STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

DT 10-025

Request for Approvals in Connection with the
Reorganization Plan of FairPoint Communications, Inc., et al.

PREFILED TESTIMONY OF
JEFFREY W. ALLEN
ON BEHALF OF FAIRPOINT COMMUNICATIONS, INC.

FEBRUARY 24, 2010

Summary: Mr. Allen's testimony should be read in context with the testimony provided by Ms. Vicky Weatherwax, Mr. Bryan Lamphere and Mr. Thomas Nolting. Such testimony, when considered in its entirety, addresses the reorganized FairPoint's technical, operational and management capabilities. Mr. Allen also explains how the broadband related provisions contained within FairPoint's regulatory settlement with the New Hampshire Staff Advocates preserve the benefits to New Hampshire customers of the broadband requirements embodied in the New Hampshire merger order issued by the Public Utilities Commission in 2008.

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Mr. Allen sponsors the following Exhibits:

Exhibit JA-1	Resume of Jeffrey W. Allen
Exhibit JA-2	Retail Service Quality Report for December 2009
Exhibit JA-3	Retail Service Quality Report for January 2010
Exhibit JA-4	Retail Service Quality Graphic Data for 2008 and 2009
Confidential Exhibit JA-5	FairPoint VantagePoint Core Transport Network
Confidential Exhibit JA-6	FairPoint VantagePoint Network Buildout Status

1 **Q. State your name.**

2 A. My name is Jeffrey W. Allen.

3

4 **Q. What is your position, and by whom are you employed?**

5 A. I am Executive Vice President for the Northern New England Operations of FairPoint
6 Communications, Inc ("FairPoint"). My offices are located in South Burlington,
7 Vermont, and Portland, Maine.

8

9 **Q. What are your current duties at FairPoint?**

10 A. I was appointed to my current position on July 15, 2009. As Executive Vice President for
11 FairPoint's Northern New England Operations, I have responsibility over operations,
12 engineering, customer care, operations support, sales, and billing for FairPoint's business
13 in Vermont, New Hampshire and Maine. I report directly to David L. Hauser, who
14 became Chairman of the Board and Chief Executive Officer of FairPoint on July 1, 2009.

15

16 **Q. Could you provide some information regarding your background and**
17 **qualifications?**

18 A. Yes. I have been working as an executive in the telecommunications industry for over 20
19 years. Prior to joining FairPoint, I held several management positions, including
20 President of the East for Frontier Communications, a position that encompassed most of
21 my current responsibilities. I also started and operated a competitive local exchange
22 carrier ("CLEC") as the Vice President and General Manager of Conectiv

Communication. In addition, I operated a data communication company as the CEO of Intellispace, Inc. **Exhibit JA-1** is a copy of my resume.

Q. What is the purpose of the testimony being filed today by FairPoint?

A. Mr. Giammarino's testimony describes the FairPoint Chapter 11 bankruptcy reorganization plan (the "Plan") and the New Hampshire regulatory settlement included therein (the "Regulatory Settlement") and addresses the financial strength of the reorganized company. My testimony, together with that of Ms. Weatherwax and Messrs. Nolting, Lamphere and Murtha addresses the reorganized company's technical, operational and management capabilities. Together, our testimony supports FairPoint's requested approvals associated with (i) the indirect acquisition of control that may occur upon the effectiveness of FairPoint's bankruptcy reorganization plan (ii) the Regulatory Settlement and (iii) the requested modifications of this Commission's Order No. 24,823 (the "NH 2008 Order"), which approved with conditions (including conditions embodied in the settlement agreement with the Commission Staff, the "NH 2008 Settlement") the acquisition of the former Verizon New England Inc. landline telecommunications business in New Hampshire.

Q. Please provide a brief outline of the rest of your testimony?

A. My testimony addresses managerial and organizational changes within FairPoint's Northern New England organization as well as FairPoint's Service Quality Metrics for New Hampshire. Next, I explain some of the company's initiatives related to billing. I

also discuss FairPoint's efforts in the area of customer-complaint escalations, including our efforts to facilitate and improve communications with customers and regulators.

