

1 STATE OF NEW HAMPSHIRE

2 PUBLIC UTILITIES COMMISSION

3 (Redacted - Confidential Pages Removed)

4 October 22, 2007 - 9:21 a.m.
5 Concord, New Hampshire

Day I

6 RE: DT 07-011
7 VERIZON NEW ENGLAND, ET AL:
8 Transfer of Assets to FairPoint
9 Communications, Inc.

NHPUC NOV03'07 PM 5:07

10 **PRESENT:** Chairman Thomas B. Getz, Presiding
11 Commissioner Graham J. Morrison
12 Commissioner Clifton C. Below

Jody O'Marra, Clerk

13 **APPEARANCES:** **Reptg. FairPoint Communications, Inc.:**
14 Frederick J. Coolbroth, Esq. (Devine...)
15 Patrick McHugh, Esq. (Devine, Millimet...)
16 Kevin M. Baum, Esq. (Devine, Millimet...)
17 Karen Brinkmann, Esq. (Lathem & Watkins)

Reptg. Verizon New England, et al:
Victor D. Del Vecchio, Esq.
Sarah B. Knowlton, Esq. (McLane, Graf...)

**Reptg. BayRing Comm., segTEL, Inc. and
Otel Telekom:**
Scott Sawyer, Esq.

**Reptg. New England Cable & Telecomm. Assn.
and Comcast Phone of N.H., LLC:**
Alan D. Mandl, Esq. (Smith & Duggan)

18 COURT REPORTERS: Steven E. Patnaude, LCR No. 52
19 Susan J. Robidas, LCR No. 44
20 Alix M. Godbout, LCR No. 29
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23 NH PUBLIC UTILITIES COMMISSION DT 07-011
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APPEARANCES: (C o n t i n u e d)

Reptg. One Communications:
Ted Price, Esq.

**Reptg. Communication Workers of America,
IBEW Locals 2320, 2326 & 2327, and
IBEW System Council T-6:**
Scott Rubin, Esq.

Reptg. Public Service Co. of N.H.:
Gerald M. Eaton, Esq.

Reptg. Irene Schmitt:
Alan Linder, Esq. (N.H. Legal Assistance)
Dan Feltes, Esq. (N.H. Legal Assistance)

Reptg. Residential Ratepayers:
Meredith Hatfield, Esq., Consumer Advocate
Rorie Hollenberg, Esq.
Kenneth E. Traum, Asst. Consumer Advocate
Office of Consumer Advocate

Reptg. PUC Staff:
Lynn Fabrizio, Esq.

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P R O C E E D I N G S

1
2 CHAIRMAN GETZ: Okay. Good morning.
3 Everyone. We'll open the hearing in docket DT 07-011. On
4 January 31, 2007, Verizon New England and FairPoint
5 Communications filed a joint petition seeking approval of
6 a series of transactions that, if consummated, would
7 result in FairPoint acquiring the current Verizon
8 franchise to provide wireline telecommunications services
9 in New Hampshire and owning the network Verizon currently
10 uses to provide those services. An order of notice was
11 issued February 7 setting a prehearing conference that was
12 held on February 27. And, on March 16, a procedural order
13 was issued granting the intervention requests of numerous
14 parties and adopting a schedule for the proceedings,
15 leading to the hearings that begin today.

16 As a first of order of business, let's
17 take appearances. And, we may need to go slowly, so I can
18 get all the names and all the faces. Please.

19 MR. COOLBROTH: Good morning, Mr.
20 Chairman, Commissioners. On behalf of FairPoint
21 Communications, Inc., Frederick Coolbroth, Patrick McHugh,
22 and Kevin Baum, from the firm of Devine, Millimet &
23 Branch. And, with us today, Karen Brinkmann, from the
24 firm of Lathem & Watkins, in Washington. Also sitting at

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1 the counsel table is Peter Nixon, who is the President of
2 the Company. We also have other FairPoint witnesses in
3 attendance today.

4 CHAIRMAN GETZ: Good morning.

5 MR. MCHUGH: Good morning.

6 MR. DEL VECCHIO: Good morning, Mr.
7 Chairman, Commissioner Morrison, Commissioner Below.
8 Victor Del Vecchio, representing Verizon, and with me
9 today is Sarah Knowlton, from McLane Graf.

10 CHAIRMAN GETZ: Good morning.

11 MR. EATON: Good morning. My name is
12 Gerald M. Eaton. I represent Public Service Company of
13 New Hampshire.

14 CHAIRMAN GETZ: Good morning.

15 MR. EATON: Good morning.

16 CHAIRMAN GETZ: Mr. Mandl.

17 MR. MANDL: Alan Mandl. I'm appearing
18 for the New England Cable and Telecommunications
19 Association and Comcast Phone of New Hampshire, LLC.
20 Thank you.

21 CHAIRMAN GETZ: Good morning.

22 MR. PRICE: Good morning. I'm Ted
23 Price, appearing for One Communications.

24 CHAIRMAN GETZ: Good morning.

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1 CMSR. MORRISON: Good morning.

2 CMSR. BELOW: Good morning.

3 MR. SAWYER: Scott Sawyer, for BayRing,
4 segTel and Otel, and with me is Ben Thayer of BayRing.

5 CHAIRMAN GETZ: Good morning.

6 CMSR. MORRISON: Good morning.

7 CMSR. BELOW: Good morning.

8 MR. THAYER: Good morning.

9 MR. RUBIN: Good morning. Scott Rubin,
10 representing the Communications Workers of America and the
11 International Brotherhood of Electrical Workers. With me
12 at the table is our consultant, Randy Barber; from IBEW,
13 Robert Erickson; and, from the Communications Workers,
14 Ralph Montefusco.

15 CHAIRMAN GETZ: Good morning.

16 MR. LINDER: Good morning, Mr. Chairman
17 and Commissioners. My name is Alan Linder. I'm with New
18 Hampshire Legal Assistance, representing Verizon customer
19 Irene Schmitt. And, with me at counsel table is Attorney
20 Dan Feltes, from New Hampshire Legal Assistance.

21 CHAIRMAN GETZ: Good morning.

22 CMSR. MORRISON: Good morning.

23 CMSR. BELOW: Good morning.

24 MR. LINDER: Good morning.

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MS. HATFIELD: Good morning,
2 Commissioners. Meredith Hatfield, from the Office of
3 Consumer Advocate, representing residential ratepayers.
4 And, with me is Ken Traum, Assistant Consumer Advocate,
5 and Susan Baldwin, one of the OCA's witnesses. And, we
6 will also be joined by Rorie Hollenberg of our office.

7 CHAIRMAN GETZ: Good morning.

8 CMSR. MORRISON: Good morning.

9 CMSR. BELOW: Good morning.

10 MS. FABRIZIO: Good morning,
11 Commissioners. Lynn Fabrizio, for Staff. With me today
12 are Kate Bailey, David Guyette, from Staff, and, from our
13 Staff consultants, Chuck King and Bob Falcone, from
14 Liberty Consulting.

15 CHAIRMAN GETZ: Good morning. And, is
16 that everyone?

17 (No verbal response)

18 CHAIRMAN GETZ: Okay. Then, let me go
19 through my checklist of procedural issues that we need to
20 make sure we're all on the same page, before we hear from
21 our first witness today. And, with respect to the witness
22 list, a revised list that was sent out on the 19th, it
23 looks like the schedule for today, an ambitious one, is
24 Mr. Lippold, the panel of Mr. Haga and Mr. Kurtze,

1 Mr. Skrivan, and then Mr. Nixon. Then, I have that right
2 to begin with. And, let's then address cross-examination.
3 There was a prehearing conference on the 9th that was
4 presided over by Mr. Kreis. He sent a report out on the
5 10th asking for responses on the 15th of parties that were
6 interested in cross-examining witnesses. We got responses
7 from FairPoint and Verizon. We have a response from
8 BayRing. Mr. Sawyer, is BayRing still intending to
9 cross-examine witnesses today?

10 MR. SAWYER: I doubt very much we will
11 have any cross.

12 CHAIRMAN GETZ: Okay.

13 MR. SAWYER: We had estimated, you know,
14 time frames for you, but, certainly, we won't need
15 anything approaching those time frames. I don't
16 anticipate needing to cross.

17 CHAIRMAN GETZ: All right. Thank you.
18 And, then, we have One Communications, Mr. Price?

19 MR. PRICE: Yes.

20 CHAIRMAN GETZ: You're scheduled to
21 cross today. And, Mr. Mandl?

22 MR. MANDL: Yes.

23 CHAIRMAN GETZ: Then, let's see, Union
24 Telephone is not here, I'll note for the record. The

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1 electrics, PSNH, Unitil, and Grid responded that they
2 would be cross-examining witnesses, but that would be
3 limited to Mr. Nestor and Mr. Hybsch. So, there will be
4 no questions today, that's correct, Mr. Eaton?

5 MR. EATON: No questions today.

6 CHAIRMAN GETZ: The joint munies, I do
7 not see Mr. Ciandella here. I understand he has questions
8 for Mr. Nixon. And, then, with Labor, Mr. Rubin, my
9 understanding is that, of the witnesses today, you'd only
10 have questions for Mr. Nixon, is that correct?

11 MR. RUBIN: Yes, that's correct, Mr.
12 Chairman.

13 CHAIRMAN GETZ: And, then, of course,
14 OCA and Staff have questions. Is there anyone I've missed
15 who is seeking to cross-examine?

16 (No verbal response)

17 CHAIRMAN GETZ: Okay. Hearing nothing,
18 I will move onto the next issue on my list. Exhibits:
19 There's been prefiled exhibits that have been numbered, a
20 convention that's been agreed to. We'll note that all of
21 the prefiled exhibits are marked for identification as
22 submitted to the Clerk and to the Commission. Also been
23 asked that, in terms of exhibits that the parties intend
24 to present today, that you use our color-coding system.

1 You should have had folders distributed. So, when you
2 provide them to the Clerk, if we can try to keep track of
3 what's public, confidential, and highly confidential, it
4 would be helpful to use those folders in presenting the
5 file copies to the Clerk.

6 Are there any other issues with respect
7 to exhibits that we need to address?

8 (No verbal response)

9 CHAIRMAN GETZ: Okay. Motions: We have
10 a -- a motion was filed this morning by Verizon, and with
11 respect to excluding and dismissing intervenors' requests
12 that reimbursement for maintenance expenses be imposed as
13 a condition upon approval of petition. I assume, Mr.
14 Eaton, you'll want to respond to that. I would say, at
15 this point, we'll put that off, see if the parties can
16 work something out overnight. And, if not, then we'll
17 hear an oral response tomorrow morning with respect to
18 that motion, and we'll make a ruling after we hear the
19 arguments on that.

20 MR. EATON: Mr. Chairman, I'm wondering
21 if I could be heard? And, at least for Public Service
22 Company, I'd like an opportunity to respond in writing.
23 This is merely a surprise move at the end of a period
24 where an issue that was raised in the initial -- in the

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1 pole docket, and the Verizon's position was known back
2 then. Our testimony was filed August 1st. There was
3 clarification of our position in our data responses. And,
4 to have this filed today, with only opportunity to respond
5 orally, I think the best way, perhaps we'd argue these on
6 Thursday, when our witnesses will be here, and with an
7 opportunity at least for Public Service Company to file
8 something in writing by Wednesday. Mr. Epler isn't here
9 today, because I was -- I decided to come to see what the
10 procedural rules were going to be, and saw this motion for
11 the first time this morning.

12 We'll be glad to respond, but I would
13 like the opportunity to file something in writing on
14 Wednesday, and then argue the motion Thursday before our
15 witnesses go on the stand.

16 CHAIRMAN GETZ: Can you have something
17 filed by the beginning of the day on Wednesday?

18 MR. EATON: Yes.

19 CHAIRMAN GETZ: Okay. Well, let's
20 handle it that way then.

21 MR. EATON: All right. And, I'll
22 communicate that to Mr. Epler, so he can respond as well.

23 CHAIRMAN GETZ: Okay. Thank you. Okay.
24 Now, I think the only other outstanding motions that we

1 have relate to the issue of how we're going to handle the
2 memorandums of understanding. We had a request from
3 Mr. Mandl that we deal with the memorandums regarding the
4 CLECs prior to hearing the witnesses today. We've denied
5 that request in writing in the letter that went out on the
6 19th. So, we intend to proceed with the examination of
7 the witnesses today. Let me say this generally about
8 MOUs, and this goes to the MOUs with the CLECs, with the
9 Electrics, with NHLA, and with NHTA. We're going to want
10 to hear from, at a minimum, from FairPoint about these,
11 about these memorandums of understanding. And, we're
12 going to see where it leads us from there. And, we may
13 very likely want to hear from the counterparty to Verizon
14 on all of those, all of those memorandums of
15 understanding.

16 Our intent at this point is to do them
17 in the context of the scheduling. So, on October 25th,
18 this Thursday, are the NHTA, NHLA, and Electric
19 memorandums of understanding. So, FairPoint should have
20 somebody prepared at that point to at least take us
21 through those agreements, make sure that they're
22 circulated to everyone that needs to see them. Of course,
23 recognizing the variety of confidentiality arrangements
24 that control.

1 With the CLECs, we're scheduled to deal
2 with those issues on the 31st. It sounds like there may
3 be -- handling those MOUs may be somewhat more complicated
4 or contentious than the other, than the ones that we're
5 scheduled to hear this Thursday. So, we will note that
6 we've received today two responses, with respect to
7 letters filed by Mr. Mandl and Mr. Sawyer, and we will
8 take those under advisement. And, unless it's absolutely
9 essential to deal with these issues further than I've
10 discussed them now, I'd like to see if there's any other
11 questions?

12 But, if someone thinks there's something
13 essential that needs to be done on the CLEC MOUs?
14 Mr. Mandl.

15 MR. MANDL: Yes, Mr. Chairman. A number
16 of the witnesses who are testifying today for FairPoint
17 have testimony which differs from terms of the CLEC
18 settlement. And, we do have questions about, to
19 FairPoint, about the meaning of some of the terms of the
20 CLEC settlement, and to what extent they apply to other
21 similarly situated parties, as opposed to the three CLECs
22 that signed the settlement. And, depending on what some
23 of those answers are, that has an impact on our
24 cross-examination of the FairPoint witnesses that are

1 scheduled today.

2 CHAIRMAN GETZ: I've been looking at
3 these issues, Mr. Mandl. That, essentially, we can
4 segregate them. That the cross-examination on the
5 prefiled testimony could move ahead. And, then, when
6 we're dealing with the MOUs, that that would -- we would
7 be able to address those issues separately. Are you
8 telling me that that's not feasible?

9 MR. MANDL: I think it creates a lot of
10 difficulty for -- I know for my client. We went through
11 these issues when they were in dispute in Vermont, and
12 there were lines of cross-examination that we had to
13 conduct in Vermont that it may not be necessary, depending
14 on learning some understandings about the CLEC settlement
15 document while these witnesses are available today. And,
16 that was the basis for my suggestion that, having a better
17 understanding of that settlement from FairPoint, would
18 have an impact on our cross-examination.

19 CHAIRMAN GETZ: Response, Mr. McHugh?

20 MR. MCHUGH: Yes, Mr. Chairman.
21 Thinking perhaps the Commission would want a panel for the
22 CLECs settlement, the joint stipulation. Mr. Lippold and
23 Mr. Skrivan, we would be willing to reproduce them on
24 October 31 to do it in a joint panel. My only concern is

1 that our witnesses not be subject to cumulative
2 cross-examination or revisiting the issues twice. So, I
3 would, for Mr. Lippold and Mr. Skrivan, purport to have
4 all of that discussed on the 31st. Or, if the Commission
5 wants to do it today, that's fine. But my concern is that
6 it's going to be -- simply, if it's done today, it will be
7 an open door to have duplicative cross-examination later
8 in the proceedings.

9 CHAIRMAN GETZ: I think it's -- well,
10 Ms. Hatfield, did you have something?

11 MS. HATFIELD: Mr. Chairman, I would
12 tend to agree with the attorney for NECTA. And, thinking
13 in terms of the Electric settlement, it just doesn't make
14 sense to do cross on their prefiled testimony, if they
15 have then settled certain issues. I think it would be
16 more productive to just go right to cross on the
17 settlement agreement. And, that would be our position.

18 MR. PRICE: Mr. Chairman, One
19 Communications agrees with Mr. Mandl. We feel that the
20 issues that were dealt with in the prefiled testimony,
21 many of them have been changed by the joint settlement,
22 the joint stipulation. And, so, we feel that we do need
23 to ask questions about the joint stipulation as part of
24 our cross-examination now, as opposed to segregating those

1 issues, because they do intertwine.

2 CHAIRMAN GETZ: Okay. I'm looking for
3 the most administratively efficient way to deal with these
4 issues. Do you have copies of all of the MOUs, Mr. Mandl
5 and Mr. Price?

6 MR. MANDL: We have copies of the CLECs
7 settlement, which would be our principal concern. I would
8 say that, you know, we have no intention of
9 cross-examining the CLEC parties that signed the
10 settlement. Also, in our earlier letter, I believe
11 October 18th, we had requested an opportunity that our
12 witness be allowed to comment on the settlement agreement,
13 to the extent there were any areas of disagreement.

14 CHAIRMAN GETZ: Well, let me raise this
15 issue then, Mr. Mandl, and for you as well, Mr. Price.
16 What I took you to say initially, Mr. Mandl, is, if you
17 had a better understanding of the agreements, then it
18 would obviate -- could obviate much of your
19 cross-examination. Did I take that correctly?

20 MR. MANDL: It would not obviate a lot
21 it, but it would obviate some of it.

22 CHAIRMAN GETZ: Well, would it make more
23 sense to have a recess, and then you folks can talk about
24 this off the record, rather than us going through this in

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1 cross-examination? It seems like -- That seems like a
2 somewhat inefficient way of addressing these issues.

3 MR. MANDL: I tend to agree with you. I
4 think one of the reasons why we wanted to have FairPoint
5 explain the settlement up front was for that very purpose.
6 And, if you prefer that we do that off-line, and then try
7 to maybe put that on the record somehow, that would --
8 that might accomplish what we're seeking.

9 CHAIRMAN GETZ: Mr. McHugh?

10 MR. COOLBROTH: Maybe, if we could have
11 a brief recess, Mr. Chairman, maybe it would make some
12 sense to see how we can do this most efficiently.

13 CHAIRMAN GETZ: Well, let me hear, does
14 anybody else have any strong feelings one way or another
15 on how we proceed with handling these MOUs?

16 (No verbal response)

17 CHAIRMAN GETZ: All right. Let's --
18 When you say "brief recess", Mr. Coolbroth, --

19 MR. COOLBROTH: Maybe we will just chat.

20 CHAIRMAN GETZ: I'm assuming that you're
21 going to need 10 or 15 minutes to go do this, is that a
22 fair --

23 MR. MCHUGH: That question maybe should
24 be addressed to Mr. Price and Mr. Mandl, in terms of what

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1 they want to ask us, if the Commission wants to take a
2 recess.

3 CHAIRMAN GETZ: Well, let's do it this
4 way. We're just upstairs. We'll take a recess. And,
5 hopefully, the parties can come up with some understanding
6 fairly promptly about this issue, and the Clerk will
7 notify us.

8 MR. MCHUGH: Okay.

9 CHAIRMAN GETZ: We'll take a brief
10 recess.

11 (Recess taken at 9:40 a.m. and the
12 hearing reconvened at 10:15 a.m.)

13 CHAIRMAN GETZ: Okay. We're back on the
14 record. Mr. Coolbroth, you have something to report?

15 MR. COOLBROTH: Mr. Chairman, we have
16 discussed at length, and basically are at the Commission's
17 pleasure as to how to present this in the most efficient
18 manner. What we had proposed, that was agreeable to NECTA
19 and Comcast, was to have Mr. Lippold, as an update to his
20 testimony, go through the CLEC settlement, to point out
21 the features of it, because some of them do differ from
22 his testimony. And, some of them, by their nature, are
23 provisions that you can't apply simply to the settling
24 clients, they really apply to all CLECs. And, so, to

1 point those out, we could have Mr. Lippold go down through
2 his -- the CLEC settlement and identify what's in there,
3 which provisions are, by their nature, applicable to CLECs
4 generally, and which ones apply only to Scott -- to
5 Attorney Sawyer's clients.

6 At the same time, we recognize that the
7 panel was not scheduled for today. That there are perhaps
8 parties who, therefore, may not have planned to attend
9 today, other parties and participants who are present who
10 may not have prepared to cross on that today. And, we
11 have the slot on the 31st for the panel, should we
12 continue to have to have the panel.

13 It may be that we can get most of it
14 done today. We certainly would want to do it in a way
15 that wouldn't result in repetition at the end. But it
16 would enable us to proceed with an orderly presentation
17 today, and not to have to have Mr. Mandl and Mr. Price
18 cross-examine on testimony that actually does get revised,
19 because of the way the CLEC settlement works in part.

20 At the same time, if other parties are
21 concerned with that procedure and want to differ to the
22 panel, we're willing to do that. If there are parties who
23 would like to divide it up and perhaps do just
24 operations/support systems today, and do other features of

1 the stipulation -- of the memorandum of understanding when
2 the panel arrives, we're willing to do that as well. We
3 would like to find a way to get this in most
4 expeditiously, in a way that does not prejudice other
5 parties.

6 CHAIRMAN GETZ: Well, let's hear
7 reactions to the proposal, that I guess Mr. Lippold would
8 orally go through the settlement agreements, compare it to
9 his testimony? Mr. Mandl, your position?

10 MR. MANDL: That's fine with NECTA and
11 Comcast Phone.

12 CHAIRMAN GETZ: Anyone?

13 MR. PRICE: Mr. Chairman, that's fine
14 with One Communications. And, it's my understanding that
15 we would have the ability to cross-examine all of
16 FairPoint witnesses today about the joint stipulation as
17 well.

18 CHAIRMAN GETZ: Is that your
19 understanding, Mr. Coolbroth?

20 MR. COOLBROTH: If we go forward on that
21 basis, that would be the case, Mr. Chairman.

22 CHAIRMAN GETZ: Anyone else?

23 MS. FABRIZIO: Mr. Chairman, Staff is
24 concerned, while we have no strong objection to going

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1 forward this way, we are concerned that this will shift
2 the schedule. And, that there are parties, as Mr.
3 Coolbroth has noted, that were not aware that this was
4 going to be discussed, and other parties, such as Staff,
5 may not be fully prepared to question on the Stipulation
6 Agreement today.

7 CHAIRMAN GETZ: Okay. It seems like
8 we've got -- this whole issue gives us a choice of six of
9 one, half dozen of another. There doesn't seem to be one
10 perfect administratively efficient way of dealing with
11 this, which I think is somewhat a result of having gone
12 out of what the natural order of witnesses would have been
13 had we had not been seeking to accommodate some of the
14 personal issues of the witnesses. So, I think we're going
15 to have to play this as it lay.

16 So, I would suggest then that we, unless
17 there's nothing else, that we begin with Mr. Lippold and
18 see how far we can get. I think it's been -- it was
19 optimistic that we were going to get all these folks done
20 today anyway. So, is there anything else then, before we
21 hear from Mr. Lippold?

22 (No verbal response)

23 CHAIRMAN GETZ: Then, hearing nothing,
24 if you could tender your witness please, Mr. McHugh.

1 And one other observation I meant to
2 make earlier. Most of you folks have been through this
3 twice already. I know one issue that was raised was that,
4 and the importance was asserted of having Mr. Lippold go
5 before Mr. Haga and Mr. Kurtze, because he might defer
6 questions. I'm hopeful that the attorneys that have had
7 those concerns know which witnesses can answer which
8 questions, so that we don't have to run into that again,
9 when what it looks like your third run at these issues.
10 So, Mr. McHugh, if you could -- well, Mr. Patnaude, swear
11 the witness please.

12 (Whereupon **Brian Lippold** was duly sworn
13 and cautioned by the Court Reporter.)

14 **BRIAN LIPPOLD, SWORN**

15 **DIRECT EXAMINATION**

16 BY MR. MCHUGH:

17 Q. Good morning, Mr. Lippold.

18 A. Good morning.

19 Q. Will you state for the record your full name please.

20 A. Brian Lippold.

21 Q. Your title and position with FairPoint, and your
22 business address, if you would please.

23 A. Vice President - Business and Wholesale Services,
24 Portland, Maine.

1 Q. And, are you the same Brian Lippold who prefiled
2 rebuttal testimony on September 10 on behalf of
3 FairPoint Communications, which we've premarked as
4 "FairPoint Exhibit 1"?

5 A. Yes, I am.

6 Q. And, subject to any revisions that might have come up,
7 in light of CLEC settlement agreements, items like
8 that, do you adopt that testimony as your own?

9 A. I do.

10 MR. MCHUGH: Okay. Mr. Chairman, I
11 guess I just wasn't clear with the ruling. Would you like
12 me to have Mr. Lippold start on the CLEC settlement
13 agreement or would you like him to be made available for
14 cross-examination?

15 CHAIRMAN GETZ: Well, I think it would
16 make more sense to have him orally go through the MOU.

17 MR. MCHUGH: Okay.

18 BY MR. MCHUGH:

19 Q. Okay. Mr. Lippold, do you have before you the joint
20 stipulation filed on behalf of FairPoint, Freedom Ring
21 Communications, segTEL Inc. and Otel Telekom?

22 A. I do.

23 Q. Okay. And, I believe we've premarked that as
24 "FairPoint Exhibit 15". Could you explain the

1 settlement agreement and the -- specifically, the
2 settlement terms, which are marked as or follow the
3 stipulation as "Exhibit 1".

