

Costs and Profitability of Vermont's Incumbent Telecommunications Carriers

Part 2 of 3 of a Report to the
Vermont Department of
Public Service

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- The highest cost company is Topsham at \$124.
- Most companies have higher embedded cost than forward-looking cost. This is surprising given the advanced age of the installed facilities in Vermont, and could be an indication of carrier inefficiency. Another possible cause could be inaccurate assumptions in the estimation of forward-looking cost. If Vermont ultimately adopts a cost-based support mechanism, it should include some kind of forward-looking cost element.
- In 2011:
 - For regulated operations, all Vermont companies reported an aggregate net operating loss of \$39 million. This amounted to \$11 per location per month. Three companies that serve 92% of the locations in Vermont (FairPoint, TDS, and VTel) experienced financial losses.
 - Non-regulated operations produced losses of another \$6 million, or \$2 per location per month. Three companies lost money, and four made small profits on non-regulated operations. One company earned more than \$10 per location per month, and another earned \$6 per location per month.
 - On an “all in” basis, the Vermont companies combined lost \$45.5 million, or \$13 per location per month. Three companies had losses, with one company losing more than \$10 per location per month. Four companies had profits, and two earned more than \$10 per month.
- In 2013, RLSA predicts:
 - For regulated operations, all Vermont owners except Waitsfield will experience losses. In aggregate, the statewide predicted losses are \$64 million, or \$18 per location per line. The causes of this worsening situation were more fully described in Volume I of this report.
 - On an “all in” basis, Vermont owners will have an aggregate operating loss of \$70 million. Only two owners are predicted to make a profit in 2013. One of those is predicted to have a profit of \$16 per location per month, and the other only \$1 per location per month. The remaining five owners are predicted to lose money, and one of those is predicted to lose \$24 per location per month.
 - RLSA predicts an aggregate statewide EBITDA of less than \$1 million on an “all-in” basis. This amounts, when rounded, to \$0 per location per month.
- In the aggregate, Vermont ILECs’ telephone plant is more than 90% depreciated. This indicates that the average company has not been investing heavily in recent years.

Appendix A – Selected Exchange Data

Exchange	Telephone Company	CLLI Code	Locations	Total Exch'g Area	Inhabited Area	Monthly Cost per Location
Addison	Waitsfield & CV	ADSNVTXA	829	51	24	\$ 93
Alburg	FairPoint Northland	ALBGVTXA	1,768	49	26	\$ 60
Arlington	FairPoint NNE	ARTNVTSC	2,180	131	42	\$ 67
Barnet	FairPoint NNE	BARNVTCH	853	41	27	\$ 77
Barre	FairPoint NNE	BARRVTEL	7,923	105	80	\$ 45
Barton	FairPoint NNE	BARTVTEL	2,257	112	67	\$ 78
Bethel	FairPoint NNE	BETHVTMA	2,013	115	69	\$ 84
Bennington	FairPoint NNE	BGTNVTPL	8,282	186	70	\$ 41
Bellows Falls	FairPoint NNE	BLFLVTHE	1,898	25	21	\$ 40
Benson	Shoreham	BNSNVTXA	570	45	25	\$ 110
Brattleboro	FairPoint NNE	BRBOVTMA	7,748	142	111	\$ 46
Brookfield	FairPoint NNE	BRFDVTBC	572	36	27	\$ 109
Bradford	FairPoint NNE	BRFRVTPG	1,146	29	21	\$ 60
Brandon	FairPoint NNE	BRNDVTCA	2,711	93	45	\$ 57
Bridport	Waitsfield & CV	BRPTVTXA	692	46	27	\$ 100
Bristol	Waitsfield & CV	BRSTVTXA	3,970	168	98	\$ 73
Bridgewater	VTel	BRWRVTXA	1,183	90	40	\$ 92
Burlington	FairPoint NNE	BURLVTMA	21,447	73	39	\$ 23
Cabot	FairPoint Northland	CABTVTXA	1,156	53	40	\$ 86
Chester	VTel	CHESVTXA	2,579	114	74	\$ 78
Chelsea	FairPoint NNE	CHLSVTMA	1,207	75	53	\$ 94
Charlotte	Waitsfield & CV	CHRLVTXA	2,284	63	49	\$ 72
Lemington	FairPoint NNE	CLBKNHMA	137	42	9	\$ 193
Concord	FairPoint NNE	CNCRVTMA	995	93	30	\$ 80
Cornwall	Shoreham	CRNWVTXA	525	29	17	\$ 97
Castleton	FairPoint NNE	CSTNVTSO	1,231	31	17	\$ 52
Cuttingsville	VTel	CTVLVTXA	446	37	18	\$ 101
Danville	FairPoint NNE	DAVLVTYA	876	33	24	\$ 73
Danby	VTel	DNBYVTXA	757	72	18	\$ 74
Derby	FairPoint NNE	DRBYVTMA	1,667	33	29	\$ 55
Dorset	FairPoint NNE	DRSTVTYA	768	24	12	\$ 70
East Corinth	Topsham Telephone	ECRNVTXA	1,919	116	85	\$ 104
E. Fairfield	FairPoint NNE	EFFDVTMA	910	66	39	\$ 98
Enosburg Falls	FairPoint NNE	ENFLVTMA	2,750	145	95	\$ 81
Essex Jct.	FairPoint NNE	ESJTVTLI	13,127	112	95	\$ 36

