communications. “I am very proud of our FairPoint team and know they have worked hard to overcome the difficulties of the past year. With our new CAF Phase II commitment, we look forward to delivering higher speed broadband to even more rural locations across Vermont, enhancing our customers’ quality of life and Vermont’s economic growth.”

The CAF phase II investment will deepen FairPoint’s already significant commitment to rural broadband in Vermont. Overall, FairPoint has invested over \$100 million in its Vermont broadband network since 2008, adding 1,100 miles of new fiber. Its fiber-based, high-capacity network offers customers a better, faster way to communicate, and also serves as the backhaul for many wireless and other carriers.

In its Order, the Board also agreed to open a new docket to review the scope of regulatory obligations applicable to FairPoint in light of significant changes in the competitive telecommunications landscape in the past several years.

“FairPoint’s network provides critical services in Vermont’s modern economy,” Fastiggi said. “But the telecommunications industry has changed remarkably in the last twenty years. In order to operate effectively, we need the regulations that govern us to reflect this new competitive environment. The Board’s Order will allow us to move forward productively on these issues, strengthening the Company, which will enable us to better serve our customers.”

**About FairPoint Communications, Inc.**

FairPoint Communications, Inc. (Nasdaq: FRP) provides advanced data, voice and video technologies to single and multi-site businesses, public and private institutions, consumers, wireless companies and wholesale re-sellers in 17 states. Leveraging an owned, fiber-core Ethernet network — with more than 20,000 route miles of fiber, including approximately 17,000 route miles of fiber in northern New England — FairPoint has the network coverage, scalable bandwidth and transport capacity to support enhanced applications, including the next generation of mobile and cloud-based communications, such as small cell wireless backhaul technology, voice over IP, data center colocation services, managed services and disaster recovery. For more information, visit [www.FairPoint.com](http://www.FairPoint.com).

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<sup>1</sup> Services are provided through operating subsidiaries of FairPoint Communications, Inc.