4 A. Certainly. And, I'll start with Exhibit 1?

5 Q. If you would please.

6 A. All right. Okay. Looking at -- I'll go through by
7 section. Section 1A, that would apply to all CLECs not
8 just the parties to the stipulation. 1B would apply to
9 all. 1C would apply to all. And, 1D would apply to
10 all.

11 Q. And, Mr. Lippold, it might be helpful if you could
12 just, very briefly, as you go through the sections,
13 just explain the nature of what Section 1 deals with,
14 what Section 2 deals with.

15 A. All right. I'm sorry.

16 Q. That's fine.

17 A. Going back to 1A, deals with FairPoint agreeing that we
18 are an incumbent local exchange carrier that will be
19 subject to all of the obligations of Section 251. 1B,
20 FairPoint will not now, or in the future, seek or
21 assert rural telephone company classification. 1C,
22 will not seek any suspension or modification of any 251
23 B or C obligations pursuant --

24 Q. Let me just clarify for the record. When you make

1 references to "Section 251" and other sections like
2 that, we're referring to the Communications Act of
3 1934, as amended, is that correct?

4 A. That is correct.

5 Q. Okay. Go ahead, Mr. Lippold. Thank you.

6 A. And, 1D, for the three years following the closing date
7 of the merger, FairPoint will not reclassify as
8 non-impaired any telco wire centers in Maine, New
9 Hampshire or Vermont not currently classified as
10 non-impaired.

11 CHAIRMAN GETZ: You may need to just
12 draw the microphone closer.

13 WITNESS LIPPOLD: All right. Sorry.
14 Usually, my voice carries.

15 **BY THE WITNESS:**

16 A. Okay. Moving onto Section 2, 2A is what we are
17 offering as settlement items, and that will apply to
18 all parties, as would 2B, which lays out what we are
19 not offering. 2C, which is the process by which 2A and
20 2B would apply, is available only to the parties who
21 have signed this agreement. However, if there are
22 other parties that are interested in signing the same
23 agreement, then it would, obviously, apply.

24 BY MR. MCHUGH:

1 Q. You're talking about the agreement in its entirety, Mr.
2 Lippold?

3 A. That's correct. And, -- yes. Section 2D, which are
4 not settlement items or checklist items, would apply
5 only to the CLEC coalition that signed this document.
6 Again, would be available to other parties who sign the
7 document in its entirety, but is not something that we
8 are offering across the board. 2E, where FairPoint is
9 agreeing to be subject to the Performance Assurance
10 Plan, would apply to all. And, 2F is just speaking to
11 the fact that FairPoint will not be a BOC.

12 Under Section 3 OSS, it would be better
13 if we hold that section until Mr. Haga is on the stand.
14 He's the expert on the OSS section. However, in 3C,
15 that would apply to all, which is really not related to
16 OSS.

17 Section 4, which speaks to the existing
18 agreements and wholesale tariffs and other intercarrier
19 agreements, this would apply only to the parties to
20 this stipulation, with the exception of Section 4E,
21 which would apply to all parties. However, we would
22 consider offering all of these items, if the parties
23 agreed to a three-year stay-out, with respect to
24 seeking modification of rates during that three-year

1 period. And, 4H would apply only to the parties that
2 are signing this agreement.

3 Section 5 would apply to all parties,
4 and that's where FairPoint would not advocate any
5 increase in its tariff rates for interstate and
6 intrastate special access. 5B would apply to all
7 parties, where FairPoint would not withdraw any of its
8 tariffed interstate or intrastate special access
9 offerings for three years. And, of course, 5C would be
10 required, which is another stay-out, in return for
11 agreeing to 5A and 5B.

12 Section 6, related to service quality
13 and Performance Assurance Plans, would apply to all
14 parties, with the exception of 6D, where we have agreed
15 with the parties to this stipulation that there would
16 be a one-month suspension, as opposed to the two-month
17 suspension that we're generally offering.

18 And, Section 7, "Forbearance" --

19 Q. Mr. Lippold, before you start Section 7, I want to go,
20 if you would please, to Section 5C.

21 A. Yes.

22 Q. If you could just take a look at that section. That
23 section, isn't it true that section would really only
24 apply to the settling CLEC members who signed the

1 agreement?

2 A. Yes, I stand corrected.

3 Q. Okay. Thank you for that clarification. You're free
4 to move onto Section 7.

5 A. And, Section 7 is the "Forbearance" section, and that
6 would apply to all parties. And, the remainder is more
7 process and legal issues or jurisdiction issues related
8 to the stipulation agreement.

9 CMSR. BELOW: On 7A, you said "all
10 parties", you don't mean "all parties to the agreement",
11 you mean "all entities"?

12 WITNESS LIPPOLD: All entities that are
13 part of the case.

14 CMSR. BELOW: Okay.

15 BY MR. MCHUGH:

16 Q. If you could go back to Sections 4A and 4B, Mr.
17 Lippold. Again, I just want to make sure the record is
18 clear. Your testimony, and, generally, the FairPoint
19 offer has been to extend intercarrier agreements for
20 one year, is that correct, for those parties who have
21 not signed the settlement agreement?

22 A. That is correct. This is would apply only to the
23 parties that signed this agreement for the three-year.

24 Q. And, in 4C, has FairPoint offered to extend volume

1 discounts, is that something already offered?

2 A. That is something that is already offered. 4C really
3 speaks to the Sections 4A and 4B for purposes of this
4 agreement.

5 MR. MCHUGH: With those clarifications,
6 Mr. Chairman, and explanation, the witness is available
7 for cross-examination.

8 CHAIRMAN GETZ: Okay. Thank you. Let's
9 start -- give first opportunity to Mr. Sawyer, I guess
10 would be in the nature of friendly cross. Do you have
11 questions for --

12 MR. SAWYER: I have no questions, Mr.
13 Chairman. Thank you.

14 CHAIRMAN GETZ: Okay. Then, Mr. Mandl.

15 MR. MANDL: Good morning, Mr. Lippold.

16 WITNESS LIPPOLD: Good morning.

17 MR. MANDL: Just a couple of questions
18 briefly on the CLEC settlement that you just went through.

19 **CROSS-EXAMINATION**

20 BY MR. MANDL:

21 Q. If we could turn to Section 3, dealing with OSS. There
22 are Sections D through G that you did not specifically
23 address during your explanation of the settlement.
24 Could you indicate, with regard to those sections,

1 whether they should be referred to Mr. Haga or if you
2 can tell us, which apply to all carriers, as opposed to
3 the three settling carriers?

4 A. You're referring to 3D through G?

5 Q. Yes. Yes, that's correct.

6 A. Okay. One moment. 3D would apply to all, 3E would
7 apply to all, 3F would apply to all, as would 3G.

8 Q. Thank you.

9 A. Sorry that I lumped all that together.

10 Q. And, if we could turn to Section 4 of the CLEC
11 settlement terms. Could you explain whether subpart D,
12 dealing with three-year agreements for tandem transit
13 service and the offer being made by FairPoint, would
14 that apply to all carriers or only the three settling
15 carriers?

16 A. That would apply to the three settling carriers.
17 However, we would be willing to entertain entering into
18 an agreement for transit service with other carriers.
19 I think the majority of the time transit rates are
20 covered in the interconnection agreements, which we are
21 offering to extend as well.

22 Q. Do you have an understanding as to whether tandem
23 transit rates in New Hampshire are covered by wholesale
24 tariffs?

1 A. I don't recall if that rate is part of the wholesale
2 tariff or not. I don't believe it is, but I don't have
3 a specific recollection.

4 Q. Assuming that tandem transit rates are governed by a
5 New Hampshire wholesale tariff, would that be covered
6 by Section 4, subpart E, which you indicated applies to
7 all parties?

8 A. Yes, sir.

9 Q. Thank you.

10 MR. COOLBROTH: I would object. Mr.
11 Lippold indicated that he didn't think that it was covered
12 by a tariff, and the question is assuming that it is. Is
13 there a tariff provision that Mr. Mandl has in mind that
14 we could point to that suggests that there is such a
15 tariff provision?

16 MR. MANDL: I'd be happy to show you the
17 Comcast Phone interconnection agreement.

18 MR. COOLBROTH: That's an
19 interconnection agreement. That's the point of my
20 objection.

21 MR. MANDL: Which refers to tandem
22 transit rates being provided pursuant to a wholesale
23 tariff. And, we can take appropriate notice of those
24 tariffs, if necessary, to elicit some clarification on

1 that.

2 BY MR. MANDL:

3 Q. Mr. Lippold, you have indicated that, I guess in regard
4 to Section 4 of the CLEC settlement terms, that the
5 extension of interconnection agreements for three years
6 from their stated expiration date or the extension of
7 those agreements in effect on a month-to-month basis,
8 would apply only to the three CLECs that signed the
9 settlement agreement, is that correct?

10 A. That is correct.

11 Q. Do you have the package of exhibits that I put out at
12 the area where you're sitting?

13 A. I don't see any exhibits here.

14 Q. Okay.

15 MR. MANDL: There they are.

16 (Atty. Fabrizio handing documents to the
17 witness.)

18 WITNESS LIPPOLD: Oh.

19 BY MR. MANDL:

20 Q. In the green folder, at the end, there should be an
21 exhibit marked as "NECTA/CPNH 83P". I'd like you to
22 locate that, if you could.

23 MR. MCHUGH: What number is it?

24 MR. MANDL: 83P.

MR. McHUGH: Okay.

BY THE WITNESS:

A. I found it.

4 BY MR. MANDL:

5 Q. Now, you were a witness in the companion Vermont
6 proceeding, docket 72-70, is that correct?

7 A. That is correct.

8 Q. And, you had had an opportunity in that case to discuss
9 FairPoint's proposals regarding the extension of
10 interconnection agreements and expired agreements that
11 remain in effect on a month-to-month basis, I'm sure
12 you recall that?

13 A. Yes, I do.

14 Q. And, what I've shown you is an excerpt from FairPoint's
15 brief filed on October 17th, 2007. And, did you have
16 input into the positions taken in the brief?

17 A. I was not involved in the construction of the brief.
18 To the extent that they took positions from settlement
19 documents to which I was involved, perhaps I had
20 involvement in that fashion.

21 Q. All right. And, I'm going to attempt to put on the
22 ELMO screen Page 93 of that brief. And, I'd ask if you
23 could refer to that page.

24 A. Okay.

1 Q. Am I correct that, on brief, in Vermont docket 72-70,
2 FairPoint modified its general position on
3 interconnection agreement extensions, and has agreed to
4 extend the terms of existing agreements for three years
5 from the date of closing, rather than one year?

6 A. Could you -- What section are you looking for on this
7 page or looking at?

8 Q. If we could look at the paragraphs that are numbered
9 353 and 354.

10 A. And, your question again?

11 Q. Am I correct that, in the State of Vermont, on brief,
12 FairPoint has taken the position that it is willing to
13 extend, for all interconnecting carriers, the terms of
14 existing interconnection agreements by three years from
15 the date of merger closing, and, in the case of
16 agreements remaining in effect on a month-to-month
17 basis, that it would also extend the terms of those
18 agreements by three years from the date of merger
19 closing?

20 A. That is what it says, yes.

21 Q. And, you are willing to do that in Vermont, but you are
22 not willing to do that in New Hampshire, is that
23 correct?

24 A. That is correct. In Vermont, we have a different

1 regulatory environment than we do in New Hampshire.

2 Q. You can cover that on redirect with your counsel.

3 MR. McHUGH: I think he should be
4 allowed to explain his answer.

5 CHAIRMAN GETZ: I should have gone over
6 the ground rules. But the normal practice, and if you
7 answer the question directly, "yes", "no", "I don't know",
8 going to give him a chance to explain the answer.

9 MR. MANDL: That's fine.

10 BY MR. MANDL:

11 Q. Please proceed.

12 A. As I was saying, it's a different regulatory
13 environment. In Vermont, there is an AFOR in effect,
14 where the -- many of the rates are frozen, I believe,
15 for three years or three more years. So, that's one of
16 the reasons why we agreed to extend the interconnection
17 agreements in Vermont for three years, or the primary
18 reason was the different regulatory environment.

19 Q. Now, the AFOR that you reference in Vermont does not
20 apply to interconnection agreements, is that correct?

21 A. To my knowledge, no. But it does apply to all of the
22 rates and services that we offer on a retail regulated
23 basis. That was it.

24 Q. Okay. Thank you. Let's turn to your rebuttal

1 testimony. You were hired by FairPoint at the end of
2 April 2007, is that correct?

3 A. I believe it was at the end of April.

4 Q. Okay. And, with regard to your prior work experience,
5 am I correct that you have not managed wholesale
6 operations for an incumbent local exchange carrier?

7 A. That is correct. I managed the wholesale operation for
8 a large CLEC that had operations across the eastern
9 half of the United States.

10 Q. Could we turn to Page 31 of your rebuttal testimony.

11 A. I'm there.

12 Q. If you look at the sentence on Line 6 and 7, where you
13 state that you have previously built such a wholesale
14 operation. Is the wholesale operation to which you
15 refer the wholesale operation of an entity that was not
16 a local -- an incumbent local exchange carrier?

17 A. Yes, I -- yes.

18 Q. And, you indicate that you had served as Vice President
19 of Carrier Services for Telcov. And, am I correct that
20 Telcov is not an ILEC and was not an ILEC during your
21 period of employment?

22 A. That is correct.

23 Q. I'd like to draw your attention to what has been marked
24 as "Exhibit NECTA/CPNH 82P".

1 A. I found it.

2 Q. And, would you agree that the exhibit is an excerpt
3 from a filing made by FairPoint with the SEC?

4 A. I don't know that to be the case. It doesn't provide
5 me the reference to that effect.

6 Q. Now, you're aware that FairPoint has made disclosures
7 of material risk factors concerning this transaction in
8 its SEC filings?

9 A. I am aware of that.

10 Q. And, I'm going to place Page 25 on the screen. I'd ask
11 if you could take a look at that.

12 A. You want me to review the whole thing or just the --

13 Q. Well, just -- I think, you know, we went over this in
14 Vermont, and I think you indicated that you were aware
15 of the risk factors that FairPoint had disclosed?

16 A. I was aware that they had disclosed risk factors. I
17 don't know that I have reviewed the entire filing.

18 Q. Now, is it fair to say that FairPoint did not have a
19 wholesale services organization when it filed it's
20 application in this proceeding?

21 A. They did not have a wholesale services organization in
22 the form that we are establishing now. However, they
23 did provide some wholesale services to other providers
24 within their existing footprint.

1 Q. I'd like to refer you to what's been marked as "NECTA
2 Comcast Exhibit 4P".

3 A. I found it.

4 Q. And, in this response, you agreed that FairPoint did
5 not have a wholesale services organization at the time
6 it filed its application, is that correct?

7 MR. McHUGH: I'm going to object to the
8 question. That's not what it states in the data request.

9 CHAIRMAN GETZ: Well, it looks to be a
10 compound question. Let's see if we can get what his -- I
11 assume you're trying to demonstrate that there may be some
12 inconsistency between now and then? Let's find out what
13 the current state of events is and see if we can move this
14 along.

15 BY MR. MANDL:

16 Q. Mr. Lippold, that was your response to the question
17 posed, is that correct, in this data request marked as
18 "Exhibit 4P"?

19 A. That is my response.

20 Q. And, as of that response, FairPoint lacked a fully
21 staffed wholesale organization, is that correct?

22 A. Yes. The way that I was responding to this was
23 comparing what FairPoint had in place today versus the
24 organization that we are putting in place for the

1 purposes of this merger, which is dramatically
2 different than what we have in place or FairPoint had
3 in place. I guess the phrase "fully staffed" is -- I
4 was thinking in terms of the new organization. I think
5 the staff that they had in place previously was
6 sufficient for their needs.

7 Q. Regarding the new systems that FairPoint is selecting
8 and that it needs to test and integrate, you'd agree
9 that those systems will be used to serve both retail
10 and wholesale customers?

11 A. That is correct.

12 Q. And, would you agree that there are risks regarding the
13 timing of the planned cutover and whether any problems
14 arise out of the planned cutover?

15 A. Certainly, there would be risks. And, to what extent
16 is probably debatable, but there are risks.

17 Q. And, would you agree that it's important for the
18 Commission to be satisfied that adequate safeguards are
19 in place to ensure that FairPoint is ready to give the
20 irrevocable notice of readiness for cutover to Verizon?

21 A. Yes, I believe that would be important to the
22 Commission.

23 Q. Could we turn to pages -- starting with Page 8 in your
24 rebuttal testimony.

1 A. Okay.

2 Q. You have covered in your rebuttal testimony a
3 description of the Company's proposed wholesale
4 organization, is that correct?

5 A. I have.

6 Q. And the organization that you describe would also
7 conduct retail business functions, is that correct?

8 A. No. I am responsible for both wholesale and business
9 services, but the lion share of the testimony that I
10 submitted is related to the wholesale portion of that
11 organization. And, the majority of those folks would
12 be dealing with just wholesale customers.

13 Q. I'm putting on the screen what's been marked as
14 "NECTA/Comcast Exhibit 3P". I ask you to take a look
15 at that.

16 A. I found it.

17 Q. You've described your responsibilities in that response
18 relating to a FairPoint business organization, is that
19 correct?

20 A. That is correct.

21 Q. And, the organization that you're heading handles both
22 wholesale and mid and large size retail business
23 customers, is that correct?

24 A. That is correct.

1 Q. If we could turn to Page 10 of your rebuttal.

2 A. I'm there.

3 Q. Starting on line 11, you refer to a "contract
4 management team", do you see that?

5 A. I do.

6 Q. And, am I correct that the "contract management team"
7 that you've described would also be involved in, well,
8 will be involved in both the negotiation of
9 interconnection agreements, as well as retail customer
10 functions?

11 A. Yes. That contract management team or that function
12 will be responsible for pulling in resources throughout
13 the organization, perhaps out of the regulatory arena
14 or the legal organization, to work together to
15 negotiate interconnection agreements.

16 Q. And, if I could refer you to what's been marked as
17 "NECTA/Comcast Phone Exhibit 6P".

18 A. I found it.

19 Q. And, in response to subpart E of the data request,
20 you've confirmed that the negotiators of
21 interconnection agreements will be assigned
22 responsibilities related to retail operations, is that
23 correct?

24 A. Yes. As I explained previously, they will be working

1 with our legal and regulatory resources to negotiate
2 those agreements.

3 Q. Is it FairPoint's intention to develop a code of
4 conduct to safeguard against any misuse of wholesale
5 information?

6 A. Yes, that would be in addition to the CPNI rules that
7 we would be subject to as well. But, yes, there will
8 be a code of conduct.

9 Q. If a FairPoint employee received an order or request
10 from a customer to switch to a competitor of FairPoint,
11 and the FairPoint employee attempted to entice the
12 retail customer to remain with FairPoint, would that
13 constitute a violation of the code of conduct that you
14 have in mind?

15 A. Could you repeat the question?

16 MR. MANDL: Could I ask that the
17 question be read back please.

18 (Whereupon the Court Reporter read back
19 the last question asked.)

20 **BY THE WITNESS:**

21 A. Well, first of all, we haven't established the code of
22 conduct yet. But, as I understand the question, if the
23 customer contacted FairPoint and was requesting to move
24 to another provider, I don't believe that, if that

1 FairPoint employee tried to entice the customer to
2 stay, would be a violation of any rules. So, I think I
3 would expect them to try to understand what the problem
4 was and why they wanted to move, and see if there was
5 anything we could do to keep them as a customer.

6 Q. Now, in terms of safeguards against misuse of wholesale
7 information, would you agree that a code of conduct is
8 not an absolute safeguard against such misuse?

9 A. Well, there are -- there is multiple safeguards that
10 would be in place. First, the CPNI rules that I
11 referred to earlier are rules that we are required to
12 follow that are very rigid in how customer information
13 is utilized. We intend to implement a code of conduct
14 to try to govern the behavior of our employees and to
15 direct them to behave in the proper manner. And,
16 third, there will be safeguards within our systems that
17 will restrict the information that they have access to
18 so that we don't have that kind of behavior occurring
19 or try to restrict the opportunity for that kind of
20 information to be present to begin with.

21 Q. And, when does FairPoint plan to have a code of conduct
22 prepared?

23 A. In advance of the merger close and, certainly, as part
24 of our training for new employees.

1 Q. Will you file that code of conduct with the Commission
2 and would it be available to carriers to review?

3 A. I don't know that that's necessary. You know, it seems
4 that it would be in the normal course of business to
5 develop a code of conduct for employees. And, I doubt
6 seriously whether the Commission is going to be
7 interested in that kind of detail. But I suppose, if
8 they requested it, we would provide them a copy.

9 Q. Thank you. Have you compared your proposed
10 wholesale/retail organization with the organizational
11 structure used by Verizon today?

12 A. I wouldn't say that we have compared it with the
13 objective in mind to perform a comparison. We do have
14 personnel on our team who used to work for Verizon in
15 their wholesale customer operations. Actually, Rich
16 Murtha used to lead the Verizon West Wholesale
17 Operations team. So, there will naturally be some
18 comparisons. But we're looking to create a little
19 different environment than what Verizon had in place.
20 So, I'm expecting that it will be different.

21 Q. Do you have any understanding whether Verizon separates
22 its wholesale organization from its retail
23 organization?

24 A. I don't believe that they do. I'm aware that the

1 wholesale customer operations performs some order
2 processing functions for the enterprise side of the
3 Verizon business. So, I don't believe that there's a
4 strict separation.

5 Q. Would you agree, Mr. Lippold, that it's important for
6 FairPoint to hire and train the employees who will
7 provide services to wholesale customers?

8 A. Yes, it's important that we would hire and train
9 employees. I'm not sure I -- maybe I didn't understand
10 your question. But we will be acquiring some employees
11 from Verizon that perform wholesale functions. So, we
12 won't be actually hiring those, we will be acquiring
13 them through the merger. But, yes, it's important.

14 Q. And, those employees acquired from Verizon will need to
15 be trained on the wholesale systems that FairPoint is
16 developing, is that true?

17 A. That's true.

18 Q. All right. If you could turn to Page 12 of your
19 rebuttal testimony.

20 A. I'm there.

21 Q. You discuss a training program for your business and
22 wholesale organization. And, as of the time of your
23 testimony, that training program had not yet been
24 developed. Has there been any change in that situation

1 as we speak?

2 A. We are making progress, but I would in no means
3 describe it as being "fully developed".

4 Q. All right. Looking at Line 8, regarding business rules
5 while operating under the TSA, have those business
6 rules been developed?

7 A. They're in the process of being developed. Again, I
8 wouldn't term them as being "fully developed", but it's
9 a work-in-progress.

10 Q. With regard to Line 9, when you refer to functions to
11 be performed in escalation rules during the transition
12 period. When you refer to "transition period", are you
13 referring to the term of the TSA or the five day period
14 prior to the flash cutover?

15 A. Honestly, I don't recall.

16 Q. Okay. Fair enough. With regard to the Verizon
17 employees that will be joining FairPoint, am I correct
18 that they will join FairPoint after the merger has
19 closed?

20 A. Yes.

21 Q. With regard to the completion of training of FairPoint
22 employees to carry out the retail and wholesale
23 functions that Verizon provides today, when is that
24 training scheduled to be completed? Would that be a

1 better question for Mr. Haga?

2 A. No, that's -- it will depend. Between close, the
3 merger close and cutover, there's many functions that
4 Verizon will continue to perform as part of the TSA.
5 However -- So, we will be training our employees, prior
6 to merger close, to handle those functions that are not
7 being performed by Verizon. And, then, during the TSA,
8 we'll be training employees for those functions that
9 Verizon is performing for FairPoint during the TSA so
10 that they're able to pick those up at cutover.

11 Q. Now, will you regard the completion of the training
12 you've described as a "cutover readiness criteria"?

13 MR. MCHUGH: I guess I'm going to just
14 object to the form and ask him to define what he means by
15 "cutover readiness criteria"?

16 MR. MANDL: Let me rephrase that.

17 BY MR. MANDL:

18 Q. It would be your objective to complete the training
19 you've described prior to the time -- prior to the
20 cutover date?

21 A. Certainly.

22 Q. If we could refer to Exhibit NECTA/CPNH 5P.

23 A. I found it.

24 Q. Could you let us know how FairPoint determined the size

1 of the order and billing management team?

2 A. Yes. We utilized order volume data for the three
3 states that was supplied by Verizon from an historical
4 perspective, as well as utilized the skills and
5 expertise of some of the folks that we've brought on
6 board, principally Rich Murtha, who used to lead the
7 Verizon West wholesale organization -- operations
8 organization. So, we -- between the two is how we
9 sized the organization.

10 Q. And, if demands on that organization were to surpass
11 your current projections, you'd consider increasing the
12 staffing?

13 A. Oh, certainly. But, actually, we're pretty optimistic
14 that, through the deployment of the new systems, which
15 we believe will be more efficient than the systems that
16 Verizon is currently operating on, that there's maybe
17 an opportunity to reduce the size of that organization
18 over time.

19 Q. If we could go back briefly to the CLEC settlement
20 stipulation.

21 A. Okay.

22 Q. And, I'm looking for the paragraph where -- let's see,
23 I believe it's Paragraph 3C. In the CLEC settlement
24 terms, you indicate that "FairPoint will identify the

1 account team or single point of contacts assigned to
2 each CLEC." Do you see that?

3 A. I do.

4 Q. Does FairPoint intend to provide wholesale customers
5 with a wholesale account manager and a wholesale
6 account team, just recognizing that that team and that
7 account manager may serve more than one wholesale
8 customer?