Exchange	Telephone Company	CLLI Code	Locations	Total Exch'g Area	Inhabited Area	Monthly Cost per Location
Fairlee	FairPoint NNE	FARLVTML	1,604	71	42	\$ 76
Franklin	Franklin Telephone	FKLNVTXA	936	38	24	\$ 81
Fairfax	FairPoint NNE	FRFXVTMA	2,018	70	49	\$ 65
Fair Haven	FairPoint NNE	FRHNVTMA	1,873	53	29	\$ 51
Grand Isle	FairPoint NNE	GDISVTYA	3,364	135	53	\$ 59
Grafton	VTel	GFTNVTXA	351	27	13	\$ 93
Greensboro	FairPoint NNE	GNBOVTGB	1,895	119	76	\$ 92
Groton	FairPoint Northland	GRTNVTXA	1,357	108	49	\$ 94
Maidstone	FairPoint NNE	GVTNNHST	319	31	9	\$ 98
Hubbarton	Shoreham	HBTNVTXA	1,280	50	28	\$ 73
Hinesburg	Waitsfield & CV	HNBGVTXA	2,157	44	36	\$ 63
Norwich	FairPoint NNE	HNVRNHSC	1,533	45	37	\$ 70
Hartland	VTel	HRLDVTXA	1,132	33	29	\$ 75
Hardwick	FairPoint NNE	HRWKVTPK	1,891	73	44	\$ 68
Isle La Motte	FairPoint Northland	ISMTVTXA	502	18	8	\$ 67
Island Pond	FairPoint NNE	ISPNVTAL	1,988	290	71	\$ 98
Jamaica	FairPoint NNE	JAMCVTMA	1,219	63	35	\$ 81
Jacksonville	FairPoint NNE	JCVLVTSC	1,449	74	53	\$ 89
Jeffersonville	FairPoint NNE	JFVLVTVA	2,238	120	54	\$ 70
Johnson	FairPoint NNE	JHSNVTRA	2,189	114	52	\$ 68
Ludlow	Ludlow TDS	LDLWVTXA	2,729	48	34	\$ 41
Lunenburg	FairPoint NNE	LNBGVTEC	760	43	24	\$ 78
Guildhall	FairPoint NNE	LNCSNHHI	367	96	18	\$ 147
Thetford	FairPoint NNE	LYMENHYA	928	33	26	\$ 83
Lyndonville	FairPoint NNE	LYVLVTCE	3,665	122	88	\$ 68
Middlebury	FairPoint NNE	MDLBVTCC	3,430	102	47	\$ 50
Middletown Spr.	VTel	MDSPVTXA	797	57	32	\$ 99
Milton	FairPoint NNE	MLTNVTEL	4,711	79	51	\$ 46
Manchester	FairPoint NNE	MNCHVTSC	3,664	70	35	\$ 46
Marshfield	FairPoint Northland	MRFDVTXA	666	42	25	\$ 93
Morgan	FairPoint NNE	MRGNVTTTO	1,510	83	54	\$ 87
Morrisville	FairPoint NNE	MRVLVTUN	4,693	150	101	\$ 61
Montgomery	FairPoint Northland	MTGMVTXA	868	70	27	\$ 88
Mount Holly	VTel	MTHLVTXA	1,268	68	36	\$ 84
Montpelier	FairPoint NNE	MTPLVTSC	6,602	181	118	\$ 48
Stamford	FairPoint NNE	NADMMASU	455	41	13	\$ 87
Northfield	Northfield TDS	NRFDTVXA	2,524	93	54	\$ 49