I then discuss the broadband provisions in the settlement. I explain how the broadband-related provisions in our settlement with the New Hampshire Staff Advocates preserve the benefits to New Hampshire customers of the broadband requirements embodied in the NH 2008 Order.

Northern New England Management and Organization Changes

Q. Mr. Giammarino discusses certain management changes made since July 1, 2009. Please summarize some of the other changes that have been made within FairPoint's Northern New England organization?

A. I will describe several of the changes that I have made since September, 2009.

First, Tom Nolting was promoted in September 2009 to Vice President of Billing and Revenue Assurance. In his prior role as Director of Revenue Assurance, Mr. Nolting identified billing issues and made global corrections to insure more accurate billing for both our retail and wholesale customers. He also led the effort executing a switch-to-bill audit to assign the proper traffic to the appropriate customer. In addition, Mr. Nolting had bill-dispute and collections responsibilities for our wholesale customers. In his new role, Mr. Nolting will retain his prior responsibilities and add to those the leadership of the billing teams. With the tight alignment of these functions, FairPoint will be able to

identify any billing issues sooner and resolve them in an expedited fashion. Mr. Nolting's prefiled testimony further describes his work.

In addition, the Provisioning and Billing & Revenue Assurance teams have been moved under Senior Vice President of Customer Care Steve Rush in order to create a true end-to-end customer care operation. Steve has done a superb job building his customer sales and service organization and they are providing service to our customers at an outstanding level.

Next, Janet Brack took over as Vice President of the Metrics Group effective September 2009. Assigning a separate Vice President to this organization, has allowed FairPoint to put additional emphasis on accurately capturing results and providing timely information to our operating teams so that they can take actions to continually improve our performance. This group provides all the SQI, PAP, internal and external non-financial reporting for FairPoint.

With regard to the Operations and Engineering organizations, FairPoint has divided this large and critical organization into two sections to provide additional executive focus. Brian Lippold was promoted to Senior Vice President of Engineering and Network Planning in September 2009. Mr. Lippold's strong engineering background and leadership skills make him ideally suited for this challenging position. Mr. Lippold has responsibility for engineering and network planning.

Karen Mead will continue as the Senior Vice President of Operations for FairPoint. Ms. Mead can now focus exclusively on improvements in the operations organization to improve mean time to repair and FairPoint's ability to meet its installation commitments. Ms. Mead will also continue to lead the Proact, Central Office, Network Operations Center and Outside Plant groups.

Next, Bryan Lamphere, our Director for Engineering and Operations Systems Support has been made responsible for end-to-end systems and process improvement. Mr. Lamphere and his team are focused on evaluating and improving the end-to-end performance for all FairPoint products. This work covers the point at which a customer approaches FairPoint through to the completion of billing and collections. Mr. Lamphere reports to Steve Rush.

Finally, in order to address concerns raised by CLECs and to ensure excellent and consistent customer care across both our retail and wholesale segments, all end-to-end customer care now reports to Mr. Rush.

Mr. Giammarino's pre-filed direct testimony contains **Exhibit AG-1** and this document is the current FairPoint organization chart.

1 **Service Quality Metrics and Service Quality Reporting**

2 **Q. The Regulatory Settlement for New Hampshire includes items relating to**
3 **FairPoint's service quality. Before turning to those provisions, can you update the**
4 **Commission on FairPoint's retail service quality index performance?**

5 A. Yes, I will first provide an overall assessment of our service-quality levels. I will then
6 address the New Hampshire retail service quality issues that continue to be a challenge
7 for us. The existing service quality requirements were set forth in Exhibit 3 to the NH
8 2008 Settlement (the "NH SQI Plan").
9
10 **Service Quality**

11 **Q. Please summarize FairPoint's performance as detailed in recent Retail Service**
12 **Quality Reports?**