9 A. In many cases, an account team will serve more than one
10 wholesale customer, yes.

11 Q. And, from the standpoint of a wholesale customer, will
12 the wholesale customer have a designated person or
13 persons that they can contact regarding any concerns
14 that they have or any service ordering requirements?

15 A. Certainly. Every wholesale customer will be assigned
16 those type of contacts.

17 Q. Okay. So, there will be no need to dial an 800 number
18 or any --

19 A. No. The wholesale customers will have the direct dial
20 numbers of all of the individuals that they need to
21 deal with. Hopefully, we can avoid putting through --
22 people through an IVR or an auto attendant and just get
23 to the people that they need to speak with.

24 Q. All right. From a timing standpoint, will FairPoint

1 identify the account team and the single point of
2 contacts at some time prior to the merger closing?

3 A. Yes. And, we're in the -- we just hired four
4 additional sales directors for the wholesale segment,
5 and, over the course of the next month or so, we'll be
6 hiring all of the account managers and so forth. So,
7 those sales directors have been identified. As a
8 matter of fact, Comcast, I think it was announced quite
9 some time ago, that Jim Quinn is the sales director for
10 the Comcast accounts. But, as those additional
11 resources come on line, we'll be sharing with those
12 customers who their assignments are and introducing
13 them and so forth. So that will be occurring over the
14 next four to six weeks.

15 Q. Okay. And, all prior to the merger closing?

16 A. Oh, certainly.

17 Q. Thank you. With regard to the extension of existing
18 interconnection agreements and the expired agreements
19 that remain in effect on a month-to-month basis, would
20 you agree that, in order to put those extensions into
21 effect, FairPoint will need to file amendments to
22 existing interconnection agreements?

23 A. That is my understanding.

24 Q. And, what would be the timeline for filing those

1 amendments, be it a three-year extension or otherwise
2 as the Commission may determine?

3 A. Well, I don't -- and I'm not an attorney, but I don't
4 believe we would be able to file those until the merger
5 was completed. So, until after close, then certainly
6 we would want to file those as soon as possible or as
7 soon as reasonable after the merger close.

8 Q. With regard to memoranda of understanding or
9 settlements that FairPoint seeks to file on a
10 confidential basis or, excuse me, a highly confidential
11 basis, if those memoranda of understanding or
12 settlement agreements involve commitments to extend the
13 terms of interconnection agreements, would not there
14 need to be amendments filed for those interconnection
15 agreements as well?

16 A. I believe so.

17 Q. Let's switch topics and turn to Page 22 of your
18 rebuttal.

19 A. I'm there.

20 Q. If I could refer you down to lines 16 and 18, through
21 18.

22 A. Okay.

23 Q. Am I correct that FairPoint is refusing to compensate
24 wholesale customers for costs they'll incur in

1 modifying their systems to interconnect with
2 FairPoint's new systems?

3 A. Well, since the overwhelming majority of our wholesale
4 customers don't have a physical interconnection with
5 the Verizon systems, they enter their orders via the
6 Web GUI or via a webpage. Those customers will not
7 have any expenses to simply redirect their activity to
8 a different webpage. Now, we do recognize that there
9 are some -- that the wholesale customers will have to
10 become familiar with that new webpage and the order
11 process and the business rules that FairPoint is
12 employing. And, there will be other information that
13 needs to be shared. So, -- And, we didn't point this
14 out when I initially, earlier today, adopted this
15 testimony, but we are offering now, as a general offer
16 to all of our wholesale customers, that we will
17 establish a per diem, if you will, for those
18 circumstances where we hold a customer meeting to share
19 information or for the training sessions on the new
20 system, the certification process on the new system,
21 and so forth. If we hold meetings that require travel
22 to attend, FairPoint's offering to reimburse through
23 the form of a bill credit an amount equal to \$400 per
24 day per participant, limited to three participants from

1 each company. And, we would consider a minimum two-day
2 for per diem purposes. So, in an effort to offset any
3 hotel costs, meal costs, travel expenses, we're
4 offering that \$400 per day per diem for three
5 participants. For those customers who choose not to
6 travel to the meeting or have a conflict, we will also
7 simulcast those meetings via Web X and
8 teleconferencing, but there would be no per diem
9 allocated for those who chose not to appear in person.
10 And, that offer is for any of our pre-cutover meetings.
11 So, in other words, when we establish a training
12 session or an information-sharing session, all of those
13 things would be prior to cutover, not on the normal
14 course of business after cutover.

15 And, I would add that we haven't
16 finalized the schedule, but we're working to finalize a
17 schedule to hold an information-sharing meeting the
18 last week of November. And, that per diem would apply
19 for that meeting.

20 Q. Thank you. I'd like to refer you to NECTA/CPNH
21 Exhibit 21P, if you could have that before you. And,
22 if I could also refer you to Page 23 of your rebuttal
23 testimony.

24 A. Okay.

1 Q. All right. On Lines 1 and 2, on Page 23 of your
2 rebuttal testimony, you state your belief that "any
3 wholesale customer modifications required to
4 interconnect to FairPoint will be minimal in terms of
5 costs", is that correct?

6 A. That is correct.

7 Q. And, referring to Exhibit NECTA/CPNH Exhibit 21P, and
8 I've put the first page of that on the ELMO screen, you
9 indicated that you had no documentation to support your
10 conclusion that those inter -- those CLEC incurred
11 costs will be minimal, is that correct?

12 A. That's what I said, yes. If we could turn to the
13 second page of NECTA/Comcast Exhibit 21P. You've
14 acknowledged that, for wholesale customers that rely
15 upon E-bonding, that you expect that they will expend
16 40 hours or so of labor in order to make adjustments to
17 their systems, in order to interconnect with FairPoint?

18 A. Yes, that was the belief at the time that I submitted
19 this. I think that, to be fair, we recognize that,
20 without having exhaustive discussions with the parties
21 that have E-bonding, that perhaps, and the fact that
22 there is no documentation that exists, that perhaps
23 that 40 hours may not be appropriate. So, one of the
24 things that we've done is, as a matter of fact, this

1 Thursday we're having a conference call with all
2 wholesale customers who have E-bonding, to have a
3 information-sharing conference call and to understand
4 better how those customers have implemented the
5 E-bonding solution. And, we're also working to
6 establish one-on-one meetings with each one of those
7 customers over the next couple of weeks to further
8 drill down into that. So, once we've conducted that
9 investigation, I think we'll have a better idea as to
10 the amount of time or labor that would be involved.

11 Having said that, all of these processes
12 and systems that we're employing are based on the same
13 industry standards as Verizon has deployed today. And,
14 we're -- we believe that we're implementing those in
15 the same manner. So, given that it's using the same
16 industry standards and the interfaces are going to be
17 the same, we don't believe that there should be any
18 significant modifications that are required. But, to
19 be fair, we don't know until we actually explore that a
20 lot further with the CLEC, individual CLECs.

21 Q. Would you agree that the E-bonding costs that wholesale
22 customers will need to incur would not be incurring but
23 for this transaction?

24 A. No, I would not. The E-bonding interfacing are changed

1 from time to time through the standards bodies that
2 establish those specifications. And, companies, such
3 as Verizon, make changes from time to time as to what
4 type of E-bonding they employ or want their customers
5 to employ. I believe that Verizon, over the course of
6 the last 12 months, has gone through a change from one
7 type of interface to another. So, that's sort of in
8 the normal course of business to have those type of
9 changes from time to time.

10 Q. Well, you're not aware of any E-bonding change that
11 Verizon has made in the last 12 months?

12 A. I am aware that they have introduced a -- I believe a
13 new XML type interface, the details of which I'm really
14 not qualified to speak to. But I do believe that they
15 have made some changes, yes.

16 Q. Yes. And, those changes don't require the
17 interconnecting carrier to change to that system, if
18 they wish to retain their existing systems?

19 A. I believe that, ultimately, my understanding is that
20 Verizon will discontinue the use of the old systems at
21 some point.

22 Q. Is it fair to say that Verizon often operates new
23 systems and old systems in parallel for periods of
24 time?

1 A. I believe that that is the case in some circumstances,
2 yes.

3 Q. And, in any event, FairPoint is not willing to
4 compensate those carriers using E-bonding for the labor
5 and other expenses that they will incur in order to
6 make their systems compatible with FairPoint?

7 A. That -- That is our position, yes.

8 Q. With regard to the costs that a wholesale customer
9 would incur, for example, in modifying its E-bonding
10 arrangements, would you agree that the wholesale
11 customer could track and itemize those costs and submit
12 them to FairPoint?

13 A. Yes, I suppose that they could. Although, I'm fairly
14 confident that there would probably be some dispute as
15 to what were the applicable costs that would be
16 itemized. I can only envision an opportunity there to
17 submit expenses that perhaps weren't really related to
18 that, and I wouldn't want to find ourselves in a
19 situation where we're arguing with a customer about
20 what should or should not. It just seems to be ripe
21 with opportunity for dispute.

22 Q. Now, if FairPoint does pole attachment work, which it
23 will, FairPoint will be submitting make-ready cost
24 estimates to attaching entities, is that correct?

1 A. Yes, I believe that is correct. Although, that's a --
2 I'm not sure that's a valid comparison. When you're
3 doing pole attachments, it's pretty straightforward.
4 There's a finite number of things that needs to be
5 done. So, --

6 Q. But you'll be sending -- you'll be sending other
7 parties bills based on your time and materials, once
8 you're the ILEC, is that correct?

9 A. That's correct.

10 CHAIRMAN GETZ: Mr. Mandl, I'm trying to
11 consider how we're going to conduct the rest of the
12 cross-examination today. How much more do you have for
13 this witness?

14 MR. MANDL: I have a little bit more. I
15 think it's less than what I have done so far.

16 CHAIRMAN GETZ: I was just a little
17 nervous by the 81 premarked exhibits. That you're not
18 intending to go through all of these then?

19 MR. MANDL: No. No, I'm not. I'm not.
20 Not at all.

21 CHAIRMAN GETZ: Well, let's continue for
22 awhile. And, what we plan to do is, the best case would
23 be we'd make a break after your -- concluding your
24 cross-examination, take a short break, then I guess we're

1 going to switch court reporters for awhile. Then, I'm
2 looking at possibly taking the lunch break between 1:00
3 and 2:00, and then trying to resume the afternoon
4 proceedings.

5 And, Mr. Price, while Mr. Mandl is
6 getting ready to ask his next question, do you have any
7 indication at this point how much cross you're going to
8 need?

9 MR. PRICE: I suspect not nearly as much
10 as Mr. Mandl, say 15, 20 minutes.

11 CHAIRMAN GETZ: And, you said "10 or 20
12 minutes"?

13 MR. PRICE: Fifteen or twenty minutes.

14 CHAIRMAN GETZ: All right. Thank you.

15 MR. PRICE: Perhaps less.

16 CHAIRMAN GETZ: And, my understanding
17 also is -- are there going to be other questions?

18 Ms. Hatfield, you're going to have some questions?

19 MS. HATFIELD: Yes. I would say less
20 than five minutes.

21 MS. FABRIZIO: Five minutes for Staff.

22 CHAIRMAN GETZ: Okay. Thank you.

23 Mr. Mandl.

24 MR. MANDL: Thank you.

1 BY MR. MANDL:

2 Q. Mr. Lippold, can I refer you to Page 28 of your
3 rebuttal?

4 A. I'm there.

5 Q. If we can refer to your answer at lines 13 through 15
6 regarding the intentions of FairPoint on business rules
7 and interval periods for trunk orders.

8 A. I see that.

9 Q. And, you state there that "FairPoint plans to adopt
10 Verizon's practices regarding", if I can paraphrase,
11 "the standard business rules and the interval periods
12 for trunk orders." Is that fair?

13 A. Yes, we plan to adopt the practices that Verizon has in
14 place at the time of closing. We're not suggesting
15 that we would mirror whatever practices they employ
16 forever, but, at the time of closing, we're assuming
17 that, you know, the best way in which to operate is to
18 use the same business rules and intervals.

19 Q. Will those business rules and interval periods be
20 spelled out anywhere so --

21 A. Yes, they will. And, that will be shared with the
22 wholesale customers at one of these user forums that I
23 mentioned earlier, in advance of close, so that the
24 wholesale customers will have a clear understanding of

1 what to expect.

2 Q. All right. So, if, for example, there's any
3 disagreement as to Verizon's existing practices, that
4 can be discussed prior to the closing?

5 A. Yes, that would -- that's something that would be
6 worked out at the accounting level and, you know, the
7 business folks who are at Comcast to work those issues
8 out.

9 Q. All right. Just a quick question back regarding the
10 CLEC settlement. If we could refer to Section 6E of
11 the settlement terms.

12 A. I'm there.

13 Q. With regard to Section 6E, could you refresh me on
14 whether Section 6E applies to all customers or the
15 three settling CLECs only?

16 A. It will apply to all wholesale customers.

17 Q. And, when you say in the settlement agreement terms
18 that you will "comply with trunk ordering rules and
19 intervals as may be set forth within existing tariffs,
20 interconnection agreements or other agreements", and
21 that otherwise you will "comply with industry standard
22 trunk order rules and intervals", I don't see Verizon
23 mentioned there. And, I'd just like to try to
24 reconcile whether its FairPoint's intention to track

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1 what Verizon is doing versus some other set of
2 standards that wholesale customers may not be used to,
3 you know, in this jurisdiction?

4 MR. MCHUGH: Well, I just want to get
5 clarification, if I could, Mr. Chairman. Is he asking the
6 witness specifically how we're going to operate with
7 respect to the parties who settled? Are you asking for
8 Comcast, or are you asking for a global response for all
9 carriers?

10 MR. MANDL: Well, I understand that
11 Section 6E of the CLEC settlement terms applies to all
12 carriers, not just the three settling carriers. And, what
13 I'm trying to determine is the relationship between that
14 provision and the statements in Mr. Lippold's rebuttal
15 testimony at Page 28, on FairPoint's intention to adopt
16 Verizon's practices when it comes to trunk ordering rules
17 and intervals.

18 MR. MCHUGH: Okay. All right.

19 CHAIRMAN GETZ: Do you understand the
20 question, Mr. Lippold?

21 WITNESS LIPPOLD: I do.

22 CHAIRMAN GETZ: Please respond.

23 MR. MCHUGH: Go ahead.

24 MR. MANDL: Thank you.

1 **BY THE WITNESS:**

2 A. Well, as I said earlier, we'll mirror the intervals
3 that are in place with Verizon immediately or at close,
4 all right? This document was a negotiated agreement
5 between FairPoint and these parties. And, I can only
6 assume that, that, as you termed it, the "Verizon
7 intervals" wasn't important for the parties to have
8 included in this section. When I suggested that this
9 would "apply to all parties", it wasn't meant to
10 suggest that it would not include the intervals that
11 Verizon is supplying at close.

12 Q. If we could turn to Page 29 of your rebuttal.

13 A. I'm there.

14 Q. With regard to number porting practices, you have
15 indicated that you will "follow industry standards and
16 applicable regulations", is that correct?

17 A. That is correct.

18 Q. And, those statements in your testimony are consistent
19 with Section 6E of the CLEC settlement terms?

20 A. I believe that they say the same thing, but they're
21 written differently.

22 Q. Okay. Thank you. In terms of the industry standards,
23 do you include Verizon's existing practices among those
24 industry standards, when it comes to number porting

1 practices and intervals?

2 A. Yes.

3 Q. Let me put this to you as a hypothetical.

4 A. Okay.

5 Q. If Verizon included a 24-hour firm order confirmation
6 among its number porting practices and intervals,
7 that's something that FairPoint would do as well?

8 A. If Verizon -- FairPoint intends to adopt all of the
9 Verizon intervals that are in place at close. If
10 they're providing a 24-hour block interval at close, we
11 will mirror that.

12 Q. And, similarly, if Verizon were providing a three-day
13 business interval for simple ports, FairPoint would do
14 the same?

15 A. Yes.

16 Q. And, in the case with trunk ordering intervals, would
17 you expect that Verizon's existing practices will be
18 discussed with wholesale carriers prior to closing, so
19 there's some agreement on what intervals will apply?

20 A. Yes.

21 Q. Thank you. If we could turn back to Page 23 of your
22 rebuttal.

23 A. I'm there.

24 Q. Looking at the bottom of Page 23, starting at line 18,

1 you discuss a recommendation that was made to provide a
2 financial safeguard for CLECs in the event that they
3 encounter any damage due to the cutover. Do you see
4 that?

5 A. I do.

6 MR. MCHUGH: Well, I object to that, in
7 terms of his statement "damage". He's not -- I don't want
8 the witness to be trying to provide legal conclusions.
9 He's talking about specific testimony relating to costs
10 incurred, not to "damages".

11 MR. MANDL: All right. Fair enough.

12 BY MR. MANDL:

13 Q. And, going over to Page 24, you rejected the funding
14 mechanism that had been proposed by another witness,
15 correct?

16 A. You're referring to lines 1 through 5?

17 Q. Yes, that's correct.

18 A. Yes, I believe I've stated that FairPoint would not
19 reimburse CLECs for the costs incurred.

20 Q. And, you have also stated your belief, on Lines 4 and
21 5, that interconnecting parties have existing remedies,
22 if they feel they have been harmed competitively or
23 forced to bear unreasonable costs?

24 A. That's what I said, yes.

1 Q. With regard to these existing remedies, can you specify
2 the remedies that you believe the interconnecting
3 parties already have?

4 A. I'm not a lawyer, but I believe that there are probably
5 remedy provisions within interconnection agreements,
6 within commercial services agreements. I would imagine
7 that there are remedy or complaint processes available
8 with the Commission or the FCC. And, I don't know what
9 other legal type of remedies there may be, but I'm sure
10 that there are.

11 Q. So, you didn't conduct any analysis of specific
12 remedies that may be available to carriers or any
13 limitations on those remedies that may exist?

14 A. I would echo my last response. And, no, there was no
15 analysis performed.

16 MR. MANDL: Just doing -- If you give me
17 a moment, just doing a quick look here to see if I can
18 rely on some data responses, rather than taking up more
19 time on cross.

20 BY MR. MANDL:

21 Q. Mr. Lippold, as to cutover readiness criteria, are
22 those generally questions that should be referred to
23 Mr. Haga and Mr. Kurtze?

24 A. Generally, yes.

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1 MR. MANDL: Okay. Thank you. I think
2 that completes my cross for Mr. Lippold. Thank you.

3 CHAIRMAN GETZ: Thank you.

4 MR. MANDL: As far as admission of
5 exhibits, I don't recall what process we chose.

6 CHAIRMAN GETZ: Well, --

7 MR. MANDL: If we want to wait till
8 later?

9 CHAIRMAN GETZ: -- I think, typically,
10 we wait till the end of the hearing and entertain all
11 motions to admit exhibits marked for identification, and
12 see if there are any objections. So, I would suggest that
13 we follow that procedure here. So, we'll do that at the
14 end of the proceedings.

15 MR. MANDL: All right. That's fine. I
16 just wanted to be sure that there would not be objections
17 based on the failure to cross-examine on any marked
18 exhibit. So, that would be my only concern.

19 CHAIRMAN GETZ: Mr. McHugh.

20 MR. MCHUGH: I think, if that rule
21 applies to everybody, that would be fine. And, that would
22 also give us an opportunity to look through to see what
23 Mr. Mandl and everybody else premarks, has handed out, and
24 see if we can work things out so it goes very smoothly at

1 the end of hearing.

2 MR. MANDL: Thank you very much.

3 CHAIRMAN GETZ: Thank you. Let's -- I
4 don't know how many times we're going to reverse course
5 with respect to administrative and ministerial issues here
6 today. But I think, Mr. Price, you said you had about 15
7 or 20 minutes?

8 MR. PRICE: Yes.

9 CHAIRMAN GETZ: And, this is directed to
10 Mr. Patnaude, can you do another 15 or 20 minutes before
11 we take a break?

12 MR. PATNAUDE: Yes.

13 CHAIRMAN GETZ: Okay. The better
14 course, at this point, may be to have Mr. Price, if we can
15 complete your cross-examination, we've got another court
16 reporter on deck, then take the lunch break when we're
17 done with Mr. Price. And, then, we'll be somewhat back on
18 schedule, and the new reporter will start after we have a
19 one-hour lunch break. And, then, we'll go to -- I believe
20 would be to Ms. Hatfield at that point. So, Mr. Price.

21 MR. PRICE: Thank you, Mr. Chairman.

22 Good morning, Mr. Lippold.

23 WITNESS LIPPOLD: Good morning.

24 BY MR. PRICE:

1 Q. A few questions for you about the joint stipulation.
2 You mentioned that there are several sections that will
3 apply to all CLECs in New Hampshire, and not just
4 those, the three that are parties to the joint
5 stipulation, correct?

6 A. I did.

7 Q. Can you tell me, as a general matter, how those could
8 be enforced by CLECs that are not a party to the joint
9 stipulation?

10 A. I'm not an attorney or a regulatory attorney, so I'm
11 not sure that I'm qualified to answer the enforcement,
12 how you would enforce provisions of the agreement.

13 Q. Will FairPoint have a witness who can answer that
14 question?

15 A. You could refer that to Mr. Nixon.

16 Q. My understanding is Mr. Nixon is not an attorney
17 either, is that right?

18 CHAIRMAN GETZ: Mr. McHugh or Mr.
19 Coolbroth?

20 MR. COOLBROTH: I don't think there's
21 any witness that we're sponsoring that's an attorney.

22 CHAIRMAN GETZ: Can we get an offer of
23 proof from counsel?

24 MR. MCHUGH: Maybe, Mr. Chairman, you

1 could let us take that up on the break, so we can talk to
2 Mr. Nixon and the other witnesses.

3 CHAIRMAN GETZ: Okay. Let's go through
4 with Mr. Lippold, and then, over the lunch recess, see if
5 you can work this out with Mr. Price.

6 MR. MCHUGH: That's fine. Thank you.

7 BY MR. PRICE:

8 Q. Has FairPoint entered into any agreements, arrangements
9 or understandings of any kind with any of the parties
10 to the joint stipulation that are not reflected in this
11 joint stipulation document that has been filed?

12 A. Not that I'm aware of.

13 Q. No separate arrangements or agreements in consideration
14 for their having entered into the joint stipulation?

15 A. No.

16 Q. Getting back to your rebuttal testimony, could I ask
17 that you turn to Page 7 of your rebuttal please.

18 A. I'm there.

19 Q. In Lines 12 to 22, you lay out some information about
20 the training, testing and certification procedures for
21 CLECs, and you say that "FairPoint will provide
22 wholesale systems specifications, conduct training and
23 system testing for CLECs, provide training materials
24 and certify CLECs for system use." Is that correct?

1 A. Yes.

2 Q. Let me get a sense of the timing involved here. Is it
3 still FairPoint's position that May 30th, 2008 is the
4 target date for the cutover?

5 A. That is correct.

6 Q. And, so, if you were to commence CLEC training and
7 certification process six months prior to that, then
8 that would need to start on November 30th, is that
9 correct?

10 A. Well, as I mentioned earlier, we're scheduling a
11 meeting for the last week of November to share a host
12 of information, as well as the training plan and
13 certification process and so forth. The actual
14 training won't begin on November 30th. And, we haven't
15 established the schedule for training yet, but it would
16 probably even be inappropriate to begin it on
17 November 30th, if we weren't cutting over to the
18 systems until the end of May, a lot of the training
19 would probably have been forgotten by that time. But
20 we will be laying out a logical schedule for the
21 training.

22 We've already, as I mentioned earlier,
23 we have a conference call scheduled for this Thursday
24 to talk to individual customers about the E-bonding,

1 which is well in advance of that six month interval
2 that's referred to in the testimony. And, then, we
3 also, jeez, I can't remember the date, but it may have
4 been the end of August or in September, where we
5 provided a demonstration of the WISOR Gateway interface
6 for all of the wholesale customers. So, they had an
7 opportunity to review that interface and see it in
8 action, and to come to the realization that there
9 really wasn't a whole lot of training that's going to
10 be required, since it's based on the same industry
11 standards as what they use today. So, it shouldn't be
12 much of an issue.

13 Q. You mentioned establishing a logical schedule in
14 relation to the May 30th cutover day for training. Can
15 I ask what you think would be a logical time to begin
16 the training process that you mentioned?

17 A. Well, again, I -- we haven't established the training
18 schedule. I don't think it would be appropriate to
19 start training folks on the system on November 30th,
20 and then to have them, for five and a half months or
21 six months, sit idle, and then, on the date of cutover,
22 be expected to utilize that system efficiently. So,
23 we'll probably create multiple opportunities for
24 training, but a little bit closer to close than six

1 months prior to close -- or, I'm sorry, a little bit
2 closer to cutover, as opposed to six months prior to
3 cutover.

4 Q. I understand that. And, I wasn't suggesting that you
5 needed to commence on November 30th. I was just trying
6 to get a sense of when you thought the logical time
7 frame would be, given the May 30th cutover date?

8 A. I'm not sure how I didn't answer your question. Maybe
9 I'm not understanding your question.

10 Q. When should training start, if there's going to be a
11 May 30th cutover date?

12 A. Again, we haven't established the training schedule.

13 Q. I know you haven't, but I'm asking you when you think
14 it should start?

15 A. I'm going to say somewhere between two and four months
16 prior to cutover. I'm also envisioning that there will
17 be many customers who would rather wait maybe until a
18 month before cutover, because it's so similar to what
19 they're utilizing today.

20 Q. In the case of customers that are using E-bonding,
21 however, you're going to have a call later this week to
22 begin to determine the extent of the similarities, I
23 assume, right?