Exchange	Telephone Company	CLLI Code	Locations	Total Exch'g Area	Inhabited Area	Monthly Cost per Location
N. Springfield	VTel	NSFDVTXA	878	10	8	\$ 50
Bloomfield	FairPoint NNE	NSFRNHMA	253	65	13	\$ 146
Newbury	FairPoint NNE	NWBYVTPC	321	14	8	\$ 80
Newfane	FairPoint NNE	NWFNVTYA	2,353	100	63	\$ 75
Newport	FairPoint NNE	NWPTVTSE	3,694	85	59	\$ 54
Orleans	FairPoint NNE	ORLNVTIR	2,349	128	83	\$ 91
Orwell	Shoreham	ORWLVTXA	746	47	29	\$ 104
Peacham	FairPoint Northland	PCHMVTXA	464	34	19	\$ 109
Perkinsville	Perkinsville TDS	PKVLVTXA	947	33	23	\$ 78
Plainfield	FairPoint NNE	PLFDVTYA	1,659	63	50	\$ 77
Poultney	FairPoint NNE	PLTNVTBE	2,714	66	48	\$ 55
Panton	Waitsfield & CV	PNTNVTXA	634	37	15	\$ 81
Proctor	FairPoint NNE	PRCTVTPI	761	7	4	\$ 37
Proctorsville	Ludlow TDS	PRVLVTXA	771	29	17	\$ 61
Pittsfield	FairPoint NNE	PTFDVTMA	610	30	13	\$ 73
Pittsford	FairPoint NNE	PTFRVTYA	1,803	106	37	\$ 65
Putney	FairPoint NNE	PTNYVTCH	1,669	48	39	\$ 68
Pawlet	VTel	PWLVVTXA	807	53	29	\$ 93
Pownal	FairPoint NNE	PWNLVTBE	1,342	35	20	\$ 57
Richford	FairPoint NNE	RCFRVTIN	1,148	57	27	\$ 72
Richmond	Waitsfield & CV	RCMDVTXA	3,315	126	60	\$ 67
Readsboro	FairPoint NNE	RDBOVTTU	468	38	14	\$ 92
Reading	FairPoint NNE	RDNGVTMI	1,293	68	43	\$ 85
Randolph	FairPoint NNE	RNDHVTPL	2,857	110	77	\$ 70
Rochester	FairPoint NNE	ROCHVTSP	1,324	139	50	\$ 84
Rupert	FairPoint NNE	RPRTVTGR	381	35	14	\$ 103
Rutland	FairPoint NNE	RTLDTVWE	9,820	106	65	\$ 35
Sherburne	VTel	SHBNVTXA	1,175	46	17	\$ 61
Shoreham	Shoreham	SHHMVTXA	660	45	29	\$ 112
Shelburne	FairPoint NNE	SHLBVTPH	3,040	44	23	\$ 44
Salisbury	FairPoint NNE	SLBRVTBA	740	27	16	\$ 68
S. Londonderry	FairPoint NNE	SLNDVTYA	2,756	122	65	\$ 70
Springfield	VTel	SPFDVTXA	2,952	43	35	\$ 52
Stratton	FairPoint NNE	SRTNVTAR	2,116	62	25	\$ 51
S. Royalton	FairPoint NNE	SRYLVTYA	2,110	86	59	\$ 78
S. Strafford	FairPoint NNE	SSFRVTYA	550	37	24	\$ 100
St. Albans	FairPoint NNE	STALVTBA	8,211	130	90	\$ 43
St. Johnsbury	FairPoint NNE	STBYVTSM	4,201	120	89	\$ 53

Exchange	Telephone Company	CLLI Code	Locations	Total Exch'g Area	Inhabited Area	Monthly Cost per Location
Stowe	FairPoint NNE	STOWVTHI	2,955	80	44	\$ 54
Swanton	FairPoint NNE	SWTNVTYO	4,165	106	58	\$ 52
Saxtons River	VTel	SXRVTXA	956	42	27	\$ 76
Tunbridge	FairPoint NNE	TNBRVTYA	584	37	27	\$ 96
Troy	FairPoint NNE	TROYVTYA	2,163	163	72	\$ 85
Underhill	FairPoint NNE	UNHLVTUC	3,266	92	55	\$ 58
Vergennes	FairPoint NNE	VRGSVTMO	2,073	53	35	\$ 60
W. Burke	FairPoint NNE	WBURVTYA	1,753	126	66	\$ 90
Woodstock	FairPoint NNE	WDSTVTGO	2,564	92	73	\$ 71
Wells River	FairPoint NNE	WDVLNHJL	293	8	5	\$ 80
Whiting	Shoreham	WHNGVXTA	351	28	14	\$ 106
Wallingford	VTel	WLFRVXTA	1,082	39	22	\$ 66
Wilmington	FairPoint NNE	WLMGVTDA	5,418	132	63	\$ 48
Westminster	FairPoint NNE	WLPLNHWP	692	14	12	\$ 73
Williamstown	FairPoint NNE	WLTWVTLA	1,182	37	27	\$ 73
Windsor	FairPoint NNE	WNDSVTPI	2,073	34	25	\$ 48
Winooski	FairPoint NNE	WNSKVTWA	3,050	11	9	\$ 29
West Newbury	FairPoint Northland	WNWBVTXA	616	31	22	\$ 89
Wardsboro	FairPoint NNE	WRBOVTYA	1,138	64	27	\$ 71
White River Jct.	FairPoint NNE	WRJTVTGA	5,111	58	50	\$ 32
W. Rutland	FairPoint NNE	WRTLVTBA	1,373	43	23	\$ 55
Canaan	FairPoint NNE	WSTWNHBS	503	26	13	\$ 82
Waitsfield	Waitsfield & CV	WTFDVTXA	3,791	113	68	\$ 65
Waterbury	FairPoint NNE	WTRBVTSW	2,946	98	43	\$ 52
Weybridge	Waitsfield & CV	WYBGVXTA	508	30	19	\$ 102
Total			296,806	9,615	5,440	