13 A. The Cutover from the Verizon back office systems to the new FairPoint systems had a
14 material and adverse effect on the ability of FairPoint during 2009 to satisfy the service
15 quality commitments it made in the NH SQI Plan. While basic network performance
16 parameters continued to be met, such as operator assistance, directory assistance/intercept
17 response (with the exception of February 2009), dial tone speed and call completion, the
18 requirements relating to service installations, repair service and call center performance
19 immediately following Cutover were significantly below the commitments. As a result,
20 the retail service quality penalties for 2009 aggregated $6,000,000.
21

For the NH SQI Plan, compliance is ultimately measured on an average year-to-date basis against the specified baseline standard. FairPoint is currently meeting the January year-to-date service quality baselines for 10 of the 12 defined metrics. As of December 2009 FairPoint met the year-to-date service quality baselines for 5 of the 12 metrics. Our more recent performance has improved. Since October, FairPoint has operated at or better than the baseline standards for 7 of the 12 metrics. Still more recently, for the months of December 2009 and January 2010, FairPoint performed at or better than the baseline standard for 10 of the 12 metrics.

Meeting the established benchmarks for two service quality metrics in particular--"Percent Out of Service (OOS) Troubles Cleared within 24 Hours," and "Held Orders for Facility Reasons – Average Delay Days" – has been challenging for FairPoint and therefore those two metrics are receiving special focus. Our February interim data indicate that we are currently meeting the OOS metric benchmark of 87%. With regard to the Held Orders for Facility Reasons, we have established a new monitoring process for this metric. We are reviewing the accuracy of the dated order activity, and after addressing accuracy issues with this data, we expect to be in compliance with this service quality metric's benchmark as well.

Items 7 through 18 of Exhibit JA-2 illustrate the monthly measurements for the 12 service quality metrics and the results for 2008 and 2009, through December as compared

to the established baseline standards. Information for January 2010 is contained in Exhibit JA-3. Exhibit JA-4 contains graphical representations of this data over time.

For the "% Installation Services Orders Met Commitment and % Installation Service Orders Met w/in 30 days", the company is performing above the benchmark at 96% and 100%, respectively, for the month of January, 2010 as illustrated in the February Quality of Service Report (Exhibit JA-3). For the calendar year 2009 as reflected in the January Quality of Service Report (Exhibit JA-2), FairPoint's year-to-date average is below the metrics' benchmarks as monitored under the NH SQI Plan with the baseline standards of 90% and 95%, respectively.

With respect to service quality indices related to Percent Calls Answered for Operator Assistance, Directory Assistance, Business Office and Repair Centers, the management, systems and process plans implemented by the company regarding call center matters, have enabled the company to address issues in this area. The company has been meeting the benchmarks for these metrics on a monthly basis since October, 2009 and continuing into January, 2010. Related to 2009, FairPoint met the year to date average benchmarks for both the Operator Assistance and Directory Assistance Centers but not the Business Office and Repair Centers.

The company is in compliance with the three (3) metrics regarding "Customer Trouble Report Rate", "Percent Dialtone Speed within 3 seconds", and "Percent Call

Completion". FairPoint has met the benchmarks for these metrics both for average year to date 2009 and in January 2010.

In 2009 FairPoint's service quality metrics for "Percent Out of Service (OOS) Troubles Cleared within 24 Hours" and "Held Orders for Facility Reasons – Average Delay Days" have been unfavorably exceeding the defined baselines. These metrics have historically (and predating the transaction) been a challenge for the company, especially for the Percent Out of Service (OOS) Cleared in 24 Hours. FairPoint had challenges in measuring the Percent OOS metric but has recently completed a restatement for 2009 with the corrected methodology and data. This restatement will be reflected in our annual filing of the service quality metrics. We are continuing to show improvement in these two metrics after exiting the summer months of June, July and August when these areas are typically negatively affected by an increase in weather related troubles. The Network Engineering and Operations organization is working on new performance indicators and metrics to better demonstrate how this aspect of the business is performing.