24 A. Yes. It's more of an information-sharing session that

1 is scheduled for Thursday.

2 Q. In order for the cutover to happen on May 30th,
3 FairPoint is required to provide notice of readiness to
4 Verizon no later than March 30th, is that correct?

5 A. That's probably a question better directed to Mr. Haga.
6 I mean, I'm generally aware of the process, but I'm not
7 the one to answer questions with any specifics as to
8 what that calls for.

9 Q. What I'm trying to get a sense of is, if FairPoint
10 needs to provide Verizon with a notice of readiness to
11 cutover by March 30th, and if there's, say, a window of
12 you said two to four months when you would begin --
13 prior to cutover when you would begin CLEC training,
14 it's possible that FairPoint could have given them
15 notice of readiness to cutover before the CLEC training
16 was completed. Is that possible?

17 A. Yes, I can envision that. Yes.

18 Q. So, if, during the training process, issues, problems
19 come up that CLECs have identified to FairPoint, those
20 could have been identified after FairPoint had provided
21 its notice of readiness for cutover?

22 A. Well, let me explain. With the E-bonding interface,
23 there is no training required. That's just the systems
24 talking to each other and using the standard industry

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1 interfaces. So, for any customers that are using the
2 E-bonding, there is no training required. And, for the
3 customers that are using the Web GUI, which we've
4 already demonstrated and had a two-hour demo on it,
5 and, since that time, nobody has raised any concerns
6 with any of -- that they're concerned with that
7 interface, it's just been the opposite, where we've
8 been told that that is a much better interface than
9 they have today. It's very simple to operate. It's
10 again using the same industry standard interfaces. So,
11 the information that's put in is put in the same
12 fields, all the fields are called the same thing, the
13 values mean the same thing. So, there -- I don't think
14 that an opportunity exists for a CLEC not to be
15 trained. It's that simple.

16 Q. What about testing? What if CLECs had identified
17 problems with, as a result of the testing process, and
18 those problems came up after you had already provided
19 Verizon with your notice for readiness?

20 A. Well, again, I believe that test process, and again
21 maybe the test process is better a question to be
22 referred to Mr. Haga, as far as the timing of it, we
23 are going to be providing or I think we -- we are going
24 to be providing the test schedule and giving the

1 opportunity for the CLECs to conduct testing prior to
2 that notice of readiness, all right? But, training,
3 you know, training the service reps for One
4 Communications isn't necessarily -- doesn't necessarily
5 have to occur prior to testing that is provided to the
6 CLECs. So, I would hesitate to try and link the two,
7 if you will.

8 Q. Ask you to turn to Page 12 of your rebuttal testimony.

9 A. I'm there.

10 Q. In Lines 5 to 6, you say that "FairPoint", I'm quoting
11 now, "has not yet developed a training program for our
12 business and wholesale organization." And, have you
13 developed that program yet?

14 A. I think I answered that question with Mr. Mandl. But
15 we're not completed with developing our training
16 program. We're in the process, it's not -- it's a
17 work-in-progress.

18 Q. When would you expect to have that completed?

19 A. Well in advance of close, for those items where we'll
20 need to provide training, so that we're ready for those
21 functions at close, and well in advance of cutover, so
22 that we can provide the training in advance of the
23 cutover. Generally, for the close functions, probably
24 within the next four or six weeks. We're well into the

1 process right now.

2 Q. I'm trying to get a sense of the relationship between
3 the planned cutover date and all of the training and
4 testing, both of your organization, as well as
5 wholesale customers, that needs to take place before
6 that. Is it correct to say that some of the training
7 of your own organization, particularly for employees
8 that you hire after the close or that come to you from
9 Verizon as a result of the closing, will be taking
10 place during a time after which you would have provided
11 your notice of readiness for cutover?

12 A. Without lining up all the schedules, I suppose it's
13 fair to say that some of that training would occur
14 prior to that notice of readiness and some would occur
15 after. But it's not like we're training somebody from
16 scratch. We're training people that are used to the
17 Verizon systems, using a lot of the industry standard
18 business rules. And, we're putting a tool in front of
19 them, our new systems, that we believe are going to be
20 much easier to operate. But it's just a matter of
21 training them on the systems, not necessarily training
22 them on what a DS1 is or an unbundled loop or, you
23 know, those type of things. We're not -- it's not that
24 extensive.

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1 Q. Under the circumstances, with the testing and training
2 of your own organization, as well as wholesale
3 customers, is two months from the date of closing a bit
4 of an aggressive timeline for you to be providing a
5 notice that you're ready to cut over?

6 A. That's probably a better question for Mr. Haga, as far
7 as the timing that is built into that entire process.

8 MR. PRICE: No further questions.

9 CHAIRMAN GETZ: Thank you. Then, my
10 intent is to take the lunch recess at this point and
11 resume at 1:05. Is there anything that we need to address
12 before we take the lunch recess?

13 (No verbal response)

14 CHAIRMAN GETZ: Okay. Hearing nothing,
15 then we'll see you in an hour. Thank you.

16 (Lunch recess taken at 12:05 p.m.)

17 (Hearing reconvened at 1:10 p.m.)

18 CHAIRMAN GETZ: Back on the record in
19 DT 07-011. I believe the next questioner is Ms. Hatfield.
20 Is there anything we need to address prior to her
21 questions?

22 MR. MCHUGH: I think, Mr. Chairman,
23 there was a request for FairPoint to talk over lunch about
24 Mr. Price's request.

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1 CHAIRMAN GETZ: Yes.

2 MR. McHUGH: We have done that. And
3 what we can represent to the Commission is that, to the
4 extent there are conditions that are applicable to all
5 CLECs on the question of enforcement, it would be
6 FairPoint's position that we would suggest that they be
7 made conditions of merger approval, mindful, of course, of
8 the fact that the Commission is free to accept the
9 conditions as we propose or reject them, or accept them
10 with modifications. So, to the extent there are questions
11 in that area, we would propose that Mr. Nixon address
12 those issues when he takes the witness stand, hopefully
13 today.

14 CHAIRMAN GETZ: Mr. Price, do you have
15 anything to add on that?

16 MR. PRICE: No. This is the first I've
17 heard of that. So, nothing to add.

18 CHAIRMAN GETZ: Thank you. Ms.
19 Hatfield.

20 MS. HATFIELD: Thank you, Mr. Chairman.
21 I have to apologize and just let you know that we
22 misnumbered some of our exhibits for witnesses today. So
23 I would like to just approach the clerk with renumbered
24 exhibits for both Mr. Haga and for Mr. Lippold. And I do

1 have copies for everyone, all of the parties, but I won't
2 take the time to distribute them now. The exhibits
3 themselves have not changed, just the numbering has.

4 CHAIRMAN GETZ: Thank you.

5 **CROSS-EXAMINATION**

6 BY MS. HATFIELD:

7 Q. Good afternoon, Mr. Lippold. I think I just have one
8 question for you. That's my hope. And that is, in
9 terms of the settlement agreement that you've reached
10 with the CLEC coalition, I'm wondering if any of the
11 terms of that settlement impact any of the financial
12 aspects of the transaction.

13 A. Not that I'm aware of.

14 Q. And do you know if an assessment has been done to
15 review whether that would be the case?

16 A. I don't believe an assessment has been performed. But
17 I think that we were mindful of any negative impacts as
18 we negotiated that agreement.

19 Q. So if there were any negative impacts, are you saying
20 they wouldn't be material to the overall financial
21 aspects of the transaction, or they would be factored
22 in later?

23 A. That's my belief. But perhaps Mr. Leach would be a
24 better witness to direct those questions to.

1 Q. Thank you. No further questions.

2 CHAIRMAN GETZ: Thank you. Ms.

3 Fabrizio.

4 MS. FABRIZIO: Thank you, Mr. Chairman.

5 **CROSS-EXAMINATION**

6 BY MS. FABRIZIO:

7 Q. Mr. Lippold, I'd like you to refer to your rebuttal
8 testimony Page 22, Lines 1 and 2. I have a couple
9 questions about PAP audits generally.

10 A. All right.

11 Q. If you could tell us, based on your personal knowledge
12 and experience, how much time and money do these PAP
13 audits typically cost?

14 A. I don't know.

15 Q. Have you personally had any prior direct experience
16 with the conduct of such audits?

17 A. I have not.

18 Q. And what specific PAP audits do you have cost and
19 schedule knowledge of?

20 A. I don't. When I was answering this question, given my
21 knowledge of the complexity of the current PAP with
22 over 500 different measurements, I was envisioning that
23 the process to audit the PAP would be extremely complex
24 and time-consuming.

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1 Q. Thanks. And are you aware that such audits actually
2 are, in fact, routine for telecom companies that
3 operate under a PAP?

4 A. I am not.

5 Q. Would you accept, subject to check --

6 A. Certainly.

7 Q. -- the system, and that such audits are actually
8 sometimes repeated cyclically, even for telecom
9 companies that have already undergone them?

10 A. I'll accept that.

11 Q. As well as for those who have been operating under
12 stable systems for a long time as well, subject to
13 check, would you accept --

14 A. Okay.

15 Q. Thanks. Now, won't FairPoint have to pay money if it
16 fails to meet certain metrics of the PAP?

17 A. That's my understanding.

18 Q. So, isn't it all the more important to audit systems
19 that are newly developed?

20 A. I don't know.

21 Q. Your response to Staff Rebuttal Data Request Number 40
22 indicated that FairPoint is not aware of any ILEC that
23 was found to have faulty service-quality measurements
24 results or PAP payments. Now --

1 A. Do I have a copy of that here?

2 (Witness reviews document.)

3 MR. DEL VECCHIO: Excuse me, Lynn. Is
4 there an exhibit number?

5 MS. FABRIZIO: No. I hadn't intended to
6 question Mr. Lippold on this subject.

7 Q. I think it's on the monitor, if it's not on the wall.

8 Is your response to the data request, was it based on
9 any specific audits that you were aware of?

10 MR. DEL VECCHIO: Mr. Chairman, this is
11 included in the TSA, our assisting them on this
12 projection.

13 BY MS. FABRIZIO:

14 Q. The statement I'm referring to is the last paragraph.

15 A. I wonder if I could -- I didn't have a chance to read
16 through that. Could I read the whole thing?

17 Q. Oh, sure. Yeah.

18 (Witness reviews document.)

19 A. Okay. Thank you.

20 Q. So, again I'll refer you to that last paragraph.

21 FairPoint is not aware of any ILEC that was found to
22 have faulty service-quality measurement results or PAP
23 payments. Mr. Lippold, is that statement based on any
24 specific audits that you were aware of?

1 A. No. I'm just not aware of that.

2 Q. Okay. Have you ever examined any prior PAP audits?

3 A. I have not.

4 Q. And would it surprise you to hear that, based on audits
5 of which Staff is aware, there have been found faulty
6 measurements or payments for certain ILECs? Would you
7 accept, subject to check, that Staff has indeed learned
8 of such audits?

9 A. Certainly.

10 Q. Thank you. I have no further question.

11 CHAIRMAN GETZ: Commissioner Below.

12 **EXAMINATION BY CMSR. BELOW**

13 BY COMMISSIONER BELOW:

14 Q. Mr. Lippold, on Page 15 of your testimony at Line 15
15 with regard to CLECs, you stated that FairPoint is
16 making substantial commitments in this proceeding far
17 beyond what is legally required to offer, as I
18 understand it. Is that correct?

19 A. That is correct.

20 Q. And on Page 27 at Line 18, I think you give an
21 instance, perhaps, where you state that FairPoint has
22 agreed to assume existing interconnection agreements
23 and to extend them for one year, regardless of their
24 term. Is that an example of the kind of substantial

1 commitment you were referring to?

2 A. Yes, that's one of the examples.

3 Q. Are there others?

4 A. Yes. We are -- as an example, if the termination date
5 for an interconnection agreement was January 1, 2009,
6 we're offering to extend that for another year, to
7 January 1, 2011 [sic]. If the current interconnection
8 agreement is operating on a month-to-month basis
9 currently, we're offering to extend it for one year.
10 In both instances, that's something that Verizon has
11 not done in the past, that I'm aware of. There are
12 other items that we're making available as part of the
13 general offering that I went through when I first got
14 on the stand about what was going to be available to
15 all CLECs as a result of these settlement discussions.

16 Q. Well, that's part of the settlement agreement which was
17 subsequent to this testimony; is that correct?

18 A. Yes.

19 Q. At the time this testimony was made, I just want to
20 understand what you consider "far beyond." You've
21 given an example of one-year extension. What else?

22 A. We're continuing to offer the VISTA agreements, which
23 are line-sharing services that we're not obligated to
24 continue to offer. We're continuing to offer UNE-P

1 services which fall under the wholesale advantage
2 agreements. So we're offering to extend those and to
3 continue offering those services. I'm trying to think.
4 Those are the ones that come to mind right now.

5 Q. Okay. On Page 27, at Line 1, you stated that, with
6 respect to pole-attachment issues, FairPoint will
7 adhere to those practices employed by Verizon as of the
8 merger closing. I presume you're aware there have been
9 issues, some concerns about Verizon's practices with
10 regard to pole attachments?

11 A. I am aware that there are some issues and concerns.
12 And perhaps John Smee or Peter Nixon are closer to
13 those issues than I am, and they may be more
14 appropriate witnesses to address the pole issues.

15 Q. Okay. On Lines 7 through 13 of that same page of your
16 rebuttal testimony, you talk about an issue that gives
17 the parties 135 days to negotiate and reach an
18 agreement, a period of time that would not expire until
19 late August, given the April request. I'm a little
20 confused by this, because your testimony is dated
21 September 10th, which seems to be after August; and
22 yet, you state that you understand that there have been
23 communication between Comcast and FairPoint about this
24 request, but that they should be able to reach

1 agreement within the 135-day period, which seems to
2 have ended in August, before your testimony was filed.
3 Can you reconcile that?

4 A. Yes. Perhaps we should have done a little bit better
5 job of cleaning this up. This was an excerpt from
6 another state filing. And when -- to your point,
7 looking at the dates, this could have been treated
8 differently or removed. I don't know if Comcast has
9 reached an agreement with YCOM for that interconnection
10 agreement, only because I'm just not aware. That's
11 sort of the side of FairPoint I'm not involved in. But
12 we can certainly follow up and see if that has been
13 completed.

14 Q. Okay. So this wasn't quite accurate at the time you
15 filed.

16 A. In hindsight, no, it was not.

17 Q. Okay. Thank you. That's all.

18 CHAIRMAN GETZ: Redirect, Mr. McHugh?

19 **REDIRECT EXAMINATION**

20 BY MR. MCHUGH:

21 Q. Mr. Lippold, you were asked by Attorney Mandl some
22 questions about your experience in wholesale
23 operations. Do you recall that?

24 A. I do.

1 Q. Can you tell the Commission, is there any experience
2 that you have in wholesale operations for CLECs that
3 would carry over and be applicable to your work for
4 FairPoint?

5 A. Yes, certainly. The organization that I ran dealt with
6 many of the same customers that this operation will be
7 dealing with. It dealt with similar volumes of
8 services in the form of special access-type services or
9 private line services, switched termination-type
10 services. We had master service agreements that we
11 negotiated which were very similar to interconnection
12 agreements or some of the other commercial services
13 agreements that we're responsible for negotiating here.
14 We had similar types of customer operations
15 responsibilities, receipt of ASRs, so that the order
16 process was using the same industry standards. So,
17 while we were not an ILEC, we provided many of the same
18 types of services that we'll be providing as FairPoint.

19 Q. Do you have an understanding as to whether or not
20 FairPoint has any experience in the wholesale area?

21 A. Yes. FairPoint has a significant revenue stream from
22 wholesale customers, CMRS providers or wireless
23 carriers who are interconnected with the FairPoint
24 networks across the United States. We have network

1 infrastructure-sharing agreements in place with
2 neighboring networks throughout the United States. And
3 then, of course, the traditional switched access and
4 special access-type services are also being provided.

5 Q. You mentioned in response to some of Attorney Mandl's
6 questions, I believe once or twice, an individual by
7 the name of Mr. Murtha. Is that correct?

8 A. Yes.

9 Q. Can you explain to the Commission some of Mr. Murtha's
10 background, but also explain what he has been hired to
11 perform or to do for FairPoint?

12 A. All right. Rich Murtha previously ran the Verizon
13 West, which is the old GTE properties and I believe a
14 portion of or maybe all of the Bell Atlantic
15 properties. He managed the wholesale operations, which
16 would include all of the ASR and LSR order receipt,
17 processing of those orders, handling billing disputes,
18 establishing billing arrangements. So pretty much, he
19 handled all of the -- or was responsible for the
20 implementation of customer needs for the entire
21 back-office system. So he's in place to perform that
22 same role within our organization. So he'll bring all
23 of that Verizon knowledge and experience to the table.

24 Q. And for the record, will you tell the Commission what

1 his title is?

2 A. His title is director of wholesale customer operations.

3 Q. Now, also, Mr. Mandl asked you some questions about
4 business operations and retail operations under
5 FairPoint. Do you recall that generally?

6 A. I do.

7 Q. Can you tell me, will there be a separation or a
8 segregation of FairPoint's business operation side
9 versus the retail operation side; and if so, explain
10 it?

11 A. All right. Adding to what I'd said previously
12 regarding the CPNI roles and the system safeguards that
13 we're building into the new systems to assure that
14 information is not shared within the business and
15 wholesale organization, the business personnel are
16 separate from the wholesale personnel. They really
17 only come together at three or four common
18 director-level management positions. So it's really
19 separate organizations that have responsibility for.
20 So the wholesale service reps, for instance, are not
21 going to be managed by the same management that manages
22 the business customer service representatives, as an
23 example. So everything is separated organizationally
24 and only comes together at the director level or above.

1 Q. And do you have an understanding as to whether or not
2 there is any type of firewall which separates access to
3 information on the retail to wholesale side?

4 A. Well, there's a -- I wouldn't -- the use of the word
5 "firewall" may not be appropriate. But inherent within
6 the systems, service reps for wholesale won't have
7 access to information in the system for customers, for
8 retail customers, or vice versa. So the system will
9 inhibit their ability to look at information between
10 the two channels.

11 Q. Do you recall, at least generally, the fact pattern
12 that Attorney Mandl was asking you about in terms of
13 the win-back of a retail customer?

14 A. Yes, I do recall that.

15 Q. As a follow-up, are there any examples you can give the
16 Commission when it perhaps would not be appropriate to
17 try and win back the customer?

18 A. All right. Mr. Mandl was talking about if a customer
19 called in, which is much different than if a wholesale
20 carrier called in to divert a customer or switch a
21 customer over to their network. In that case, the CPNI
22 rules would be in effect, and we could not use that
23 information to try to retain that customer. So if we
24 get a port request from another carrier or we get a

1 request for a customer service record, that information
2 is proprietary to that carrier. We cannot use that to
3 approach our retail customer in an attempt to save them
4 or keep them from leaving. So there's a prohibition
5 against that kind of behavior.

6 In the example that Mr. Mandl was
7 following, it was when the customer called in
8 requesting to be changed. And that's a completely
9 different situation, where you would be expected to try
10 to understand what the problem is and attempt to save
11 that customer.

12 Q. I believe Attorney Price was asking you some questions
13 about the timing of sort of the operation and support
14 systems testing and about the training of FairPoint's
15 employees and training that might be necessary for CLEC
16 employees. Do you recall that?

17 A. I do.

18 Q. Could you pull out for us the settlement stipulation?

19 A. I have it.

20 CHAIRMAN GETZ: That's FairPoint
21 Exhibit 15?

22 MR. McHUGH: I believe that's the
23 number. Yes.

24 BY MR. McHUGH:

1 Q. Behind the document entitled "Stipulated Settlement
2 Terms" there is an attachment No. 1, Mr. Lippold.
3 Could you go to that page, please.

4 A. I'm there.

5 Q. In the context of what's in the settlement stipulation,
6 could you address generally some of the timing issues
7 with respect to training and the testing, as far as you
8 understand them.

9 A. Yes. As it states here in Section IV, we will provide
10 the schedule for CLEC training and wholesale OSS
11 testing no later than November 19th. And then between
12 December and February, or through the end of February,
13 we'll be working with the CLECs to conduct the
14 wholesale OSS testing and then to help them report
15 those results back. However, that's testing of the
16 system interface and the order process. It's not the
17 training of the wholesale personnel. That training
18 will occur -- as I said previously, it doesn't have to
19 be tied in lockstep with the testing. It's really two
20 separate issues.

21 Q. Now, I believe you also made reference to and could not
22 recall the date of the Wisor demonstration; is that
23 correct, sir?

24 A. That is correct. But I see it here now, so...

1 Q. Is that under Bullet Item No. 1 there with the date of
2 August 27? Is that the process you were referring to?

3 A. Yes, it is.

4 Q. Could you just describe it a little bit for the
5 Commission, without going into extensive detail. But
6 just describe what the process was and how many people
7 participated, how many companies participated.

8 A. I believe there was 39 people participating. There was
9 at least a dozen different companies participating.
10 And this was via a WebEx demonstration over the
11 Internet where we demonstrated processing a order to
12 add service. We simulated errors on the orders to show
13 how the errors would be handled. We simulated a
14 preorder, where they would check for an address or
15 check for capacity. We simulated a local service
16 request, as well as submitted test trouble reports and
17 showed that interaction. We certainly didn't go
18 through a full, exhaustive list of all the different
19 order types. But those were representative of the
20 order types that would be processed. And we were able
21 to give the participants a good sense for how the Wisor
22 interface would function and how similar the
23 capabilities and input is to the existing Verizon
24 systems.

1 Q. If you could just turn to Page 16 of your rebuttal
2 testimony, Mr. Lippold.

3 A. I'm there.

4 Q. And actually, maybe -- now, is that the question and
5 the answer which goes on pretty much for the entirety
6 of the page, is that some more examples of some offers
7 on behalf of FairPoint, to your understanding, that go
8 beyond what Verizon might be required to offer?

9 A. Yes, it is. Speaking to freezing the retail rates for
10 12 months following the merger closing, not seeking to
11 increase any of the intrastate wholesale tariffs for a
12 period of 12 months, keeping in place the current
13 resell tariff discount for a period of 12 months, and
14 then also not seeking to raise any of the special
15 access rates for a period of 18 months, all being
16 conditions or items that Verizon does not provide
17 today.

18 Q. And in terms of one of the questions I believe
19 Commissioner Below asked about, the extension of
20 agreements for one year, I believe the example you gave
21 was that, if an interconnection agreement expired on
22 January 1 of 2009, if you take that fact pattern, when
23 would the new expiration date be under the FairPoint
24 proposal?

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1 A. January 1, 2010.

2 Q. Okay.

3 MR. MCHUGH: 'Cause I think the witness
4 said 2011 in response. So I want to make sure we're
5 clear.

6 BY MR. MCHUGH:

7 Q. So it would be January 1 of 2010.

8 A. Yeah.

9 Q. Yes?

10 A. Yes, it is.

11 MR. MCHUGH: With that, I have no
12 further questions.

13 CHAIRMAN GETZ: All right. That
14 completes the questioning of Mr. Lippold.

15 So you're excused, subject to possible
16 recall during the discussion of topics that are currently
17 scheduled for October 31st.

18 THE WITNESS: Very good. Thank you.

19 CHAIRMAN GETZ: We turn to the panel of
20 Mr. Haga and Mr. Kurtze?

21 MR. MCHUGH: FairPoint would call Mr.
22 Haga, Michael Haga.

23 CHAIRMAN GETZ: Haga. Thank you.

24 **MICHAEL HAGA, Sworn**

1 **ARTHUR KURTZE, Sworn**

2 **DIRECT EXAMINATION**

3 BY MR. McHUGH:

4 Q. Let me start, please, with Mr. Haga. Could you state
5 for the record your full name.

6 A. (Haga) Michael Thomas Haga.

7 Q. And you're employed by FairPoint; correct?

8 A. (Haga) Correct.

9 Q. Your title is, please, sir?

10 A. (Haga) Director of billing and OSS.

11 Q. Are you the same Mr. Haga who filed the direct
12 testimony on behalf of FairPoint on March 23 of 2007?

13 A. (Haga) I am.

14 Q. And you're the same Mike Haga who's filed, along with
15 Mr. Kurtze, prefiled rebuttal testimony on
16 September 10, 2007 on behalf of FairPoint?

17 A. (Haga) I am.

18 Q. Mr. Kurtze, would you please state your full name for
19 the record, please.

20 A. (Kurtze) Arthur Kurtze.

21 Q. And you're employed with, sir?

22 A. (Kurtze) Capgemini U.S.

23 Q. And your title, please.

24 A. I'm a principal advisor on the FairPoint engagement.

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1 Q. And I forgot to ask, but if each of you could give your
2 business address for the record.

3 A. (Kurtze) 7701 Los Colinas Ridge, Irving, Texas.

4 Q. Michael?

5 A. (Haga) Peculiar, Missouri.

6 Q. Very good. And are there any -- let me ask first, Mr.
7 Haga, with respect to your prefiled testimony, are
8 there any changes and corrections?

9 A. (Haga) There are none.

10 Q. To the panel, any there any changes or corrections to
11 your prefiled rebuttal testimony of September 10th?

12 A. (Kurtze) No, sir.

13 A. (Haga) No.

14 MR. McHUGH: Okay. With that, the
15 witnesses -- I'm sorry. Yes.

16 BY MR. McHUGH:

17 Q. You adopt the testimony as your own in this proceeding?

18 A. (Haga) I have.

19 A. (Kurtze) Yes.

20 MR. McHUGH: With that, the witnesses
21 are available for cross.

22 CHAIRMAN GETZ: Okay. Let me address
23 first some of the practice for dealing with panels. We
24 allow panels, as we found in the past to be an efficient

1 way of hearing from witnesses with subject matter that is
2 overlapping or interlocking. And what we allow attorneys
3 to do when they're questioning, you may direct a question
4 to a particular member of the panel or you may question
5 the panel generally.

6 And if the question, gentlemen, is to a
7 particular person, then that person responds. Of course,
8 if it's a question that's better answered by the other
9 person, you may say so. But it's not -- once it's -- once
10 a direct question has been made to a particular witness,
11 then there shouldn't be any cross-talk among members of
12 the panel. If it becomes obvious to us that maybe we
13 should hear from that other person, we may ask that other
14 person. Of course, counsel would have the opportunity to
15 pursue on redirect.

16 So this will be the practice with all
17 panels that we may see during this proceedings. Is there
18 any questions about that practice?

19 (No verbal response)

20 CHAIRMAN GETZ: Okay. Hearing nothing,
21 then Mr. Sawyer.

22 MR. SAWYER: I have no questions.

23 CHAIRMAN GETZ: Mr. Mandl.
24

CROSS-EXAMINATION

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BY MR. MANDL:

Q. Good afternoon, Mr. Haga and Mr. Kurtze.

A. (Panel) Good afternoon.

Q. I'd like to refer you first to Page 39 of your rebuttal testimony.

A. (Haga) I'm there.

Q. If we could refer to the bottom of that page, starting at Line 20, and Line 21 as well. In connection with the proposal of FairPoint to have a single consulting firm deal with the cutover readiness process, you state that FairPoint plans to pay for the cost of that consultant; is that correct?

A. (Haga) That's correct.

Q. Could we turn now to the CLEC settlement document, Section 3.

A. (Haga) I don't believe I have a copy up here of that. What was the page again, please?

Q. I think it's Page 4 of the CLEC settlement terms. There's an Item 3, OSS.

A. (Haga) I'm there.

Q. If you could take a look at Paragraph a. Is there anything in the CLEC settlement that requires FairPoint to pay for the cost of the single consultant that's

1 referred to in your rebuttal testimony proposal?

2 (Witness reviews document.)

3 A. (Haga) Maybe 3.a.iii.

4 Q. And where does it indicate that FairPoint will assume
5 the cost of this consultant?

6 A. (Haga) It doesn't specifically indicate that.

7 Q. Now, how many consulting firms did FairPoint consider
8 before entering into the master services agreement with
9 Capgemini?

10 A. (Haga) I'm not aware of that.

11 Q. Would that be a question for Mr. Nixon or another
12 witness?

13 A. (Haga) That question would be for Mr. Leach.

14 Q. And the master services agreement with Capgemini was
15 entered into in January of 2007; is that correct?

16 A. (Haga) Correct.

17 Q. If you could turn to Page 34 of your rebuttal
18 testimony.

19 A. (Haga) I'm there.

20 Q. And I guess this would be directed to Mr. Kurtze, who
21 provided the answer.

22 A. (Kurtze) I'm there.

23 Q. And I guess you offered an explanation why you feel or
24 why you felt that the Hawaiian Telecom transaction was

1 not a good transaction to analogize to the current
2 transaction between FairPoint and Verizon; right?

3 A. (Kurtze) Yes, sir.

4 Q. And if I could refer you to an exhibit marked for
5 identification as NECTA Comcast Phone 50P?

6 CHAIRMAN GETZ: I'm sorry, Mr. Mandl.

7 Did you say 58?

8 MR. MANDL: 50P.

9 CHAIRMAN GETZ: Oh, 50P.

10 BY MR. MANDL:

11 Q. There should be two pages to this. You were asked on
12 this request to provide information regarding your
13 assessment of the Hawaiian Telecom transaction. And
14 this was your response to that request?

15 A. (Kurtze) Yes. I worked with Mr. Haga. He's actually
16 the sponsor of this request. But I provided him with
17 materials related to my activities.

18 Q. As part of your review of the Hawaiian Telecom
19 situation, did you make any inquiry of the Hawaii
20 Public Utilities Commission?

21 A. (Kurtze) I reviewed material that was available on
22 their web site. Did not speak to any individuals.

23 Q. Did you have any discussions with any consumer
24 advocates in Hawaii regarding the Hawaiian Telecom

1 experience?

2 A. (Kurtze) No, sir.

3 Q. And did you talk to any competitive local exchange
4 carriers regarding their experience with Hawaiian
5 Telecom?

6 A. (Kurtze) No, sir.

7 Q. Now I'd like to refer you to NECTA Comcast Phone
8 Exhibit 45P. And just briefly, you've identified in
9 that response a number of risk factors associated with
10 the cutover process; is that correct?

11 A. (Haga) That's correct.

12 Q. Thank you. And have either of you had occasion to look
13 at the material risk factors disclosed by FairPoint
14 regarding cutover and its FCC filings?

15 A. (Haga) I have.

16 Q. And if I could ask you to refer to Exhibit Comcast
17 Phone 82P.

18 A. (Haga) We're there.

19 Q. Would you agree that those risk factors disclosed by
20 FairPoint are listed there?

21 A. (Haga) I do.

22 Q. Attached to your rebuttal testimony are a couple of
23 Capgemini work orders which I think have been
24 identified as H/K16 and H/K20, Work Orders 1 and 2,

1 respectively. Are those currently the only outstanding
2 work orders?

3 A. (Haga) They are.

4 Q. And I have included as a voluminous Exhibit 3C the
5 FairPoint cutover task list that was given to Verizon
6 in June 2007. Have there been any changes in that
7 document since June 2007?

8 A. (Haga) Yes.

9 MR. MCHUGH: Are we going into
10 confidential session?

11 MR. MANDL: Not at this time.

12 BY MR. MANDL:

13 Q. Has FairPoint supplemented its response to provide the
14 parties with those changes?

15 A. (Haga) FairPoint's proposal that we put on the table
16 with regards to testing was our response, instead of
17 trying to maintain constant update with the project
18 task list because of the amount of movement, the amount
19 of additions. So that was our proposal to get people
20 more aware of our progress and our results versus the
21 means to which we're getting there.

22 Q. Okay. But just to clarify, did FairPoint provide
23 Verizon with an update or modified cutover task list?

24 A. (Haga) FairPoint works with Verizon on the deliverable

1 checklist, which is what we're using to jointly
2 identify all items that need to be accomplished prior
3 to close, as well as prior to cutover.

4 Q. Mr. Haga, I'd like to refer you to your direct
5 testimony for a moment, to Page 20.

6 A. (Haga) I'm there.

7 Q. And at Lines 1 through 17 you describe performance
8 testing and mention... let's see. See if I can find
9 the reference. Actually, yeah, Lines 10 through 17.
10 I'm sorry. You state that the testing will provide our
11 user community one final say in whether the
12 applications and application data meet their needs in
13 order to be ready for everyday use. Could you explain
14 a little bit more about the testing process and what
15 you mean; you know, who is the user community and what
16 you mean by one final say?

17 A. (Haga) Several questions there. Let me start with user
18 community. If I need you to revisit the question I may
19 have lost in the answer...

20 User community is anybody using the
21 systems. So that could be FairPoint internal, it could
22 be CLECs, users of our system through the gateway or
23 through the WebGUI. So it's any user of an application
24 or system, you know, within our environment.

1 You're going to have to help me with the
2 other questions.

3 Q. In terms of the performance testing -- I hate to do
4 this to you and to me -- but going back to the CLEC
5 settlement, there's a schedule with a timeline of some
6 sort on wholesale OSS training and testing. I'm trying
7 to match this up with Page 20 of your direct testimony.
8 Is the opportunity for the user community to provide
9 input during this December 2007 through February 2008
10 time window?

11 A. (Haga) Correct.

12 Q. Okay. Now, for planning purposes relative to cutover,
13 does FairPoint continue to assume a merger closing date
14 of January 31st, 2008?

15 A. (Haga) We do.

16 Q. And upon closing, FairPoint will begin receiving
17 transition services from Verizon?

18 A. (Haga) We will.

19 Q. And does FairPoint continue to plan for a May 31st,
20 2008 cutover date?

21 A. (Haga) We do.

22 Q. In order to achieve that cutover date, am I correct
23 that FairPoint would need to provide Verizon with an
24 irrevocable notice of readiness for cutover as early as

1 February 28, 2008, and no later than March 31st?

2 A. (Haga) The dates I recall are 60 to 90 days' advance
3 notice of. So if you've done the math for me on the
4 calendar, then, yes, I would agree.

5 Q. Okay. Thank you. Turn to Page 16 of your rebuttal
6 testimony.

7 A. (Haga) I'm there.

8 Q. The first six lines on that page you indicate that
9 FairPoint will be meeting with CLECs that utilize the
10 E-bonded interface with Verizon; is that correct?

11 A. (Haga) That's correct.

12 Q. So do you agree with Mr. Lippold's testimony, that the
13 development work required has not yet been determined
14 at this stage?

15 A. (Haga) I can't speak to the CLECs themselves. But from
16 what -- the development work from Wisor's standpoint
17 has begun.

18 Q. Okay. Let's talk about the Wisor demonstration. In
19 your rebuttal testimony, I believe starting on Page 15,
20 you discuss the Wisor system, and going on through
21 Pages 17 and 18 you discuss the Wisor demonstration.
22 I'd like to refer you to what's been marked as NECTA
23 Comcast Phone Exhibit 30B.

24 A. (Kurtze) Exhibit what now?

1 A. (Haga) B as in boy or P as in Paul?

2 Q. P, 30P.

3 A. (Haga) Thank you.

4 CHAIRMAN GETZ: Thought we had a new
5 confidentiality category.

6 A. (Haga) We have it.

7 Q. Now, did the Wisor demonstration deal with the WebGUI
8 interface?

9 A. (Haga) Correct.

10 Q. Did it include any demonstration covering E-bonding
11 interfaces?

12 A. (Haga) It did not. You could not demonstrate the
13 E-bonding itself. It's an electronic interface. So
14 there's nothing to demonstrate. So when those sessions
15 are together, we'll be talking purely on the
16 specifications of the transmittal of messages.

17 Q. And am I correct that the Wisor system interface was
18 not connected to any back-office systems?

19 A. (Haga) That's correct.

20 Q. If we could turn to Page 25 of your rebuttal testimony.

21 A. (Haga) I'm there.

22 Q. Starting at Line 13, you talk about business
23 integration. Could you explain what you mean in your
24 testimony by "business integration"?

- 1 A. (Haga) What we're referring to here is during the
2 course of the TSA, for us, it's as if we've outsourced
3 all of our operations of our systems to Verizon over
4 the course of that four-month period, five-month
5 period. So in that course, as we would go through any
6 arrangement where you're outsourcing functionality, you
7 have to have an understanding what the vendor's
8 providing for you, how they're providing it to you,
9 ensuring that you're getting what you were expecting
10 from the vendors. So the business integration is
11 understanding what that is during the TSA period.
- 12 Q. And during the business integration process -- well,
13 let me back up a step. Does the business integration
14 process include FairPoint's hiring, staffing and
15 training its own work force?
- 16 A. (Haga) I'm sorry. Can you repeat that, please?
- 17 Q. Does the business integration process that you're
18 describing include FairPoint's hiring, staffing and
19 training its own work force?
- 20 A. (Haga) It's a portion of that, yes.
- 21 Q. I'd like to refer you now to NECTA Comcast Phone
22 Exhibit 46P.
- 23 A. (Haga) I'm there.
- 24 Q. In that response, you identify some dates when

1 wholesale customer integration training will take
2 place. Do you see that?

3 A. (Haga) I do.

4 Q. Beyond integration training, is there other training
5 planned for wholesale customers that would occur after
6 integration training?

7 MR. McHUGH: I'm sorry. Can you --
8 Attorney Mandl, where are we referencing training?
9 Apologize if I'm missing it.

10 MR. MANDL: In the reply portion,
11 Subpart c.

12 MR. McHUGH: My version says
13 "integration testing."

14 MR. MANDL: You're right.

15 MR. McHUGH: Can we clarify the
16 question?

17 MR. MANDL: Okay. Let me back up a
18 step. All right. Let me withdraw that question. Thank
19 you for that clarification.

20 BY MR. MANDL:

21 Q. Mr. Haga, under FairPoint's cutover review process that
22 you've outlined in your testimony, would the
23 third-party independent consultant have any role during
24 that six-month period following cutover and prior to

1 the Delta release?

2 A. (Haga) They would not.

3 Q. Would you agree that staffing and training of your
4 staff are important elements of readiness for cutover?

5 A. (Haga) I would agree.

6 Q. And if we could turn to Page 31 of your rebuttal
7 testimony?

8 A. (Haga) I'm there.

9 Q. On Line 14 you indicate that FairPoint is in the
10 process of developing contingency plans. Now, would
11 that still be the case?

12 A. (Haga) It is.

13 Q. And am I correct that in order to develop contingency
14 plans, FairPoint intends to wait for a second Verizon
15 data extract expected in January 2008?

16 A. (Haga) That will be key input into the final
17 contingency plan, yes.

18 Q. As far as the scope of the contingency plans, do those
19 plans apply to the five-day transition period as well
20 as the post-cutover time table?

21 A. (Haga) Contingency plans will take us from actual close
22 to beyond the actual transition period that you're
23 referencing.

24 Q. Thank you. And would you agree that having in place

1 contingency plans would be an element of readiness for
2 cutover?

3 A. (Haga) For those items associated with the cutover,
4 yes.

5 Q. Thank you. If you could turn to Page 36 of your
6 rebuttal testimony. Question for Mr. Kurtze.

7 A. (Kurtze) Yes, sir.

8 Q. I'd like to refer you to your answer that begins on
9 Line 3 and ends on Line 10. And you refer to an
10 overall systems design and transition that has been
11 extended to a 17-month period. Does the 17-month
12 period include the 60 to 90 days that will elapse after
13 FairPoint gives Verizon the irrevocable notice of
14 readiness for cutover?

15 A. (Kurtze) You start measuring the 17 months from signing
16 of the MSA in January of '07 to the end of May of '08,
17 currently planned cutover date. So it would straddle
18 the period.

19 Q. Thank you. If we could turn to Page 46 of your
20 rebuttal testimony.

21 A. (Haga) I'm there.

22 Q. Mr. Kurtze, you discuss, I guess, what we've been
23 referring to as the transition period, once known as
24 the "dark period" during technical sessions. But we

1 call it the transition period.

2 A. (Kurtze) Thank you.

3 Q. See, we've come around. Now, just to clarify what
4 you're discussing at Lines 4 through 14, you're talking
5 about this currently estimated five-day transition
6 period for extracting data from Verizon and migrating
7 that data into FairPoint's new systems?

8 A. (Kurtze) Yes, sir.

9 Q. And during the period of time when that data extract
10 process and uploading of data is occurring, what will
11 happen to the retail and wholesale orders of customers
12 when Verizon isolates its systems and stops
13 transactions?

14 A. (Kurtze) The processing of any desired activity would
15 have to be executed without the support of automatic
16 systems. But the work could still be accomplished if
17 there was required service that had to be turned on or
18 re-activated or response to some unusual circumstances.
19 The ability to actually execute the work manually would
20 still be there. The records would have to be kept
21 manually and then entered back into the systems.

22 Q. Now, has FairPoint indicated a desire that wholesale
23 customers reduce the number of orders that they place
24 during a two-week period that precedes the transition

1 period?

2 A. (Haga) I'm sorry. What was the question, please?

3 Q. Has FairPoint requested wholesale customers to reduce
4 the number of orders that they place during a two-week
5 period that precedes the commencement of the five-day
6 transition period?

7 A. (Haga) Correct. The conversations we've had, both
8 FairPoint and ourselves, as well as CLEC customers, is
9 that during this period, you know, we would all benefit
10 from limiting the number of catch-up work that
11 basically you have to do once the systems are brought
12 up.

13 Q. Now, what type of resources does FairPoint intend to
14 assemble to handle orders on a manual basis during the
15 transition period?

16 A. (Haga) This would be part of the contingency plans.

17 Q. What steps will FairPoint take to assure that during
18 the transition period retail and wholesale orders are
19 treated on a parity basis?

20 A. At this moment, I don't know.

21 Q. And in light of that, does FairPoint have any plans to
22 document its handling of manual orders to demonstrate
23 that parity has been provided?

24 A. (Haga) I'm not sure I understand the question.

1 Q. Well, if the Commission wanted to verify that during
2 the transition period FairPoint had treated wholesale
3 and retail orders on a parity basis, would there be
4 documentation that would indicate if in fact parity had
5 been provided?

6 A. (Haga) I have trouble answering that because I'm not
7 sure exactly what type of documentation we could put
8 together. If there's some way we could show that, I'm
9 sure we could. But without knowing what that is, I
10 have a hard time answering the question.

11 Q. I believe FairPoint had indicated that during the
12 transition period it desired to handle what it
13 considered to be priority orders. Do you recall that?

14 A. (Haga) I do.

15 Q. How would FairPoint define priority orders?

16 A. (Haga) Priority from a standpoint of trouble, if you
17 look more from a trouble standpoint. So it's orders to
18 fix an issue.

19 A. (Kurtze) Or if there was a emergency requirement, you
20 know, something that had to deal with certain
21 circumstances. All the installation teams would be
22 there. All the network will not have been touched in
23 any significant fashion. So the work can get
24 accomplished, so...

1 Q. Well, let me try a hypothetical. Suppose FairPoint has
2 an opportunity to serve a very large retail customer,
3 and their orders need to be placed during the
4 transition period. And suppose there were a competitor
5 that was in an identical situation, you know, a large
6 customer that wants to be turned on during the
7 transition period. Would those types of orders be
8 assigned equal priority?

9 A. (Haga) One, from a priority standpoint, we're going to
10 be in manual mode. So once it leaves -- here's what I
11 was struggling with earlier with your other question.
12 Because once you get the order out into the field, they
13 don't know if it's CLEC customers or our customers.
14 They just got an order to complete. So that's why a
15 paper trail to see how well -- you know, that we're
16 treating them fairly, you know, once it leaves -- the
17 front office takes the call. We're not going to know
18 the difference. That's why I was struggling in my head
19 how we would actually accomplish that.

20 Q. Now, I believe you indicated that the exact duration of
21 the transition period won't actually be known until
22 after you go through the second data extract with
23 Verizon; is that correct?

24 A. (Haga) Correct.

1 Q. I believe I had the pleasure of asking and your
2 answering this question before, that the transition
3 period could be either longer or shorter than five
4 days; correct?

5 A. (Haga) Correct.

6 Q. And I think you may have indicated that the data
7 extract process during this transition period is a
8 continuous process once it starts?

9 A. (Haga) Help me with the definition of "continuous."

10 Q. Well, for example, I believe FairPoint indicated that
11 the transition process would begin on a Friday. And it
12 had been suggested by a witness that maybe FairPoint
13 could upload the data over the weekend and then stop
14 and then upload more of the data during an off-peak
15 period. And if I recall correctly, I think Mr. Kurtze
16 may have indicated that that was not a possibility.

17 A. (Kurtze) That's correct. Verizon will start to
18 download the data and move it to us as expeditiously as
19 they can. We'll start to upload the data in kind of a
20 planned way and do that as expeditiously as we can.
21 But it's a start-to-finish process. So if that's your
22 definition of continuous, then that's correct.

23 Q. Thank you.

24 A. (Haga) Yeah. The extract itself is a moment in time.

1 So once that time hits, everything in the old system
2 has to stop. So until we get everything loaded in the
3 new systems, then, yes, it has to be continuous.

4 Q. Okay. Understood. Thank you.

5 If we could turn to Page 36 of your
6 rebuttal testimony.

7 A. (Haga) I'm there.

8 Q. If I could refer you to Line 16 and 17. You state that
9 FairPoint has no intention of issuing a notice of
10 readiness until and unless the systems test criteria
11 have been met. Do you see that?

12 A. (Haga) I do.

13 Q. If there were other readiness criteria that had not
14 been met, would you go ahead and issue the notice of
15 readiness? For example, if no contingency plans were
16 in place?

17 MR. MCHUGH: Just want to object to the
18 form of the question. There's been no testimony that Mr.
19 Haga himself would be issuing a notice of readiness. So I
20 want to make sure that's clear.

21 BY MR. MANDL:

22 Q. If I said "you," I meant read that as meaning
23 FairPoint, not you personally.

24 A. (Haga) Now I forget the question.

1 Q. Let's assume that your systems test criteria have been
2 met, but that other readiness criteria, such as the
3 development of contingency planning and the training of
4 your staff had not been completed. Would you give the
5 notice of -- excuse me. Making the same mistake again.
6 Would FairPoint give the notice of readiness for
7 cutover under those circumstances?

8 A. (Haga) All except for the training portion of it. The
9 challenge that we have, because the effort that Verizon
10 has to go through in order to prepare for the actual
11 cutover which requires, you know, 60 to 90 days, that
12 puts a window there that normally wouldn't be. If that
13 wasn't there and we did a notice of cutover readiness,
14 it could be two or three days after that where we
15 actually performed that function. But because it's a
16 requirement of setting up their systems and going
17 through their exercises that they need, we have an
18 extra-large window. So, from a training standpoint --
19 this came up earlier in Mr. Lippold's testimony --
20 training offers a twist, in that typically you don't
21 want to do your training that far in advance before
22 somebody's going to start using a new system. So some
23 of the readiness -- wouldn't say trainings in there --
24 contingency plans, yes. A hundred percent of training

1 completed? No. We're still working on that. But,
2 so for the most part, yes.

3 Q. Okay. Thank you. If we could discuss the third-party
4 consultant proposal that you've described in your
5 rebuttal testimony for a moment. See if I can check
6 the CLEC settlement section for a minute.

7 In your rebuttal testimony, do you
8 propose to give the third-party consultant your test
9 strategy documentation?

10 A. (Haga) Can you give me a page reference, please?

11 Q. Yes. Page 38 and Lines 10 through 13.

12 A. (Haga) We do.

13 Q. And in terms of the proposal that you described in your
14 rebuttal testimony involving the third-party
15 consultant, as to readiness criteria, are you limiting
16 the proposal on the rollover third-party consultant to
17 system readiness as opposed to other readiness
18 criteria?

19 A. (Haga) Correct.

20 Q. With regard to the proposal that you describe in your
21 rebuttal testimony, that proposal would apply to the
22 systems that you'll be using for both wholesale and
23 retail services; correct?

24 A. (Haga) Correct.

1 Q. In your CLEC settlement terms, turn to the OSS
2 settlement term. You refer to that as wholesale
3 acceptance criteria or WOSS acceptance criteria. I'm
4 looking at CLEC Condition 3 on Page 4.

5 A. (Haga) I'm there.

6 Q. Can you explain for me, is there any difference between
7 the wholesale OSS commitment that FairPoint has made in
8 the CLEC settlement and the proposal for a third-party
9 consultant that's contained in your rebuttal testimony?

10 A. (Haga) Overall systems support far more than just for
11 automation to support CLECs. So we've got our
12 back-office systems that are specific for other
13 business functions -- HR, accounting and so forth --
14 that the wholesale environment does not need to be a
15 part of, as far as is it ready for us or not. So this
16 is going to be specifically towards the interfaces that
17 you have into our operating environment to ensure
18 transactions come in and transactions come out.

19 Q. With regard to the CLEC settlement OSS section, when
20 you -- if we could look at some of those terms. In
21 Subsection a.ii, it stated that FairPoint will provide
22 wholesale customers with a preliminary wholesale
23 operations support system interface test plan. Does
24 that test plan relate to interfacing with the Wisor

1 system?

2 A. (Haga) It does.

3 Q. And if we go down to little Item 4, providing a final
4 CLEC testing schedule, does that testing schedule
5 pertain solely to the interface with the Wisor system?

6 A. (Haga) Directly, yes. Indirectly, when you are
7 testing, you will -- unlike the previously mentioned
8 Wisor demonstration, in this instance you'll actually
9 be interfacing with our back office, our OSS system.

10 Q. All right. And in the settlement proposal where
11 FairPoint commits to developing contingency plans,
12 would that cover the pre-transition period as well as
13 the transition period and cutover?

14 A. (Haga) It will.

15 Q. Okay. You indicate in your rebuttal testimony, seeking
16 agreement from state staffs regarding the selection of
17 a single consultant. Has FairPoint reached any
18 agreement with the three state staffs at this time?

19 A. (Haga) None that I'm aware of.

20 Q. If you know, if such agreement were reached, would
21 FairPoint plan to file them with this Commission and
22 with the other state commissions?

23 A. (Haga) I wouldn't have the answer to that. I would
24 assume yes. But I'm not the guy to --

1 Q. You don't need to assume. That's okay.

2 Under the proposal outlined in your
3 rebuttal testimony involving a third-party consultant,
4 would the third-party consultant report to the state
5 commissions regarding FairPoint's readiness to give
6 Verizon the irrevocable notice of readiness for
7 cutover?

8 A. (Haga) The proposal is that we would expect that they
9 would provide updates to the commissions.

10 Q. On the cutover-readiness criteria, would you agree that
11 that would include the provision of job aids and
12 reference materials to all wholesale customers?

13 A. (Haga) I do.

14 Q. And would you also agree that cutover readiness would
15 include the development of escalation plans for
16 day-to-day operations?

17 A. (Haga) I do.

18 Q. And for any problems during the transition period, the
19 five-day transition period?

20 A. (Haga) Are you referring to escalation procedures
21 during the five-day period or --

22 Q. Let me withdraw that question.

23 A. (Haga) Okay.

24 Q. I'll spare you.

1 A. (Haga) Thank you.

2 Q. After cutover, if there were service-affecting problems
3 experienced by wholesale customers, would FairPoint
4 agree to allow those issues to be brought to the
5 Commission Staff or to the Commission, if they were
6 willing to get involved in that type of situation?