FairPoint monitors its customer commitment strategy on an ongoing basis to ensure that the Repair and Resolution Center ("RRC") provides the customer with the most accurate commitment time by which their service will be restored. Currently, these commitments range from same day by 6:00 PM, or the next day by 6:00 PM. When the installation and repair load increases substantially due to seasonal conditions or other business demands,

the commitment may need to be extended. Many troubles are repaired without the need to dispatch a repair technician to the customer's location. In these cases, the customer should receive a call from FairPoint verifying that service is working to their satisfaction before the trouble report is closed. In those cases in which the commitment time is extended due to higher priorities or unexpected delays, such as sickness or emergency days off by our technicians, the customer should receive a call from FairPoint apologizing for the delay and letting them know that we will dispatch a technician first thing the next day.

FairPoint's results for customer commitments met for repair times are identified on the following chart:

Percent (%) Customer Commitments Met in New Hampshire

Month	July	August	September	October	November	December	January
Business	88	90	90	89	89	90	92
Residence	86	88	91	90	93	92	94

As explained by Mr. Lamphere, FairPoint is taking a multi-tiered approach to understanding and addressing the provisioning and order flow-through issues, which negatively impact the Service Quality Indices related to Installation Orders. Indeed, order flow-through is one of the specific areas that Accenture has reviewed and on which it has made recommendations for action. The details of the above-mentioned initiatives are provided in the testimony of Ms. Weatherwax and Mr. Lamphere's testimony.

Q. You have provided an assessment of FairPoint's overall service level as well as several service-quality areas that remain an issue. How will the resolution of the Chapter 11 proceeding and the terms of the Regulatory Settlement benefit FairPoint's New Hampshire customers?

A. The service quality benefits for customers contained in the NH SQI Plan are preserved with the Regulatory Settlement. In general, all of the service quality program requirements of the NH SQI Plan will remain in place; however, penalties for 2009 will be deferred. If FairPoint meets the following benchmarks for each of the following performance areas averaged over the twelve calendar months ending December 31, 2010, the 2009 penalties will be waived:

- % Installation Appointments Met: 90%
- % Installation Service Roders Met within 30 Days: 95%
- Customer Trouble Reports Rate per 100 Lines - Network: 1.12
- % OOS Service Troubles Cleared in 24 Hours (excl. Sunday): 87%
- % Repair Commitments Met: 89%

If FairPoint meets some but not all of these objectives, the 2009 penalties will be reduced by 20% for each performance area for which FairPoint achieves the service objective averaged over the period of twelve calendar months ending December 31, 2010.

The Regulatory Settlement requires FairPoint to adhere to the service quality metrics of the NH SQI Plan during 2010 and thereafter and pay the prescribed penalties for any failure to meet the metrics in 2010 and any subsequent year.

1 Under the Regulatory Settlement, the provisions of the NH SQI Plan are amended by
2 deleting references to DSL service in Section 3.2 . This change reflects the fact that retail
3 DSL is an unregulated competitive service. Additionally, Section 4 of that NH SQI Plan
4 is clarified so that the New Hampshire penalty structure will be calculated as it is in
5 Maine, using the percentage "not met" formulation. The maximum total annual liability
6 for penalties is set at $12.5 million.
7
8 The Regulatory Settlement provides that at the end of the five-year basic exchange retail
9 rate "stay-out" period in the NH 2008 Settlement (in which FairPoint does not seek to
10 raise retail basic exchange rates and other parties do not seek to lower them), FairPoint
11 can ask the Commission for changes in the service quality standards and penalties.
12
13 **Q. FairPoint has experienced issues regarding the reporting of its service quality**
14 **metrics since Cutover. Please provide an update regarding FairPoint's service**
15 **quality reporting.**
16 A. As mentioned above FairPoint had difficulty during 2009 in producing the "Percent of
17 OOS within 24 hour" metric. We have subsequently been able to correct that issue and
18 will provide a restatement for each month of 2009 in our final annual filing for the
19 period.
20
21 As communicated in our January Quality of Service filing (Exhibit JA-2) FairPoint will
22 be implementing additional SQI metrics for the calendar period 2010 as discussed in our

meeting with the Commission Staff in December. These metric measurements are available in our February Quality of Service filing and represent additional installation performance metrics beginning with January 2010 results.