7 A. (Haga) In working with Mr. Lippold, Mr. Lippold is
8 establishing escalation procedures within his
9 organizations -- organization. Also, I believe that
10 any issues should be resolved without the need to bring
11 it to Staff's attention. But if that were the case,
12 that it needed to go elsewhere, that is the next
13 logical step.

14 Q. Yeah. Well, let's suppose, instead of the
15 service-affecting problem involving a wholesale
16 customer, let's talk about retail customers. If there
17 were service-affecting problems affecting retail
18 customers, would FairPoint expect the Commission Staff
19 to get involved?

20 A. (Haga) Retail customers today have the opportunity to
21 call Staff directly.

22 Q. Prior to cutover, will wholesale customers have an
23 opportunity to conduct testing to determine their
24 ability to interface with FairPoint systems and to see

1 if their orders will flow through?

2 A. (Haga) They will.

3 Q. As part of your cutover readiness, would FairPoint have
4 in place measures to deal with any wholesale customer
5 data losses that might arise during cutover?

6 A. (Haga) We will.

7 Q. And I believe you may have indicated at another state
8 that, as part of your cutover readiness, FairPoint
9 would have in place a licensed services administration
10 group to handle pole and conduit license applications.
11 Is that the case here as well?

12 A. (Haga) I hate to do this to you, but I'm not the person
13 for that question.

14 Q. Would we be referring that to Mr. Smee or --

15 A. (Haga) Yes.

16 Q. Okay. If the Commission were concerned with
17 FairPoint's operational readiness criteria being
18 satisfied prior to cutover, how would you suggest that
19 the Commission satisfy itself that those operational
20 readiness criteria had been satisfied?

21 A. (Haga) You shifted with the term "operational." Can
22 you help me understand that?

23 Q. Things like contingency plans, staffing, training,
24 escalation plans, that type of thing. Something that

1 doesn't involve the systems themselves and the system
2 testing acceptance criteria.

3 A. (Haga) We are presently putting definition to ourselves
4 to take the subjectivity out of that exercise, to put
5 objective measures on our own. Those measures could be
6 shared with the Staff.

7 Q. Would that be shared with anyone else, you know, such
8 as the wholesale community?

9 A. (Haga) If directed so, I believe we would.

10 Q. Okay. I'd like to refer you to NECTA Exhibit 44P.

11 A. (Haga) We have it.

12 Q. In this response, you state that FairPoint does not
13 expect to have a complete list of readiness criteria by
14 the date of an order in this case or by the
15 January 31st, 2008 merger closing date; is that
16 correct?

17 A. (Haga) I see conclusion of the hearings, but I'm not
18 sure of the... okay. C little 2. That's correct.

19 Q. Thank you. Mr. Kurtze, with regard to the work to be
20 performed after cutover and prior to the Delta release
21 date, does any of that work activity include the
22 handling of problems that might arise following the
23 cutover?

24 A. (Kurtze) No. The purpose of the Delta release was to

1 provide an opportunity to add functionality that might
2 become apparent during the initial development with the
3 new systems as the users became more familiar with the
4 systems. The notion of fixing issues that should have
5 been in the original one would be part of warranty
6 clean-up, would be dealt with at the same time, but not
7 as part of the Delta release specifically.

8 Q. All right. In the event that any service-affecting
9 problems exist following the flash cutover, will
10 Capgemini be available to FairPoint to help resolve
11 those problems?

12 A. (Kurtze) Assuming those problems are -- that the
13 original scope hasn't yet been completed, yes,
14 Capgemini has that obligation under the work order.

15 Q. And would you agree that the activities between cutover
16 and Delta release are not covered by the FairPoint
17 cutover task list?

18 A. (Kurtze) Yes.

19 Q. Now, would you agree that it's more important to get
20 the cutover right than to proceed with cutover on
21 May 31st, 2008?

22 A. (Kurtze) FairPoint has made it clear to us that a
23 successful cutover is the primary objective rather than
24 a specific time, yes.

1 Q. Thank you.

2 MR. MANDL: I do have some cross on
3 confidential materials. I can either go into that now or
4 wait until other parties have done their --

5 CHAIRMAN GETZ: Would that be the final
6 part of your cross?

7 MR. MANDL: That would. Yes, yes.

8 CHAIRMAN GETZ: Well, let's get the
9 other cross-examination completed before we deal with any
10 confidential matters.

11 MR. MANDL: Thank you.

12 CHAIRMAN GETZ: Mr. Price.

13 MR. PRICE: Thank you, Mr. Chair.

14 **CROSS-EXAMINATION**

15 BY MR. PRICE:

16 Q. Good afternoon, Mr. Haga and Mr. Kurtze.

17 A. (Panel) Good afternoon.

18 Q. Can you just clarify again for me -- and if you've said
19 this already, I apologize. But Section 3 of the joint
20 stipulation regarding OSS, that is something that
21 FairPoint is committing to provide to all CLECs in New
22 Hampshire; is that correct? The entire Section 3?

23 A. (Haga) That's correct.

24 Q. Thank you. Could both of you just say whether you're

1 familiar with any other transactions that have occurred
2 in the past involving the sale of an ILEC, other than
3 the Hawaiian Telecom transaction, where back-office
4 systems for wholesale and retail functions were built
5 from the ground up as part of the acquisition?

6 A. (Kurtze) I'm not aware of any.

7 A. (Haga) Nor I.

8 Q. Thanks. Could I ask that you turn to Page 36 of your
9 rebuttal testimony.

10 A. (Haga) We're there.

11 Q. Mr. Kurtze, in Lines 3 to 7, you say that the Hawaiian
12 Telecom transaction was, quote, scheduled for a 9-month
13 period and later extended to 11 months. Originally,
14 the FairPoint transition was scheduled for 15 months.
15 The overall systems design and transition has been
16 extended to a 17-month period, end of quote.

17 If the cutover is planned for May 30th,
18 2008, and the closing occurs on January 31st, 2008,
19 this is a four-month transition period. But am I
20 correct that you said earlier that, by 17-month
21 transition period, you were actually starting from the
22 date that the transaction was announced?

23 A. (Kurtze) Yes. I referred to kind of the transition
24 meaning from the old to the new, the old company to the

1 new company, not the defined terms that we've used
2 otherwise. So that is the 17 months: January of '07
3 to end of May of '08.

4 Q. And so we're making an apples-to-apples comparison, how
5 long was the same transition period in the Hawaiian
6 Telecom?

7 A. (Kurtze) I, of course, as I indicated in my testimony,
8 don't have much direct knowledge of the Hawaiian
9 Telecom transaction. But the MSA that was filed with
10 Hawaii indicated the original nine-month plan. And
11 they had a nine-month TSA, and they extended it two
12 months before the cutover.

13 Q. Right. So it became an 11-month TSA. But is it your
14 understanding that it commenced, that 11 months
15 commenced at the closing of the transaction or at the
16 announcement of the transaction, as your 17-month
17 period --

18 A. (Kurtze) No. That particular -- if you went to when
19 they cut it over, that 11 months would be from the
20 closing, 'cause that's how their MSA was structured,
21 rather than the announcement of transaction which was
22 almost another year before that.

23 Q. Right. So in the Hawaiian Telecom instance, there was
24 11 months; whereas here, that is 11 months from the

1 closing until cutover. And now here, you're proposing
2 four months from closing to cutover; correct?

3 A. (Kurtze) I think the distinction is when the
4 significant systems integration work started. Ours
5 started on January 16, 2007. And we've been working --
6 we, Capgemini with the FairPoint team -- continuously
7 in a full effort since then. The Hawaiian transaction
8 was markedly different than that.

9 Q. Do you know when that effort that you just referred to
10 in this case, do you know when the same effort started
11 in the Hawaii transaction?

12 A. (Kurtze) I don't have specifics. But I do know they
13 didn't sign their definitive MSA until February of '05,
14 which was a couple months before the closing of the
15 transaction.

16 Q. Can you just tell me what "MSA" means in this context?

17 A. (Kurtze) The MSA in Hawaii, according to the documents
18 that they filed, was signed in February of '05.

19 A. (Haga) Master services agreement.

20 Q. What here we would call the TSA.

21 A. (Kurtze) No. What here we would call our MSA, which
22 was signed on January 16th of '07. MSA to MSA.
23 They're similar documents. Master services agreement
24 between the buyer and the systems integrator.

10/22/07 DAY 1 PUBLIC HEARING

1 Q. So, from the sort of high-level view of this, it seems
2 to me that here we're talking about, again, a
3 four-month period of transition from the closing until
4 cutover, and in the Hawaii context there was 11 months.
5 But you're saying that because the MSA was signed up at
6 some different time --

7 A. (Kurtze) I think --

8 MR. MCHUGH: Wait a minute, Mr. Kurtze.
9 I'm going to insert an objection. Talking about two
10 separate agreements here. The cutover period that we're
11 talking about is the transition services agreement.
12 That's a different period of time than what Mr. Kurtze is
13 describing as the overall transition period from when they
14 started the work, Capgemini; from the master services
15 agreement through the contemplated cutover of 17 months
16 later, if you take it through the end of May. We're
17 talking about two separate documents, two separate time
18 periods.

19 MR. PRICE: And I'm trying to get an
20 apples-to-apples comparison of those documents and time
21 periods.

22 A. (Kurtze) That's as I was trying to explain to you. The
23 transition services agreement -- meaning that period
24 under which the buyer is going to utilize Verizon

1 services -- is that period from closing until they
2 convert their new systems. That's independent of the
3 work that we're doing as a systems integrator under our
4 master services agreement to prepare those systems. We
5 will have had a 17-month period to prepare those
6 systems, from the time we started significant
7 integration work until the current plan when FairPoint
8 would begin to use those systems and transition off of
9 the Verizon systems. And that's the 17 months that I
10 was comparing to the original contemplated 9 months
11 that became an 11-month period, based on the findings.
12 The transition services is an independent period that's
13 driven by closing. Separate and distinct from the
14 systems work.

15 Q. Okay. Thank you. Could I ask that you turn to Page 45
16 in your rebuttal testimony.

17 A. (Haga) You said 45; correct?

18 Q. Yes.

19 A. (Haga) We're there.

20 Q. Mr. Kurtze, in Lines 7 to 15, you explain that a
21 cutover on weekends during specified maintenance
22 windows would not be practical; is that correct?

23 A. (Kurtze) Yeah.

24 Q. So does this mean that cutover cannot take place during

1 a time when there ordinarily would be a decrease in
2 order activity?

3 A. (Kurtze) Forty-eight hours was the relevant comparison
4 period of the weekends. Verizon is starting that
5 period at the start of a period of decreased activity
6 because they're going to cut their data off in a moment
7 in time. And that's the best time to do it, the last
8 business day of the month, so it's close as possible to
9 the month end. It will take them the better part of
10 the first 48 hours to extract all the data, and then we
11 will begin the uploading process. So it wasn't so much
12 that it was a weekend or not a weekend; 48 hours is
13 just not enough time to get the entire transition done.

14 Q. When FairPoint provides the notice of readiness of
15 cutover, does that mean that FairPoint is ready for
16 cutover at the time the notice is given, or that
17 FairPoint will be ready at some time during the 60- to
18 90-day window after that notice?

19 A. (Haga) Again, back to my earlier explanation regarding
20 training. There will be some portions that we will
21 still need to complete. But for all intents and
22 purposes, we would be ready. If the day where we
23 actually cut over from system to system was the day
24 following, then, yes, the answer to that question would

1 be a hundred percent. But because we have a 60-day
2 window we need to address, some training will take
3 place later. There are some other activities that,
4 from a business-decision standpoint, that's not
5 necessary to do it directly at that time.

6 Q. Can you tell me how the four-month period was arrived
7 at, the four months after the closing until the day of
8 cutover?

9 A. (Haga) How it was arrived at?

10 Q. Yeah. How did you formulate that? We've been hearing
11 about that for quite a while. I'm just curious how the
12 four months --

13 A. (Haga) You're taking me back in time. The actual
14 duration goes back to signing of the agreement.
15 Working with Capgemini prior to the January 16, 2007
16 date, that's when we formulated our original plans
17 which brought us to an April time frame of which, when
18 working through the agreement with Verizon, we were
19 educated to the fact that we can only convert on odd
20 months. So that was then moved to May. So the
21 starting period was back in January of '07. To us,
22 that's when the clock started.

23 Q. What if during the testing process, that I believe
24 your -- the schedule that you have attached to the

1 joint stipulation identifies a CLEC testing process
2 that will happen in November or that will begin in
3 November -- correct me if I'm wrong. Is it January and
4 February? Something begins in November. I guess it's
5 training; right?

6 A. (Haga) November we'll be starting the testing along
7 with the rest of us, and continue both testing and
8 training, you know, up through the February time frame.

9 Q. So, once that process is underway, how will you make an
10 evaluation as to whether the four-month period after
11 the closing is going to be enough time? Will you have
12 an opportunity to make that evaluation based on CLEC
13 testing?

14 A. (Haga) Based on current schedules, if we start to fall
15 behind on schedule, then that's the evaluation we have
16 to take. You know, if pieces are missing or if we're
17 falling behind in certain areas, then it will be
18 evident to all that we need to make an adjustment.

19 Q. Question about the performance assurance plan. In the
20 joint stipulation that you've entered into -- that
21 FairPoint has entered into with three CLECs -- the
22 parties stipulate that the performance assurance plan,
23 or the PAP as its known, will not apply for 30 days
24 after the cutover. Am I correct that -- did I hear

1 previously that that's a commitment that's not being
2 made to other CLECs that did not sign the joint
3 stipulation; but rather, other CLECs are being asked to
4 endure a two-month suspension of the PAP? Is that
5 correct?

6 A. (Haga) We're talking about items that were discussed in
7 the settlement agreement. I'm just wondering from a
8 procedural standpoint if I'm going to say something I
9 shouldn't.

10 Q. Well, it's your understanding -- do you need to see
11 this document, the stipulation?

12 A. (Haga) I know it's 30 days in the stipulation. I'm
13 just... I know which section. Hold on.

14 MR. PRICE: Mr. Lippold said earlier --
15 and I just want to clarify to counsel that Mr. Lippold
16 said that the 30-day suspension applies to the CLEC
17 parties that signed the stipulation and that there is a
18 60-day period that has been asked for in the testimony
19 that would apply to non-parties, CLECs that are not
20 parties to the stipulation. I wanted to clarify with the
21 panel that that's also their understanding.

22 A. (Haga) Yes, it is.

23 Q. Okay. Do you know why that would only be offered to
24 CLECs that had signed the joint stipulation, the one

1 month?

2 A. (Haga) I do not.

3 Q. The joint stipulation's one-month suspension of the
4 PAP, as well as the 60 days that has been requested in
5 testimony, is that not an admission or acknowledgment
6 on the part of FairPoint that there will be problems
7 following the cutover?

8 A. (Haga) It's an acknowledgment by both parties that
9 there's an acceptance that, yes, we each have learning
10 curves to go through. We're each going to be in new
11 operating environments. We're each going to be -- for
12 the most part, majority of the wholesale customers use
13 the web interface. So there is an acknowledgment, yes,
14 that we've all got a learning curve we need to get
15 through.

16 Q. You're saying it's an acknowledgment by the parties to
17 the joint stipulation. But are you also saying it's an
18 acknowledgment by the parties that are not a party to
19 the joint stipulation?

20 A. (Haga) I can't answer to those that's not part of --

21 Q. So I just want to clarify what you said before, that
22 parties -- CLECs that are not a party to the joint
23 stipulation cannot have acknowledged that two months
24 is -- that there needs to be a two-month suspension of

1 the PAP; correct?

2 A. (Haga) Help me with what you're asking me.

3 Q. Well, I asked you originally whether you -- whether the
4 desire on the part of FairPoint to suspend its PAP for
5 two months, or one month in the case of CLECs that have
6 entered into the joint stipulation, was an
7 acknowledgment or an admission that there would be
8 problems after the cutover. And your response was that
9 all parties acknowledged that there will be problems
10 after the cutover.

11 CHAIRMAN GETZ: All parties to the
12 agreement versus all parties to this --

13 MR. PRICE: That's what I'm trying to
14 clarify, what he means by that.

15 MR. McHUGH: I was going to say, I
16 object to the form of the question. Why doesn't the
17 witness just explain what the purpose of the 60- or 30-day
18 PAP waiver request is for.

19 CHAIRMAN GETZ: Well, I think we're
20 getting back to the issue of what is purported to be said
21 by the agreement between FairPoint and BayRing, et al.
22 And my understanding is the company is not taking any
23 position that it's speaking through the MOU for any
24 position of any CLEC who is not a party to that MOU. Is

1 that correct?

2 MR. MCHUGH: Right.

3 CHAIRMAN GETZ: Does that take care of
4 that issue?

5 MR. PRICE: Yes.

6 BY MR. PRICE:

7 Q. And would having the -- given that FairPoint
8 acknowledged and, as you say, potentially other parties
9 to the joint stipulation acknowledge --

10 MR. PRICE: Although, I think what you
11 were saying, Mr. Chairman, is that they do not make any
12 such acknowledgment -- strike that reference.

13 BY MR. PRICE:

14 Q. You're saying that FairPoint does acknowledge, as a
15 result of it having entered into the joint stipulation,
16 and where it agrees that the PAP will be suspended for
17 30 days, and also as a result of the testimony where it
18 is asking for a 60-day suspension of the PAP, that
19 there will be problems after the cutover, would not the
20 continued application of the PAP during that time
21 actually create an incentive for FairPoint to help
22 ensure that there will be no problems following the
23 cutover?

24 MR. MCHUGH: Object to the form of the

1 question. That's a compound question.

2 MR. PRICE: I'll rephrase it.

3 BY MR. PRICE:

4 Q. If the PAP continued to apply without suspension
5 following the cutover, would that not create an
6 incentive for FairPoint to do the best job it could of
7 this so that there would not be problems following the
8 cutover?

9 A. (Haga) If I could rephrase? So you're saying because
10 of the PAP, that's an incentive -- if the PAP were to
11 be in place, that would be an incentive for us to
12 ensure that we do it correctly?

13 Q. Yes, that's what I am asking.

14 A. (Haga) I've never viewed the PAP as an incentive for
15 us. So, no.

16 Q. Okay. Thank you. No further questions.

17 CHAIRMAN GETZ: Thank you. Ms.

18 Hatfield.

19 MS. HATFIELD: Thank you, Mr. Chairman.

20 **CROSS-EXAMINATION**

21 BY MS. HATFIELD:

22 Q. Good afternoon.

23 A. (Panel) Good afternoon.

24 Q. Mr. Haga, who do you report to at FairPoint?

1 A. (Haga) Mr. Nixon.

2 Q. And in your prefiled testimony, you talked about your
3 duties relative to this transaction. But do you have
4 other duties at FairPoint during the time that you're
5 managing this process?

6 A. (Haga) I do not.

7 Q. I'm wondering if you could help me with some
8 terminology issues. I thought that the transition
9 period would be the period that the transition services
10 agreement ran. So that would really be from close to
11 cutover. And I was thinking of the cutover period as
12 being called the cutover period, those five days. Is
13 that more accurate than calling the five days or
14 whatever, aiming for five days, to call that the
15 transition period?

16 A. (Haga) It took us so long for people to get from that
17 other phrase to transition period for the five-day
18 period. I guess I don't understand.

19 Q. Well, I guess my question is, if from close to cutover
20 is the transition period, but yet, then we're calling
21 the cutover period a transition period as well -- or do
22 you have another name for the first period that starts
23 at close?

24 A. (Haga) Really haven't had -- other than post-close and

1 pre-cutover, it's while we're working under the TSA.
2 Other than that, we really haven't had a name to
3 describe that period of time.

4 Q. So I could call it the TSA period maybe?

5 A. (Haga) That will work great.

6 Q. Okay. Thank you.

7 A. (Haga) That will help me out, too.

8 Q. I want to ask you a few questions about the cutover
9 plan. And it's my understanding -- and I'm referring
10 to an exhibit to Mr. Smith's testimony, which is the
11 cutover plan itself -- that once the final data is
12 extracted and purged from Verizon's systems, that
13 there's no fall-back plan and no reversal, and that
14 Verizon will not have the ability to restore and redact
15 back to that purged data. Can you just explain, maybe
16 in layman's terms, why that's the case, once you've
17 done -- once Verizon's done the purge, if there's a
18 problem, why it can't be reversed?

19 A. (Haga) I'll give an attempt at layman's terms, 'cause
20 usually when I start talking systems I get away from
21 that.

22 The means with which to separate the
23 three states in Verizon's systems is by removing the
24 data from their systems. So as we go through the final

1 exercise, when the data is removed, then those systems
2 will support the two remaining states that are in the
3 systems to date. So that's what's meant by once --
4 every day you go further on. Because these are all
5 integrated systems, the further you step away from
6 it -- and if you want to go back to when we actually
7 pulled the data out of the systems, there's a lot of
8 manual make-up work to get the information that was put
9 in the systems the days after we took the data out of
10 the systems, if that makes sense.

11 Q. That does make sense. Thank you. So once that process
12 is started, you really can't go back; is that right?

13 A. (Haga) Correct. We have a brief moment in time. So if
14 during the Saturday, Sunday we find that we're having a
15 serious issue, we have an opportunity, a brief
16 opportunity, to do something. But you're going to
17 eventually get to a point where it's too difficult to
18 go back.

19 Q. I think Mr. Mandl referred to your FairPoint's notice
20 of readiness as being irrevocable. And that's your
21 notice to Verizon that you're ready for cutover. So I
22 think that's the 60 to 90 days prior to cutover; is
23 that right?

24 A. (Haga) Correct.

1 Q. And can FairPoint change its mind after it's given that
2 notice? The word "irrevocable" to me tends to mean you
3 can't. But if you gave that notice and then you
4 realized, you know, wait a second, we're not ready, is
5 there anything you can do within that period?

6 A. (Haga) Well, irrevocable, you can take that straight
7 from our merger agreement, how it describes the process
8 of providing the cutover readiness. Is there an
9 opportunity to raise the hand? Yes, but it would be
10 difficult to do so.

11 Q. And if it's difficult, do you think there would be
12 additional costs that are caused by that type of
13 action?

14 A. (Haga) I couldn't answer that.

15 Q. You talked about the projected closing date being
16 January 31st and the planned cutover being May 31st.
17 And I think you also talked a little bit previously
18 about what happens if you aren't ready on May 31st.
19 And I think you said that because of some of Verizon's
20 issues, you can only cut over on odd months? Did I get
21 that right?

22 A. (Haga) Correct.

23 Q. So if you didn't cut over on May 31st, then you'd be
24 looking at the last Friday in July?

1 A. (Haga) Correct.

2 Q. And then if you missed that, then you'd be going two
3 months out from that?

4 A. (Haga) Correct.

5 Q. And also in response to a question by Mr. Mandl, I
6 think you said -- or maybe Mr. Kurtze said -- that if
7 you're not ready for May, then you won't cut over in
8 May; is that correct?

9 A. (Kurtze) I said that FairPoint indicated to us that the
10 successful cutover is more important than a specific
11 date. And if I could, just for the record, it's
12 May 30th rather than May 31st. I'd like -- just
13 because it's a Friday and we've been talking about
14 things happening on Friday --

15 A. (Haga) And the question of would we cut if we're not
16 ready, the answer is we would not cut if we're not
17 ready.

18 Q. In terms of the cutover period itself, the five days
19 that you're shooting for, will all work that you
20 processed during that period be manual?

21 A. (Haga) It will.

22 Q. And I think you testified previously that the five-day
23 period could be shorter or could be longer. Is
24 there -- do you reach a point where it becomes very

1 difficult to continue to do everything manually? You
2 know, 10 days, 20 days? Does it reach a point where
3 it's a strain on your resources?

4 A. (Haga) I would say anybody that's going through the
5 effort of doing it manually, I would say that after 10
6 minutes of doing so is... but to be honest with you,
7 that is the answer, that it is -- it's not an efficient
8 means to run a company. You know, we wouldn't be
9 investing the amount of money that we're investing in
10 these systems if it wasn't worth our time to do so.

11 A. (Kurtze) If I also could add, for clarity, we don't
12 expect to get to the cutover with the notion that it
13 should be 5 days, but it might be 10 days and it might
14 be 20 days. What we're really contemplating doing with
15 the data extract early in January is actually running a
16 very tight constraint. So we get a very good estimate
17 as to how long it should be and how long we expect it
18 to be. So it could be four and a half days. It might
19 be five and a half days. But we won't get all the way
20 to May with saying it's just some number of days.
21 That's not our plan. We plan to have a very precise
22 set of actions that have kind of a minute-by-minute,
23 hour-by-hour set of activities that we will track.

24 Q. And when you reach the point during the cutover that

1 you're nearing the end of that period, would you notify
2 the commissions in the three states that the cutover
3 period is ending?

4 A. (Haga) You're going to have to help me with our
5 definitions again. Cutover period being?

6 Q. Sorry. What you're calling the transition period, what
7 we hope is five days or less.

8 A. (Haga) Yeah. In fact, everybody will have an
9 opportunity, really, to go minute-by-minute with us if
10 they want to follow along.

11 Q. Okay. And with respect to developing contingency plans
12 which Mr. Mandl also explored with you, I think you
13 said that you hadn't developed such a plan yet; is that
14 correct?

15 A. (Haga) Correct.

16 Q. And when will that be completed?

17 A. (Haga) It will be completed through the exercise of the
18 second extracts. We've recently -- August 31st was the
19 first set of extracts we received. We went through the
20 exercise of 168 extracts, now loaded all of those into
21 their end systems. So the next step now is, one, now
22 that we're getting -- working through issues to make
23 sure that we're getting the right information into the
24 right systems, now we're working on, okay, now we got a

1 timeline that we got to address. So now we're
2 working -- you know, there's weekly meetings between
3 Verizon, Capgemini and FairPoint. Now the exercise is,
4 okay, how do we organize this in such a manner that we
5 do it as quickly and painlessly as possible, so we get
6 our CSRs back in the systems so that they're not having
7 to go through the manual process.

8 Q. If there are problems during that transition period
9 during cutover, I think you've said it's not possible
10 to go back to the Verizon systems; correct? Or you
11 said maybe there's a very short --

12 A. (Haga) There is a very brief moment where there's a
13 small opportunity. But none of us involved with the
14 project -- you know, once we start, we don't want to
15 go -- a good analogy used in Vermont was to compare
16 this to the launching of the space shuttle. You know,
17 you prepare yourself and you're ready to push the
18 button. Once you push the button, you're going. And
19 that's -- we've got to be that prepared, to be able to
20 push that button and not look back.

21 Q. And do you expect that there's a possibility that there
22 could be service-quality problems during the cutover,
23 during that five-day transition period?

24 A. (Haga) When you say "suspect," service-quality issues

1 can be any day, any time.

2 Q. Do you think it's more likely that they'll occur during
3 that period?

4 A. (Haga) No, 'cause the service itself, we're not
5 impacting that. We're just impacting the ability to
6 change service, add service or disconnect service. So
7 anybody that's intending to disconnect, then obviously
8 we're not going to impact their service that much
9 'cause it's not going to happen during that period.

10 So, no. The ability to pick up the phone and make a
11 call, that's still going to be there. We're not going
12 to impact that whatsoever. It's just modifications to
13 somebody's service or adding somebody to the service
14 which will take a little longer than it normally would
15 because it's going to follow a manual effort versus an
16 automated effort.

17 Q. And we've talked about the fact that you're going to be
18 handling processes manually. But do you mind just
19 specifying which tasks you will be doing manually? And
20 from a consumer perspective, what are the things that
21 the consumers would see the difference?

22 A. (Haga) See the difference in today's world -- best way
23 where you'll see a difference, a significant
24 difference, is if somebody wants to add features to the

1 lines -- which today someone calls up, they click the
2 button in the system, and you're talking in seconds,
3 they have that feature now available to them. When we
4 don't have the systems in place, somebody will have to
5 take that order, write down what's there, and do what
6 they did -- I was going to look at him for some
7 history --

8 A. (Kurtze) Do what they used to do before we had it.

9 A. (Haga) They'll have to write that down, and somebody
10 will have to take it to translations. Somebody at
11 switch translations will have to actually key in the
12 translations into the switch to actually turn that
13 feature on. So that's where your difference would be.

14 A. (Kurtze) And perhaps an example would be: We'll have a
15 manual inventory of telephone numbers. If we had to
16 assign a new telephone number, if we can't get to the
17 automated inventory, we will have a manual inventory
18 available. So if somebody calls up with a priority
19 service that needed to be installed, we could get a
20 phone number, go to assignment, get a cable in there,
21 go to the central office and activate that number and
22 give that person service. We don't want to do that
23 5,000 times a day manually, 'cause we're going to have
24 to accrue all those records. So the primary thing that

1 we'll encourage people to do is to schedule due dates
2 outside that period so that we can actually do the work
3 down the road. So that would be what -- we would give
4 them an offered due date the following week, as an
5 example. If you called on Monday, we'd say, you know,
6 "How about next Tuesday?" "That just won't work." And
7 that certainly can happen. We'll have a way to get the
8 service installed.

9 Q. And Mr. Kurtze, I think you said in response to a
10 question earlier that Capgemini is obligated to help
11 with issues after the cutover if it's in the work
12 order. Does the work order have a specific end date by
13 which you just stop assisting FairPoint, or is it more
14 of a qualitative end date, depending on how things
15 went?

16 A. (Kurtze) Well, no. What I was referring to was that
17 the work order has specific deliverables, which in this
18 case included the scope and functionality involved in
19 these systems. And there are warranty and, you know,
20 delivery requirements to make sure that we deliver what
21 FairPoint was expecting and what they had paid for.
22 That has a very long, extended period after the work
23 order. What it doesn't do is say, you know, add more
24 functionality. That would be a subsequent order. And

1 nor does it impact on the Delta release, which was in
2 fact designed to add some functionality. You know, the
3 warranty work, the obligation of fixing it so that
4 FairPoint got what it contracted for is a
5 straightforward obligation. And it's spelled out
6 pretty specifically in there, between the master
7 services agreement and the work order.

8 Q. And I think there was some discussion previously about
9 a 17-month period which I think started in January of
10 2007.

11 A. (Kurtze) Right.

12 Q. And that assumes a four-month transition services
13 agreement?

14 A. (Kurtze) That is just happenstance. If the deal closed
15 on December 31st, it would be a five-month transition
16 service agreement. If the deal didn't close until
17 February 28th, it would be -- so those are unrelated.
18 I mean, they work on the same calendar, but one doesn't
19 drive the other.

20 Q. My question really is, couldn't that 17-month period
21 that we were discussing be a lot longer if the
22 transition services agreement runs for more than four
23 months? That's going to make your 17-month period a
24 lot longer.

1 A. (Kurtze) It would get longer if we moved the cutover
2 date. But that's what that measurement is, is from
3 start of work until cutover.

4 Q. Okay.

5 A. (Haga) The TSA could be as short as 60 days.

6 Q. And a lot longer.

7 A. (Haga) Right.

8 Q. Just few questions about billing and how customers
9 could be impacted if bills aren't correct. I'm
10 wondering, if there are mistakes in bills and customers
11 are under-billed and you learn that after you go
12 through cutover, what will your process be when you
13 realize that mistake?

14 A. (Haga) We follow the same obligations that we have
15 under regulations today, which we have a certain time
16 period to recognize the mistake and to make the
17 correction. If that time period elapses, then it's
18 just something we eat.

19 Q. And would that be similar if you over-billed customers?

20 A. (Haga) Over-billed, likewise, there are rules that we
21 must follow. Little more stringent on the over-bill.
22 As well as provide notification to the Commission in
23 the case we did over-bill.

24 Q. And I'm wondering, because some of the testimony we've

1 heard with respect to how you're planning to work with
2 the CLECs during the transition period seems like
3 you've given some grace periods, if you will, in both
4 directions. I'm wondering, are you thinking of doing
5 that with retail customers to help ease the transition
6 so that it's easier on those customers?

7 A. I don't think we're comparing the same things. What
8 we're talking about from the CLEC customers is more on
9 a service-level agreement type of standpoint, not from
10 a pure billing for services. There's been -- we're not
11 going to -- if we make a mistake on a bill to a CLEC,
12 we're not going to give them -- hey, just -- we weren't
13 going to be accountable for that. From a billing
14 standpoint, there's really no difference between
15 wholesale and retail. We believe that if we provide
16 the service, we should be paid for the service. If we
17 got some issues with the transition, then we'll get
18 those corrected. We should still be able to be paid
19 for services provided.

20 Q. And previously I asked you a question about if you had
21 to try to revoke your notice of readiness, if that
22 would raise or if that would add costs, and you said
23 you couldn't answer the question. Do you know who
24 might be able to answer the question from FairPoint?

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1 A. (Haga) You put me in the hot seat. That would be Mr.
2 Nixon.

3 MR. COOLBROTH: Could we have an oral
4 data request on that rather than try to speculate?

5 MS. HATFIELD: Absolutely. The question
6 was if FairPoint, during -- if after FairPoint has given
7 its notice of readiness it needs to try to revoke that,
8 does that increase the costs of the transition service
9 agreement, or does it add any additional costs for
10 FairPoint?

11 A. (Haga) The reason for myself not providing the answer
12 is there's no language to that effect in the merger
13 agreement today. So that would be a conversation
14 between Mr. Nixon and Mr. Smith.

15 CHAIRMAN GETZ: And would that be
16 FairPoint exhibit number then?

17 MR. MCHUGH: Yes, it would.

18 CHAIRMAN GETZ: Which I guess the next
19 is 16? Is that where we are, that record response?

20 MR. MCHUGH: Yes.

21 BY MS. HATFIELD:

22 Q. And I think my last question is, do you both agree that
23 it's very important for the Commission to be confident
24 that the cutover will be successful?

1 A. (Haga) Yes.

2 A. (Kurtze) Yes, ma'am.

3 Q. Thank you.

4 CHAIRMAN GETZ: Thank you. Ms.
5 Fabrizio, how much cross do you have?

6 MS. FABRIZIO: I would say at least 45
7 minutes.

8 CHAIRMAN GETZ: At least 45 minutes.

9 Okay. And Mr. Mandl, what were you
10 thinking you would require for the confidential issues
11 that you had in mind?

12 MR. MANDL: Hoping roughly half an hour.

13 CHAIRMAN GETZ: All right. We're going
14 to take a 15-minute recess at this time, and then we'll
15 resume with Ms. Fabrizio.

16 (Recess taken at 3:20 p.m.)

17 (Hearing reconvened at 3:45 p.m.)

18 CHAIRMAN GETZ: Please be seated.

19 Okay. We're back on the record in DT
20 07-011 and turning to Ms. Fabrizio with questions for the
21 panel.

22 **CROSS EXAMINATION**

23 BY MS. FABRIZIO:

24 Q. Good afternoon Messrs. Haga and Kurtze.

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1 A. (Haga) Good afternoon.

2 Q. When FairPoint is operating independently of Verizon,
3 will it be using any support systems it has actually
4 purchased from Verizon?

5 A. (Haga) Yes. There are a number of systems that we are
6 purchasing from Verizon.

7 Q. Could you tell us about them, generally?

8 A. (Haga) Generally speaking, they are network support
9 applications. There's a handful of them. Off the top
10 of my head, I can't recall them.

11 A. (Kurtze) I can, I think, name five or six of the six.
12 COEP, which is the central office engineering platform.
13 CCP, which is called a capacity creation platform,
14 which is another, pardon me, program which assists in
15 writing and controlling engineering work orders and
16 that type of process. PRS, the pole record system,
17 which is a database on all of the poles, pole
18 attachments, collocations, you know, that type of
19 activity. A program called Venue, which is a central
20 office floorplan graphics program.

21 A. (Haga) Access Guardian.

22 A. (Kurtze) Access Guardian, which is a network security
23 system. And there's one more, subject to check.
24 There's six altogether.

1 Q. Great. Thank you.

2 Now, these systems represent a very
3 small subset of Verizon systems; is that correct?

4 A. (Haga) That's correct.

5 Q. And it's true that FairPoint will actually need to
6 replace the vast majority of the systems that Verizon
7 now uses to support its operations in northern New
8 England, and that Capgemini is responsible for
9 developing these?

10 A. (Haga) Not developing. Integrating. The applications
11 themselves are off-the-shelf applications. What we
12 have to do now is to integrate the applications. And
13 that's, from a development standpoint, purely writing
14 software. That's the only place where software is
15 being written.

16 Q. Okay. Great. Thanks.

17 Please describe the business functions
18 that the replacement systems need to support.

19 A. (Kurtze) Well, let me do that at a fairly high level
20 or maybe a medium level of granularity without going
21 too deep in it.

22 We refer to the customer relationship
23 management function, which are service order entry and
24 the customer records; that is, you know, what service

1 and equipment does the customer have, billing name,
2 service address, you know, billing address, that type
3 of thing.

4 There's all of the -- which would also
5 include billing, you know, rendering bills and the
6 adjunct activities around billing. You know, accounts-
7 receivable management, credit and collections and
8 those -- you know, those kinds of activities.

9 As well, we refer to ERP, enterprise
10 resource planning, which are the more-conventional
11 internal programs that a company might use, including
12 accounting, finance tracking, inventory management,
13 supply-chain activities; that is, getting and
14 maintaining material and supplies that would be
15 otherwise used in the business, as well as all of the
16 HR, payroll, time reporting, absence management, you
17 know, benefit tracking.

18 Then, there are what we're calling --
19 what, in our term, we call the OSS, which is used
20 differently by many other people. But that's the
21 operational support systems, which are actually the
22 systems involved, you know, around the network, which
23 would include some of these engineering systems, but
24 also activation and provisioning, network inventory

1 management, which is, perhaps, more complex than, you
2 know, kind of finance, balance sheet, you know, kind of
3 management. I think I already said fault performance
4 and trouble ticketing, all of those kinds of things.

5 Then, there are a group of systems that
6 really are network management systems that come down to
7 how we actually communicate with the various elements
8 in the network to turn features on, to turn things off,
9 to understand the health and welfare of the network.

10 So that's a fairly -- fairly high, you
11 know, level of activities. Those could be broken down,
12 you know, to a level of granularity like, as I
13 mentioned earlier, the telephone -- telephone number
14 inventory system: What numbers are available for
15 assignment, you know, what numbers are in use or, you
16 know, other more granular, you know, subfunctions.

17 Q. Thanks. That's a lot of functions.

18 When does FairPoint project that the
19 replacement systems will be ready?

20 A. (Haga) The projection of readiness is the same date
21 for notice of readiness, which is the March 31st
22 timeframe.

23 A. (Kurtze) And the only exception to that is, at
24 closing, a subset of those activities have to be ready

1 at closing to handle some accounting for the non-
2 regulated activities, which is not a service that
3 Verizon's offering under the TSA. That would be long-
4 distance and some of the, you know, Internet and
5 DSL-related services, including some HR functions for
6 new employees who are not on the existing Verizon
7 systems, as well as the supply chain and material
8 logistics. And so they have to be ready at closing
9 relative to -- most of the other systems are driven by
10 the big Verizon cutover and the notice of readiness
11 before then.

12 Q. And you expect that to occur by March 31st is what
13 you're saying?

14 A. (Haga) What A1 just described has to be ready at
15 close.

16 Q. Right.

17 A. Which would be January 30th. But the remainder of the
18 systems...

19 Q. By March 31st.

20 A. (Haga) Correct.

21 Q. Okay. Let's see. In your rebuttal testimony, on page
22 23, beginning at about -- I'm sorry. It's page 9, line
23 23. All right. Hold on a second.

24 You've discussed how you were working to

1 identify the applications necessary to replace Verizon
2 functionality at cutover. And you've indicated that
3 some of the applications had not yet been completely
4 identified.

5 So I guess my question to you is: What
6 is the current status of identifying those replacement
7 applications?

8 A. (Haga) I don't think I'm on the right page, but I can
9 answer the question about...

10 Q. I'm sorry. You start at page 9 and it goes on through
11 page (sic) 23. It's my confusion.

12 A. (Haga) The identification of the systems has been
13 completed. Now, there are some support-type
14 applications that are still under evaluation, but these
15 are very -- so far removed from the day-to-day
16 operations, it would be simple applications that a
17 particular function group may use just in their
18 particular business, not on critical path -- nowhere
19 close to being on critical path. And you're only
20 looking at a handful of those.

21 Q. I'm sorry. What is left to be identified?

22 A. These would be applications that would make -- like a
23 good example is tracking job requisitions through our
24 HR department, something as basic as that, which could

1 be done by a spreadsheet or could be done by
2 applications that are off the shelf. And those are
3 just what individual organizations have been presented.

4 As far as the full back-office support
5 to support the function of order entry through
6 provisioning through service turn-out, all those
7 applications have been identified and all those
8 applications are in development environments that we
9 have today.

10 Q. Great. Thanks. So from your testimony and what you're
11 saying today, I've gathered that the TSA consists of
12 about eighty separate business functions that Verizon
13 will support and that FairPoint must replace at
14 cutover; is that correct?

15 A. (Haga) They've organized it in eighty different
16 sections, but some of these sections may cover multiple
17 business functions. So it's -- it's very close to
18 that, yes.

19 Q. Okay. And all of the TSA Schedule A and D business
20 functions must be cut over simultaneously; is that
21 correct?

22 A. That's correct.

23 Q. Please describe the financial terms of the TSA,
24 schedule by schedule, A through D, the basic terms of

1 the TSA. Schedule A, for example, the cost per month?

2 A. (Haga) I don't know that off the top of my head.

3 Q. Okay. We'll save that for one of your colleagues.

4 Okay. Let's see. I think you may have
5 addressed this during Mr. Price's cross, but to the
6 best of your knowledge, has a system replacement of
7 this magnitude ever occurred before in this industry?

8 A. (Haga) To go into all of the details and line
9 something up system by system, company size, number of
10 access lines, number of customers, number of states,
11 no.

12 Q. Would you agree that Hawaiian Telecom represents a
13 similar magnitude of systems?

14 A. (Haga) It's very similar, yes.

15 Q. Mr. Kurtze, has Capgemini ever been involved with a
16 system replacement project of this magnitude before?

17 A. (Kurtze) We've been involved in activities of this --
18 of this size before. We did a substantial systems
19 suite start-up with a large ILEC on their broadband
20 business where they migrated 3 million customers into a
21 new system suite. But it was an established, you know,
22 ILEC, you know, a very large one. And we've been
23 involved in other merger, you know, related
24 transactions for other companies that were very large.

1 But I'm not -- I don't want to be
2 disingenuous here. This particular combination of
3 facts is unique; and that is, a new startup migrating a
4 very large base of customers, you know, with a company
5 that didn't have similar-size activities already in
6 place. So we haven't done that.

7 Q. Where you're actually replacing an entire suite of
8 operating systems; is that correct? Capgemini hasn't
9 had that experience?

10 A. I'm sorry. I couldn't hear.

11 Q. I'm sorry. Is it fair to say that Capgemini has
12 actually never had the experience where it's been
13 involved with replacing the entire suite of operations?

14 A. (Kurtze) Well, as I said, for the company where we did
15 the large broadband enclosure was a very large suite of
16 operations, but it wasn't -- but they had a very large
17 suite of operations.

18 Q. Right.

19 A. So, proportionately speaking, it wasn't the same as
20 this transaction.

21 Q. Thank you. Would you agree that FairPoint must have
22 all of its systems in place and ready to replace the
23 functions that Verizon is performing under the TSA
24 before it can declare itself -- declare itself ready

1 for cutover?

2 A. (Haga) I agree.

3 Q. And is it sufficient just for the systems to be
4 functioning properly to assure a smooth transition? Is
5 that enough?

6 A. (Haga) It's a very subjective definition that what you
7 provide is sufficient. We're going through an exercise
8 now of defining what "sufficient" is, which is defining
9 the severity level of items that don't work as
10 expected.

11 Q. And you need more than just systems, though, to make
12 this work; is that right? You need people?

13 A. (Haga) That's correct.

14 Q. And what else is left for FairPoint to take care of
15 toward that end? Get people on board and trained and
16 ready for this?

17 A. (Haga) Yes.

18 Q. Can you elaborate what's left, the scope of work left?

19 A. Just what you described. We've got staff that we're
20 continuing to identify and hire. We've got business
21 policies that need to be defined, business processes to
22 be defined in this environment. Obviously, we can take
23 advantage of the history that we have as being a local
24 exchange carrier. Those are the key areas.

- 1 Q. Do you still have to establish new work centers? Is
2 that left?
- 3 A. (Haga) Yeah. There's a handful of centers that we do
4 have to stand up.
- 5 Q. Okay. At this point, has FairPoint determined all the
6 criteria it will use to determine that both its systems
7 and business processes are ready for cutover?
- 8 A. (Haga) We have not identified everything yet.
- 9 Q. Thanks. And if FairPoint must have 100 percent of its
10 replacement systems and processes in place before
11 terminating the TSA, what contingency plans does the
12 company have for any system functionality that is not
13 ready when FairPoint decides it wants to cut over?
- 14 A. (Haga) We're still in the process of defining those.
15 We'll actually get that effort started the beginning
16 of -- in the middle to the end of next month.
- 17 Q. Okay. Would you cut over before those systems are
18 ready?
- 19 A. (Haga) We would not.
- 20 Q. Oh, before the contingency plans are in place.
- 21 A. (Haga) We would not.
- 22 Q. Based on -- you have before you -- sorry; it's at the
23 end of the table -- Staff exhibits for today. I'll get
24 those for you.

1 A. (Haga) Okay.

2 Q. Okay. Based on FairPoint's response to this, the Staff
3 rebuttal data request number 22, FairPoint indicated
4 that it may need to put manual processes in place for
5 system functionality that is not performing as
6 expected, and that these contingency plans will not be
7 ready until February 29, '08; is that correct?

8 A. (Haga) That's correct.

9 Q. And do you agree that one of the most difficult aspects
10 of developing the replacement systems is to assure that
11 all the separate subsystems are working properly
12 together?

13 A. (Haga) I would.

14 Q. And do you plan to do end-to-end testing of the
15 replacement systems in order to make certain that the
16 systems are working in concert?

17 A. (Haga) We do.

18 Q. And when do you plan to do that testing?

19 A. (Haga) That testing begins -- some of the testing's
20 already started. As we continue to -- as we indicate
21 in our testimony, we're going through a four -- four
22 different builds of our entire application suite.
23 We've completed the second build and we're rapidly
24 approaching the completion of the testing of the second

1 build and we're going through the effort to build a
2 third build.

3 These are progressively increasing in
4 the amount of functionality that needs to be supported
5 across the enterprise of the applications. So we'll
6 start with very basic service, add a customer, and
7 then, from there, you know, add services to a customer,
8 and from there, add complex services to multiple
9 customers and so forth. So it's a progression.

10 Getting to, you know, the effort from a
11 testing standpoint, the integration testing of those
12 applications, as we build more functionality, we're
13 also testing more integration of the applications. You
14 know, so the heavy integration testing that's in our
15 testing plan and strategy begins the latter part of
16 December, and then we go in through January and
17 February. We're also beginning to perform stress
18 testing, stress volume, which was referenced earlier.

19 Q. Okay. Great. And what about the testing of the
20 business processes?

21 A. Many of those will go concurrently with the testing of
22 the applications themselves. There are several
23 business processes that are just outside the systems,
24 so there's no real opportunity to test them, per se.

1 Q. And do they require end-to-end testing, the business
2 processes?

3 A. Business processes, so long as they have systems
4 related to 'em, yes.

5 Q. And when would that occur?

6 A. (Haga) That would also occur in that same timeframe I
7 mentioned.

8 Q. So you'll be doing this testing through February ---

9 A. (Haga) Correct.

10 Q. --- I understand. And you stated earlier that you plan
11 to be ready in March. Does that leave you any wiggle
12 room if something goes wrong? Is that cutting it
13 close, in your mind?

14 A. (By Mr. Haga) The schedule's tight.

15 Q. Thanks. Okay. Earlier, we established that Hawaiian
16 Telecom was the only other case in the industry where
17 replacement of the incumbent LEC system, the process,
18 was of the same magnitude as this.

19 Please confirm that the system
20 functionality that FairPoint must replace in northern
21 New England is almost identical to the system
22 functionality that had to be replaced in the Hawaiian
23 Telecom transaction.

24 A. (Haga) The functionality, if we define functionality

1 as is the business supported, yes, it is the same.

2 Q. Thanks. And are the witnesses aware -- are you aware
3 of the post-cutover customer-service problems that were
4 experienced by Hawaiian Telecom?

5 A. (Haga) Aware that they had problems, yes. The
6 specifics to the problems, I am not aware.

7 A. (Kurtze) And I've read some of their -- some of
8 Hawaiian Tel's public filings and their descriptions of
9 the issue. I don't have any independent view, other
10 than what...

11 Q. So you are aware of them, because you actually refer to
12 them in your testimony beginning on page 34.

13 A. (Kurtze) Yeah. They describe their issues in several
14 different documents associated with financing, which I
15 have read.

16 Q. Okay. And I would like to show you Exhibit Staff 7.
17 This, unfortunately, is -- are you familiar with this
18 article, Mr. Kurtze or Mr. Haga?

19 A. (Haga) I am not.

20 A. (Kurtze) No, I'm not familiar with this particular
21 one.

22 Q. I'll leave the front page here.

23 MR. COOLBROTH: Can I just ask if
24 there's a date for this document? I didn't see one.

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1 MS. FABRIZIO: It is from the Honolulu
2 Advertiser. And, I'm sorry, you're right. The date was
3 -- we'll get the date and fill in that.

4 BY MS. FABRIZIO:

5 Q. This article discusses some of the problems that arose
6 through the Hawaiian Telecom cutover.

7 Would you agree that, from the
8 information in this article and from what you know
9 having reviewed the transaction in the past, that many
10 of the problems that Hawaiian Telecom experienced were
11 caused by a premature cutover from Verizon systems by
12 Hawaiian Telecom that required many manual workarounds
13 because Hawaiian Telecom systems were not operating as
14 designed?

15 MR. McHUGH: Let me object to part of
16 the question, because they said they're not familiar with
17 the article. So to the extent she's asking about the
18 article...

19 Q. Okay. And I also asked based on what you know, because
20 you have reviewed the transaction and are aware of the
21 problems that did arise. Is it your understanding that
22 many of the problems were caused by a premature
23 cutover?

24 A. (Kurtze) Let me first go on the record and say I

1 haven't read the article, so I can't characterize the
2 article. And I don't have any way to characterize
3 whether it was a premature cutover.

4 Hawaiian Telecom describes these
5 problems as the lack of, you know, flowthrough or full
6 automation of orders that they had to otherwise deal
7 with with extensive manual intervention. And I'm not
8 in a position to know whether that was a result of, you
9 know, something that they were unaware of or that they
10 were aware of and their intervention plans weren't
11 appropriate. So I can't characterize whether it was
12 premature or not, because I really don't know the root
13 cause of the problem.