Q. Have the issues that have impacted other parts of the business (such as order flow-through and data synchronization) impacted FairPoint's ability to report service metrics?

A. The system/database that supports the reporting of the performance metrics for both the NH SQI Plan and the Performance Assurance Plan, or PAP/C2C, reporting is continuing to be reviewed and evaluated similarly to the operational systems and processes. To the extent there are issues or enhancements in the interrelated systems or processes in the work stream, the reporting associated with those systems or processes will be impacted. As a result FairPoint conducts a weekly and a monthly review process with members of the metrics reporting and operations teams to monitor and analyze the metric issues. This review includes both an in depth review of the calculation of the metric and the underlying data quality, as well as a review of operational system and process performance represented in the metric results.

Going forward, the "Metric Remediation," project identified by Accenture is a high priority project that is being implemented as part of the CDIP Program being administered by Ms. Weatherwax. The project plan includes analyzing the metric results, reviewing the calculation methodologies, evaluating the impacts of subsequent system

enhancements on reporting and reviewing issues related to the ordering, provisioning, and/or maintenance systems and the operational processes. This is an iterative review process conducted in conjunction with Mr. Lamphere's End-to-End performance team as we continue to gain additional knowledge about the systems and refine our operational environment.

FairPoint adopted service quality metrics that were agreed upon by Verizon and state regulators in other states prior to the FairPoint acquisition. Verizon participated in the definition and design of these measurements. FairPoint has worked diligently to convert these measurements to access data points in our more than seventy (70) newly implemented systems, as well as to interpret the intention of the service quality indices. FairPoint's intent is to deliver a consistent measure of the service quality metrics that is comparable to the metrics that were measured in prior years by Verizon. This consistency is imperative because the benchmarks and results that are established for these performance metrics, although they may have transitional increments in 2009, are comparable to the benchmarks that were measured and established in connection with the previously established service quality indices. Therefore, to have a correct evaluation of the performance to the benchmark one must have precisely defined the associated performance metric, which has been a challenging deliverable for some of the performance metrics, particularly those related to Installation and Repair. The product of this iterative refining process enables the company to produce annual service quality

metrics measurements that may be compared to the designated benchmarks associated with service quality plans and requirements that were conditions of the acquisition.

Each month FairPoint has scheduled deployments for enhancements to the reporting database to improve the calculation methodologies and/or implement changes to reflect enhancements to the other operational systems or processes. FairPoint restates previous measurements when appropriate and data is available. These restatements are communicated in our filings with the Commission. The 2009 annual Quality of Service Report will be filed in March and will include the final service quality performance metrics results.

Escalations and State Regulatory Communications

Q. The number of escalations has been an issue since cutover. Can you summarize the steps FairPoint has taken to deal with this problem?

A. FairPoint has worked diligently with the Commission Staff, as well as the Maine commission and the Vermont Department of Public Service ("DPS") to address the escalations themselves as well as the procedure for dealing with them. Across the three states, the number of escalations continues to decline in all categories except billing and collections. As of February 12, 2010, open escalations in all categories had fallen to 28 in Maine, 50 in New Hampshire and 105 in Vermont. Of the 183 open escalations, 108 are in the category of billing and collections.

The major reason for the increase in escalations in the billing and collections category is FairPoint's re-establishment of its normal collection and service suspension activities in the three Northern New England states. These collection and service suspension activities had been curtailed after cutover at the request of the staffs of the Maine and New Hampshire commissions and the Vermont Department of Public Service. The service suspension process was reinstated on August 15, 2009, after review and input from the three states' staffs. FairPoint had emphasized that any reinstating of a collections and suspension activity after a hiatus of several months would result in a substantial increase in escalations. This would occur simply from the fact that customers would be subject to treatment, including service suspension, even if FairPoint's processes were working perfectly. Because the collection and service suspension process involves increased personal interaction with customers, including the discussion of individual payment arrangements, customers are likely to find reasons to escalate these issues.

Billing

Q. Please describe how FairPoint has addressed retail-customer billing issues.

A. FairPoint has implemented a multi-tiered plan to identify and address retail billing issues.

At the first level, FairPoint maintains a Bill Review Team that proactively examines a sampling of approximately 1,500 bills, representative of account types (residential, small business, large business, etc.), and state jurisdictions, for each of the 11 monthly billing cycles (for a total of approximately 16,500 bills monthly) to find errors across a range of

criteria for product type. Any errors identified in this process are counted as one part of the "known billing errors" and are recorded in an account corrections work log for Customer Service. The errors are corrected for individual bills as well as by product type for generic issues.

At a second level, a billing team meets with customer service representative teams from the retail call centers twice each week to track billing issues that have been raised by customers with call center representatives. The billing and customer service teams share information regarding common billing defects, i.e., defects that are not limited to individual customers, and they explore potential causes to determine whether the defects are the result of human error and can be addressed by training or other means, or whether the defects are caused by data or system issues.

At a third level, FairPoint's IT department is continually updating and providing enhancements to the billing (Kenan) and other upstream systems to address systemic issues identified by the billing department in its proactive and reactive bill review processes. FairPoint conducts a weekly Billing Leadership Forum in which billing representatives responsible for retail, business and wholesale billing accounts meet with IT department representatives to review common billing defects across all three customer groups, identify solutions and work with the IT department to prioritize and deploy system fixes.

At a fourth level, FairPoint's Billing and Revenue Assurance group has undertaken several initiatives to identify and eliminate defects in upstream systems, processes or data that can lead to inaccurate retail bills. For example, the company has completed a Switch-to-Bill Audit, which is discussed in greater detail in the prefiled testimony of Mr. Nolting. In addition, the Billing and Revenue Assurance group has been working with an industry analytic software provider, Martin Dawes Analytics ("MDA"), on a database synchronization project. This project is also discussed in greater detail in the prefiled testimony of Mr. Nolting.

At a fifth level and as discussed in greater detail in the prefiled testimony of Ms. Weatherwax, a number of the CDIP projects recommended by Accenture address billing issues. These projects are ongoing and should yield a significant improvement in billing performance.

Taken together, we believe that the above initiatives have and will result in short, intermediate and long term improvements in the quality and accuracy of FairPoint's customer billing. I should note that while I will discuss business and wholesale billing below, the data synchronization work being undertaken by Mr. Nolting and his team, as well as the work being undertaken by Ms. Weatherwax as part of the CDIP Program, will result in benefits for all three categories of FairPoint customers.

1 **Q. What has FairPoint done to resolve the business billing issues on a going forward**
2 **basis?**
3 A. Our initial task was to identify and fix the system issues that were causing multiple-
4 location customers to receive inaccurate bills. Thus, for example, FairPoint determined
5 that a leading cause of the inaccuracies arose from the fact that the individual-location
6 and summary bills were being generated on different dates, and we developed a solution
7 to synchronize the data contained on the bills.
8
9 These changes resolved the larger issues on multiple-location accounts, but we recognize
10 that other issues exist and have processes and initiatives in place to resolve billing issues
11 on a going-forward basis. Business Customer Operations has developed the following
12 process for identification and resolution of billing defects.
13
14 Billing errors are reported to the Business Customer Operations group through a variety
15 of sources, including call center customer service representatives, specialists, account
16 teams and directly from customers. The billing issues are investigated by Business
17 Customer Operations, and if they cannot be resolved through order issuance, they are
18 reported to the billing department for further system investigations. The billing
19 department either determines a fix itself or refers the issue to the IT department for a
20 defect development fix. The IT department next determines the system course of action
21 and provides an estimated Planned Fix Date (or "PFD"). Once testing has been
22 completed in a test environment, the fix will be deployed by the IT department in the next

available deployment window. Business Customer Operations confirms that the fix has been successfully deployed. It also takes the appropriate customer follow-up actions to issue credits or adjustments as necessary if credits are not issued on a generic basis to a class of customers.

FairPoint maintains on-going monitoring of defects in this area as well. As with retail customers, FairPoint has a process in place to review a sampling of business bills for errors in each billing cycle. In addition, the Business Customer Operations group has twice-weekly meetings with the billing department, to track billing-related issues, review the business department's "Top Ten List" of defects and continue to set priorities on fixes. All defects are logged into FairPoint's Remedy database and tracked by the billing and IT departments.

FairPoint put in place a separate Business Reconciliation Team to reconcile business customer bills. The team initially reviewed 3,250 business customer bills in an effort to reconcile all past bills and to identify any root causes for errors that could be addressed on a generic, going-forward basis. The review work of this team was completed at the end of October 2009. In connection with this process, FairPoint has been meeting with business customers to resolve past billing issues and identify any current billing issues.

As I mentioned previously, FairPoint is pursuing intermediate and long term data synchronization, systems and process solutions through the work of the Billing and

Revenue Assurance group as well as through the work of Ms. Weatherwax's Project Management Organization to implement Accenture's recommendations as part of the CDIP Program. These initiatives should also provide benefits to business customers in terms of the quality and accuracy of bills.

Q. Please describe what FairPoint has done to address billing issues with its wholesale customers?

A. We have put in place a Wholesale Billing Team, which is specifically dedicated to CLEC billing issues and is available to CLEC customers to address any questions or inquiries. The Wholesale Billing Team has developed and begun operating bill quality audits using the MDA software program to verify the accuracy of underlying service parameters, component charges and overall customer invoicing. For example, a recently completed mileage audit performed against Special Access circuits identified over-and under-billing conditions, all of which were subsequently corrected in our system, and on the customer monthly charges, with back credits appropriately adjusted. The Wholesale Billing Team also conducts twice-weekly meetings with the wholesale customer call centers to identify and track systems issues and maintains ongoing lists of defects affecting bill quality for remediation by the IT department. In addition, FairPoint has undertaken a wholesale billing initiative, which includes intermediate term projects reviewing contract and tariff plans, cancellation charges on ASR service requests and other issues.

1 **Q. On February 23, 2010, FairPoint filed a Form 8-K with the United States Securities**
2 **and Exchange Commission that reported certain billing adjustment information**
3 **transfer deficiencies between FairPoint's billing platform and the general ledger.**
4 **How does this recent development affect your testimony regarding FairPoint's**
5 **billing issues?**
6 A. It is difficult to say until FairPoint concludes its analysis of the information transfer
7 deficiencies reported in the Form 8-K. However, while this subject is covered more
8 fully in Mr. Giammarino's testimony, it is safe to say that the initiatives I have described
9 above will be informed by this analysis. To the extent that the analysis reveals the need
10 to revise the information I have presented in my testimony, I will provide supplemental
11 information. I should also emphasize that, as Mr. Giammarino states in his testimony,
12 FairPoint does not expect that the error and the adjustments reported in the Form 8-K will
13 have a significant impact on customer accounts.
14
15 **Broadband**
16 **Q. Can you provide an update on FairPoint's broadband plans in the three states?**
17 A. FairPoint undertook obligations in the merger approval process for a major broadband
18 build-out in the three Northern New England states. However, broadband is not merely a
19 regulatory requirement, it is the future of the company. Since the acquisition of the NNE
20 assets, FairPoint has committed significant operational, financial and managerial
21 resources to its broadband efforts.

While the legacy ATM network purchased from Verizon has offered broadband expansion opportunities in some locations in the Northern New England territory (and FairPoint has pursued those opportunities where available), FairPoint's primary focus has been on the engineering, design, construction and deployment of its "next generation network" ("NGN") called "VantagePoint." VantagePoint is FairPoint's network of tomorrow. In the near term, VantagePoint will offer broadband speeds of up to 15 MB/second, compared to maximum speeds of 7 MB/second with the existing ATM network. The VantagePoint NGN will provide bandwidth that can support an array of new products, such as IPTV, fiber to the home and other advanced services. It will also be designed to be scalable, providing the capability for bandwidth to be increased quickly to provide products and services to meet future business and residential customer demands.

The VantagePoint NGN is a carrier class Internet protocol/multi-protocol label switching ("IP/MPLS") broadband network with Ethernet transport that features a layered and ringed architecture that can be conceptualized as a series of layers. The first is a dense wave division multiplexing ("DWDM") transport mesh network layer capable of transporting forty 10-gigabit light path circuits over a pair of fibers. The second layer is the multi-layer switching network. At the network center is the core switching fabric comprised of six core routers, two in each of the Northern New England states. Each of the edge routers are diversely homed to the two core routers within a state. Ten-gigabit aggregation rings radiate from each edge router location to link surrounding central

offices. Radiating from each central office will be one-gigabit subtended access rings terminating in remote terminals. This structure then provides broadband access from central offices or remote terminals to customers. Initial roll-out will reach areas previously unequipped for broadband services.

Completion of this network will entail the construction of 85 inter-office fiber spans, consisting of approximately 875 miles of new fiber. A map of the three states showing the core transport network is attached to this testimony as Confidential Exhibit JA-5. While construction of the core network is time consuming and expensive, the benefits to customers are not realized until the transport network is done, central offices and remotes are equipped and service is available to customers. As we come into 2010 and 2011, customers will start to see availability of service from the NGN. A summary of the current status of the broadband build-out in New Hampshire is attached as Confidential Exhibit JA-6 (Confidential).

Q. Please summarize the provisions with respect to broadband under the NH 2008 Settlement.

A. In the NH 2008 Settlement, FairPoint agreed to achieve broadband availability for 75% of its access lines within 18 months following the closing (October 1, 2009), 85% within 24 months following the closing (April 1, 2010) and 95% within 60 months following the closing (April 1, 2013).

1 **Q. How does FairPoint's Regulatory Settlement with the Staff Advocates of the New**
2 **Hampshire Public Utilities Commission propose to alter what you have described?**
3 A. In the Regulatory Settlement, FairPoint has agreed to adhere to these broadband coverage
4 commitments with the exception that the 85% coverage deadline would be extended to
5 December 31, 2010. FairPoint has confirmed its commitment to spend a total of at least
6 $56.4 million on its New Hampshire broadband build-out. FairPoint will have the option
7 to resell terrestrial (non-satellite) based service providers' broadband service offerings in
8 order to fulfill FairPoint's broadband build out and/or service requirements with respect
9 to the last eight percent (8%) of FairPoint's broadband availability requirements as
10 contained within the NH 2008 Settlement, provided that the services meet or exceed all
11 requirements of the NH 2008 Order, and the resold services are purchased through and
12 serviced by FairPoint.
13
14 The Regulatory Settlement provides that pricing restrictions regarding stand-alone DSL
15 service will terminate on April 1, 2011; provided, however, that FairPoint will continue
16 to honor the "for life" pricing that Verizon had offered to certain customers.
17
18 Under the Regulatory Settlement, the provisions regarding application of penalty
19 payments would be amended such that the first $500,000 of any penalty amounts
20 resulting from any failure to meet broadband commitments will be paid to the New
21 Hampshire Telecommunications Planning and Development Fund. Any penalties above

1 $500,000 will be invested within three years of the date of the penalty as additional
2 expenditures for FairPoint's network.
3
4 FairPoint made significant broadband commitments in connection with the acquisition of
5 the Verizon properties. The benefits of those commitments are preserved in the
6 Regulatory Settlement. In addition, FairPoint will continue to look for other
7 opportunities, including partnerships in both the public and private sectors, to provide
8 even further broadband benefits.
9
10 **Q. Does this conclude your testimony?**
11 A. Yes.