14 Q. Okay. Thanks.

15 And Mr. Chairman, I would just note that
16 the date is May 1st, 2007.

17 I would just ask that you read the first
18 line at the top of page 3 of that article, beginning
19 "The lack of fully functioning systems..." Could you
20 read that out loud for the record?

21 A. (Haga) The very top of the page?

22 Q. Yes.

23 A. (Haga) Okay. "The lack of fully functional systems was
24 one of the several factors in the company's decision to

1 delay the new TV service over phone lines that would
2 compete with cable television. Hawaiian Telecom now
3 expects to launch the television service in the first
4 quarter of next year."

5 Q. Thank you. All right. On page 34 of your rebuttal,
6 you stated that Hawaiian Telecom's problems were
7 indicative of systems that did not flow through on an
8 end-to-end basis. Will all of FairPoint's orders and
9 other transactions flow through on an end-to-end basis?

10 A. (Haga) All of them? No.

11 Q. Okay.

12 A. (Kurtze) Although, again, for the sake of clarity, I
13 don't know of any company that gets all orders to flow
14 through.

15 Q. Mm-hmm.

16 A. (Kurtze) There are always a set of orders that require
17 special handling or individual service or information
18 not in the records or, in fact, there's errors in the
19 database. So the goal is to get a very high percentage
20 to flow through, but "all" is -- is not the standard.

21 A. (Haga) Where physical plant and the logical facilities
22 that sit on top of the physical plant is in the
23 systems, then, yes, we expect a hundred percent of that
24 to flow through the systems.

1 But when you have new engineering, new
2 construction, you know, that will slow the ability for
3 the systems to do it automatically because you have to
4 build the information in the systems in order for those
5 orders to flow through.

6 Q. Okay. Thank you.

7 A. (Kurtze) Back to the prior reference, the line you had
8 Mr. Haga read, Hawaiian Tel was not offering TV service
9 over phone lines before the transition, so this was an
10 incremental service that somebody might have
11 contemplated, but it wasn't the service that would have
12 been directly involved in the TSA and other services.
13 So it's clear that they didn't offer a new service at
14 the cutover, but...

15 Q. Okay. Let's see. Given the problems that Hawaiian
16 Telecom has experienced with manual processes, has
17 FairPoint identified what processes and functions it
18 will have to perform manually and what types of orders
19 will not flow through on an end-to-end basis?

20 A. (Haga) We have not. That's going to be the outcome of
21 the continued testing that we're performing, as well as
22 going through the second round of extracts that we
23 expect to receive the end of January ---

24 Q. Okay.

1 A. --- 2008.

2 Q. So you'll probably identify those after the testing is
3 completed in February or during the course of?

4 A. (Haga) Well, testing won't complete in February. I
5 was referring to the high-end integration testing that
6 we're performing.

7 You know, testing will -- every moment
8 you've got, you've got an opportunity to continue to
9 test. But yes, as we know more and understand more
10 about the systems, then yes, that will drive what -- it
11 will drive two things. What will require a manual
12 process -- when we talk about manual process, we're
13 getting back to contingency plans. So it's the same
14 answer as the contingency plans. As we know more, as we
15 work through the systems and the issues that will be
16 present, that's when we'll have to identify the
17 contingency, slash, manual efforts.

18 Q. Okay. Thank you. Back to your rebuttal, beginning
19 page 34, you talk about the Hawaiian Telecom
20 transaction. Mr. Kurtze states that the FairPoint
21 transaction's different from the Hawaiian Telecom
22 transaction because Hawaii was on former GTE systems,
23 which are different from the systems used by Verizon in
24 the Northeast.

1 Isn't it true that, even though these
2 systems that FairPoint must replace may be different,
3 the functionality of the systems is basically the same?

4 A. (Haga) That's a very simplistic correlation. Again,
5 the business that it supports, yes. They're both local
6 phone companies. They provide dial tone to the home
7 and they provide the ability to automate some of the
8 ordering -- ordering and provisioning functions.

9 Beyond that, when you're talking about
10 systems, the complexity and size of the systems is
11 greatly different.

12 Q. Okay. I would just have you take a look at Staff 6.
13 Could you read your response, please?

14 A. (Haga) "FairPoint agrees that, regardless of the
15 differences in the systems used, the system
16 functionality that Hawaiian Telecom was required to
17 replace in Hawaii is the same or very similar to the
18 system functionality that FairPoint must replace in the
19 Northeast. FairPoint has made no claims that replacing
20 Verizon systems in the Northeast will be easier or
21 harder as a comparison to the efforts undertaken by
22 Hawaiian Telecom."

23 Q. Thank you. Again, in your rebuttal, on page 35, line
24 5, I believe, Mr. Kurtze states that it is important to

1 have a knowledgeable client, and that one of the
2 problems in Hawaii was that, while the transaction was
3 signed in May 2005, most of its senior management team
4 had not been retained until December 2005.

5 Isn't it true that most of the senior
6 management team was actually in place by year-end 2004?

7 A. (Kurtze) Yes. That was a typographical error that we
8 noted in a subsequent data response, that the -- most
9 of the senior team was there in 2004.

10 Q. Okay.

11 A. (Kurtze) The point, however, was that during that
12 period of time -- and what we feel good about in
13 working with FairPoint -- is that the systems
14 integration effort, you know, depends on a client, you
15 know, understanding -- understanding the questions and,
16 in some cases, making decisions. And that the more
17 informed the client is, the more, you know, accurate
18 information you get, the less rework you do.

19 We worked with the senior FairPoint team
20 for some months, actually, prior to January 16th, 2007,
21 the deal announcing, as they were negotiating with
22 FairPoint -- I mean, with Verizon -- and trying to
23 understand the deal. And most of those very same team
24 members have been with us, you know, for the duration

1 since then. And that really was the -- you know, the
2 point that I was making. The more knowledgeable and
3 the more continuity there is of that base, the more
4 straightforward the work is for both parties.

5 Q. Okay. Thank you. And I would just note for the record
6 that Staff Exhibit 9, FairPoint's response,
7 corroborates the correction that you've noted.

8 A. (Kurtze) Okay.

9 Q. Isn't it true that most of the senior management team
10 at Hawaiian Telecom had a diverse background in the
11 telecom industry?

12 A. In reading their bios, as listed in the S-4, I would
13 agree with that, yes.

14 Q. Thank you. And, in fact, Staff 10 includes those bios
15 from the Hawaiian Telecom. Thank you.

16 Now, Mr. Kurtze, did you say earlier
17 that Hawaiian Telecom and Bearing Point signed an MSA
18 in 2005 to cover the systems development work at that
19 company?

20 A. (Kurtze) That's what they filed with their S-4, yes.

21 Q. Do you have a month in 2005?

22 A. (Kurtze) February, I believe.

23 Q. Okay. And was your point that the execution of the MSA
24 is a better way to assess the lead time for developing

1 those systems?

2 A. (Kurtze) It doesn't have to do with lead time. It was
3 indicative to us, and as they described their billings
4 in subsequent financials, of when they actually started
5 substantial work on the transaction. They had signed
6 an interim agreement in August of '04, but the billings
7 for all of '04 were substantially a, you know, much
8 smaller number. And that the -- as they described the
9 definitive agreement, including statements of work and
10 deliverables, it was not signed until February of '05.
11 S-4

12 Q. Thanks. That's helpful. Okay. So just let me
13 confirm. You're saying that there was an MSA signed in
14 August '04?

15 A. (Kurtze) They described it as an interim agreement,
16 yes.

17 Q. Okay.

18 A. (Kurtze) The MSA that was signed in February of '05
19 carried an effective date of August of '04.

20 Q. Now, Staff Exhibit 11 is an excerpt from the Hawaiian
21 Telecom 10K. It's actually not related to my question,
22 but -- okay.

23 Actually, let me show you page 5 of 6 of
24 that exhibit, the highlighted part that shows that the

1 MSA was entered into in 2004. Okay.

2 And although this is not part of the
3 record, part of our exhibit here, this is from the same
4 document, same 10K document, page 22 of that document,
5 the link of which is shown on our exhibit.

6 Can you see the first sentence? The
7 first sentence reads, "We originally engaged Bearing
8 Point, pursuant to the master services agreement,
9 effective as of August 6th, 2004."

10 A. (Kurtze) Yes. I think the operative word is
11 "effective." If you read the attachment to the S-4,
12 the February '05 document carries an effective date of
13 August of '04, back to -- in other words, back-dates to
14 take over the period of their interim agreement. And
15 that document was attached as an exhibit to the S-4.

16 Q. Okay.

17 A. (Kurtze) Actually, the S-4 had...

18 A. (Haga) If you put that back up and look at the first
19 sentence in the next paragraph, I think it gets closer
20 to describing that.

21 Q. Settlement agreement?

22 A. (Kurtze) No. That's the settlement agreement there.

23 A. (Haga) Okay. I apologize. I was trying to read
24 upside down.

1 A. (Kurtze) In subsequent materials, the total billings
2 for '04 were about \$6 million to Bearing Point, where,
3 in '05, when we really started the serious work, it was
4 \$6 million a month.

5 Q. Okay. So -- okay. Hold on one second.

6 Okay. So how much advance notice of
7 cutover readiness do you need to provide to Verizon
8 prior to the cutover date?

9 A. (Haga) Sixty to ninety days, per the merger agreement.

10 Q. Okay. And can you clarify -- I think you've spoken to
11 this earlier today. Is there any possibility for you
12 to revoke your notice of readiness and delay cutover if
13 you encounter any major problems that would affect
14 operations?

15 MR. COOLBROTH: I think that's going to
16 be part of our oral data response. We will review the
17 contractual provisions involved as part of responding to
18 that question.

19 MS. FABRIZIO: I'm sorry. I didn't hear
20 the response.

21 CHAIRMAN GETZ: Mr. Coolbroth indicated
22 that that would be addressed in a -- in the record
23 request. The record response was made earlier.

24 BY MS. FABRIZIO:

1 Q. Okay. Given that, can you address what your
2 contingency plans may be to implement cutover so that
3 operations are not impacted in the event?

4 A. (Haga) In the event that we -- you're tying a lot of
5 things together and I'm losing you on your description.

6 Q. All right. Back up a second. Understanding that
7 there's more information to come onto the record, is
8 there a possibility for you to revoke your notice of
9 readiness?

10 A. (Haga) That, again, goes back to...

11 Q. Go ahead. Okay.

12 A. (Haga) When you use the word "possibility," anything
13 is possible. But understanding the process that
14 Verizon needs to go through, it's -- there's a lot of
15 planning activity that needs to take place during that
16 sixty days. You know, through the working relationship
17 that we have with Verizon, we now understand that, that
18 need for that amount of time.

19 To FairPoint, the key date is when you
20 provide that notice of readiness. It's as if we were
21 going the very next day. So, you know, what that does
22 is provides the opportunity for these questions of,
23 "Okay. What are you going to do during those sixty
24 days while Verizon is going through their effort to

1 prepare, you know, for the actual cutover itself?"

2 We have all expectations that, when we
3 provide that notice, that we are there. Does it
4 provide an opportunity to continue to test? Yes, it
5 does. We're not going to sit around for sixty days
6 just saying, you know, "Hey, Verizon give us a call
7 when you're ready to go." We'll continue to test.

8 Do we anticipate seeing anything that's
9 going to be -- that would cause us to keep us from
10 cutting over? No. Our expectations are, when we
11 provide that notice of readiness, we are truly, in
12 fact, ready.

13 So the hypothetical of what happens if
14 something is discovered, we just haven't -- we haven't
15 gone through the exercise to discuss what we would do
16 in that event. But we don't anticipate it.

17 Q. So you haven't -- all right. It's fair to say there
18 are no contingent plans in that event?

19 A. (Haga) Correct. Contingency plans will -- they'll
20 start to be developed in November with a delivery date
21 of February 29th.

22 Q. Are manual workarounds, do you know, envisioned?

23 A. (Haga) Some, yes.

24 Q. If something occurs?

1 A. (Haga) Well, we've already stated that we will have
2 manual orders being processed during the time we're
3 actually transitioning the system. So that's a
4 foregone -- we know that. All the other efforts to go
5 through contingency planning were too early on in the
6 testing of the systems.

7 You know, we could come up with every
8 foreseeable thing that could go wrong and write a
9 contingency plan, but that's not a good use of time.
10 We want to get a little further down, you know, seeing
11 what the systems are doing, seeing whether we've got
12 some potential concerns within the systems, and then
13 begin to develop contingent...

14 Q. Okay. Thank you. Now, you've mentioned that -- I
15 think in response to Ms. Hatfield's cross -- that if
16 you do not end up cutting over in May 2008, what are
17 the next possible dates you might be able to do so?

18 A. (Haga) July 25th, September -- and I don't recall the
19 last Friday of that month.

20 Q. Okay.

21 A. (Haga) It's every odd month. The last Friday of every
22 odd month.

23 Q. And why are these dates the only option?

24 A. (Haga) These are -- Verizon has to continue to run

1 their business. These dates tie to less activity and
2 system modifications within their applications. So you
3 stay away from where they already have implementation
4 plans for modifications within their systems. So these
5 are an opportunity to go in and do this activity to
6 where we're not impacting changes they're making in
7 their operating environment.

8 Q. Okay. Thanks. Now, I'd like to go back to something
9 that you mentioned. I think Mr. Mandl brought out the
10 attachment to your rebuttal. It's Exhibit H/K-16 of
11 your rebuttal testimony. It's the work order number 1
12 to master services agreement. In my copy, which is
13 marked confidential, all fee and other compensation
14 numbers are blacked out; is that correct?

15 A. (Haga) That's correct.

16 Q. And they start on page 8. And I haven't seen those
17 numbers provided anywhere else in the record. Have
18 you?

19 A. (Haga) I have not.

20 Q. But we do have, somewhere in the record, a statement of
21 the total cost to Capgemini; is that correct?

22 A. (Haga) I don't know.

23 Q. Somewhere, we do.

24 A. (Haga) Yes.

1 Q. I can't cite it at the moment, but I assume that the
2 total costs are the accumulation of what you will pay
3 under the two work orders and that there is no other
4 work authorization or similar document under which
5 Capgemini can charge FairPoint.

6 A. (Haga) Correct.

7 A. (Kurtze) There's work order 2.

8 Q. Right. Two work orders, 1 and 2.

9 A. (Kurtze) But the sum of the two is the two ---

10 Q. Total cost?

11 A. --- documents. And I will also indicate that the sum
12 of the individual components adds up to the total.

13 Q. Okay. And what are those total costs?

14 A. (Haga) The reason for ---

15 Q. Is that confidential?

16 A. (Haga) --- it being confidential and redacted in this
17 version is it's confidential information.

18 Q. Okay. Well, this is -- this is a confidential
19 document. And Staff, in this proceeding, is entitled
20 to highly, highly confidential. I would just note that
21 we have not seen a completely unredacted version of
22 this.

23 Let me just -- can you -- the total
24 costs to be paid to Capgemini form a major portion of

1 what FairPoint will have to pay to reach the point of
2 systems cutover; is that correct?

3 A. (Haga) And it's also through -- described as the Delta
4 release, which is six months beyond cutover.

5 Q. Okay. And you understand that the costs FairPoint will
6 incur in reaching that point are a concern that has
7 been expressed by a number of parties in this
8 proceeding. Is that your understanding, having read
9 other testimonies and...?

10 A. (Haga) I personally haven't seen much about questions
11 of the cost of Capgemini, no.

12 Q. Okay. And would you agree with me that if we had work
13 orders without numbers blacked out, we could verify
14 what those total costs might be?

15 A. (Haga) Yes.

16 MS. FABRIZIO: Is FairPoint willing to
17 provide those blacked out numbers in response to a record
18 request?

19 MR. MCHUGH: Yes. I mean, I thought
20 they were sent out. So we'll follow up. That's not a
21 problem.

22 MS. FABRIZIO: Okay. Great. So that
23 would be a FairPoint exhibit.

24 CHAIRMAN GETZ: Did you indicate,

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1 Mr. McHugh, it's already been sent out?

2 MR. McHUGH: Well, we'll have to look.
3 I thought -- my personal thought is that it was provided
4 as highly confidential in unredacted form. But we'll
5 follow up. And in terms of a record request, we can make
6 it the next exhibit, 17.

7 CHAIRMAN GETZ: Okay. We'll reserve
8 that, if it's necessary.

9 MS. HATFIELD: Could staff just repeat
10 what that document was?

11 MS. FABRIZIO: Yeah. It was
12 confidential attachment to the rebuttal testimony of
13 Haga/Kurtze.

14 CMSR. BELOW: And I don't see that
15 attachment, even in the redacted form, in our set of
16 confidential documents.

17 MR. McHUGH: Okay.

18 CHAIRMAN GETZ: Well, let's make sure it
19 gets in the record.

20 MR. McHUGH: Sure.

21 MS. FABRIZIO: That concludes Staff's
22 questions. Thank you.

23 MR. HAGA: You're welcome.

24 **EXAMINATION BY CMSR. BELOW**

1 BY CMSR. BELOW:

2 Q. On page 14 of your rebuttal, joint rebuttal testimony,
3 lines 5, 6 and 7 and 8, you point out that Verizon
4 utilizes an order system for local phone service, a
5 separate ordering system for Internet, and still a
6 separate ordering system for long-distance service.

7 And then you go on to state that FairPoint plans to
8 utilize a single system that can order any product and
9 service that FairPoint provides; is that correct?

10 A. (Haga) That's correct.

11 Q. I was wondering, since such systems, to the extent that
12 they service or support functions that are rate-
13 regulated, presumably, the cost of such acquiring,
14 developing and implementing such systems FairPoint
15 could, in the future, seek to include in rate pay,
16 would that be true?

17 A. (Haga) I'm not the right party for that question.

18 Q. Okay. Well, assuming it is true, what I'm wondering is
19 if you're aware of any process or effort at this point
20 to keep track of or account for development and
21 implementation efforts that might be distinct for
22 aspects of such systems that relate to rate-regulated
23 functions versus those aspects that are unregulated, to
24 service or support unregulated functions?

1 A. (Haga) I'm not aware of any. The question really
2 would be to Mr. Skrivan or Mr. Leach.

3 Q. Okay. But you're not, Capgemini, or through your
4 function, making any effort to make such a distinction
5 at this point?

6 A. (Kurtze) Capgemini is not.

7 CMSR. BELOW: Capgemini is not. Okay.
8 Thank you. That's all.

9 CHAIRMAN GETZ: Let's do your redirect
10 of what's gone so far. And then, when we're done with
11 that, we'll move to the confidential issues with
12 Mr. Mandl.

13 **REDIRECT EXAMINATION**

14 BY MR. MCHUGH:

15 Q. Mr. Haga, could you just refer to the settlement
16 stipulation? And in Section 3, you were asked by
17 Attorney Mandl about why or why not there was a
18 reference to FairPoint -- I'm sorry -- why or why not
19 there was no reference to FairPoint paying for the
20 independent sort of OSS test-review process in the
21 settlement agreement.

22 So let me just ask you: Regardless of
23 what is or is not in the settlement agreement, is it
24 your understanding that FairPoint has agreed to pay for

1 the test-review process, the independent third-party
2 consultant?

3 A. (Haga) Yes, it is.

4 Q. Okay. Mr. Haga, could you describe a little bit --
5 again, in response to questioning by Mr. Mandl,
6 Attorney Mandl -- could you just describe briefly what
7 E-bonding is and explain why or why not training on the
8 E-bonding process might be necessary?

9 A. (Haga) E-bonding is -- it's basically a transmission
10 of electronic messages between one system to another
11 system. So instead of -- and we mentioned the GUI
12 interface that many of the CLECs use. They're entering
13 an order into their own systems and then bringing up a
14 Web interface and basically keying in that same order.

15 What E-bonding does, instead of them
16 having to rekey that transaction, their application
17 takes all the same information that you have to key
18 into the GUI and just sends it in electronic format to
19 us. We receive it and, basically, populate our systems
20 with that order. That's what E-bonding is. It's
21 electronic interchange of data.

22 A. (Kurtze) As we understand it, there are eight CLECs in
23 the three states that use E-bonding. And that's who
24 we've set up for these meetings later this week.

1 Q. What is the goal of the meetings?

2 A. (Haga) The goal of the meeting is to, one, review the
3 actual specifications of those transactions that are
4 sent between the two companies.

5 One thing to note, we've indicated the
6 -- you know, we don't anticipate a great deal of work
7 in this area. And primarily, the reason why we made
8 the statement is because Wisor's gone through the
9 exercise of modifying their transactions to the same
10 format that Verizon uses today. So the actual content
11 format, the look and feel, along with, as Mr. Lippold
12 indicated, the industry standards for those
13 transactions, the combination of the two, we don't
14 anticipate there will be a great deal of changes that
15 -- CLECs that use this type of interface.

16 But with anything, when you're getting
17 down into software and software deployment, there's
18 always going to be some one-offs that we have to
19 address. And until we have those face to face, which
20 is basically going to be a technical discussion between
21 software developers -- between Capgemini, FairPoint and
22 the CLECs -- to basically determine that what we've
23 done with Wisor, what Wisor's doing on our behalf,
24 basically satisfies the need, that they should be able

1 to plug and play basically into our applications.

2 Q. For purposes of some of the questioning, this five-day
3 period has been raised in questions that I think we
4 were calling both a five-day transition period or a
5 five-day cutover period.

6 But regardless of the name given to it,
7 can you explain what has to happen once the cutover
8 process starts? Right now, I know we're calling it
9 five-day. Can you explain what goes on during that
10 period of time?

11 A. (Haga) At the moment, when -- well, leading up to it,
12 you've got to understand what Verizon's doing to also
13 help with this exercise.

14 On the last day of the month, which
15 right now we're targeting May 30th, which is a Friday,
16 you know, to take advantage of the weekend, as
17 everybody -- as much down time as possible. Friday
18 evening, Verizon will know that this is the night --
19 the evening that they will make the cut.

20 So prior to actually bringing systems
21 down, they're going to try to take as much information
22 in those systems to a point where it's best for that
23 information to come out of the systems. So any orders
24 that are real close to completing, they'll push 'em

1 through. Any payments that need to be applied, they'll
2 get 'em applied to accounts, try to stabilize the data
3 as much as possible. That evening, roughly 11:00 p.m.
4 Eastern Standard Time, the actual process to start
5 extracting information out of systems will begin.

6 Now, it's not all systems concurrently.
7 Some systems still have to complete month-end
8 processes, so some of those systems, the extract won't
9 start to occur until Saturday, perhaps as early as
10 1:00, 2:00 o'clock in the morning Sunday. We're still
11 going through the details, but I'm giving you times of
12 day right now that's -- it's a very good approximation
13 of it, just based on the experience they had with the
14 previous activities like this.

15 Now, we're in the process now of
16 defining the actual step-by-step -- in some cases, to
17 the minute -- activities that will take place from
18 Friday evening until the moment where we actually turn
19 the system on that has data in it. So that's the chain
20 of events from when they actually start to extract the
21 data. We'll start to receive the data, we'll have a
22 list of systems that the data has to be loaded, the
23 order they have, because there are dependencies between
24 applications. We'll load 'em in that order. There'll

1 be a 24-by-7 team that's monitoring the basic task list
2 that will contain every movement, every application,
3 every piece of data that has to go from Verizon to
4 FairPoint to the point of when the system is actually,
5 you know, ready to turn up.

6 At the end of the whole process, all
7 systems will be ready to go and the green light will be
8 given to, you know, all -- basically, all employees at
9 FairPoint, as well as anybody we exchange data with.

10 Q. Now, before that process actually begins, will
11 FairPoint have developed methods and procedures for
12 manual processing of orders and other manual
13 workarounds?

14 A. (Haga) We will.

15 Q. All right. Now, if you could just turn to the
16 settlement agreement, the settlement stipulation under
17 Attachment 1.

18 In terms of the timeframe for the
19 development of the various manual procedures, including
20 escalation, is that on the document?

21 A. (Haga) In Section 5, it does indicate contingency
22 plans. But there are some activities that are just
23 manual in nature, so that will be in Section...

24 Q. I was looking at 5B in terms of the timeline for

1 completion.

2 A. (Haga) Correct. The timeline would be correct.

3 Q. All right. And when will the process to develop these
4 methods or procedures for manual processing,
5 workarounds, things like -- when will that actually all
6 begin?

7 A. Some of the -- again, I want to make sure that we
8 differentiate between manual work -- the context that
9 these -- the contingency plans, the manual workarounds,
10 are for system-related issues.

11 Q. No, I understand.

12 A. (Haga) Okay.

13 Q. Go ahead.

14 A. (Haga) But there are manual processes now that are
15 being developed, manual processes for complex orders
16 which don't go through systems a hundred percent, where
17 you have to engage engineering, network engineering,
18 network operations, in order to fully vet the request,
19 you know, whether it be from a wholesale customer or
20 whether from our own business customers. So those
21 processes are being developed as we sit here today.

22 Q. Okay. And if you could take a look at Section 6D of
23 those settlement terms, the last sentence, could you
24 just take a look at that and tell me if that generally

1 describes what we were talking about here?

2 It starts, "FairPoint shall take
3 commercially reasonable steps to ensure..." And I just
4 want you to find that sentence for a frame of
5 reference.

6 A. (Haga) That's correct.

7 Q. Okay. And if you look down in the sentence, do you see
8 the reference that FairPoint will agree to demonstrate
9 parity is being maintained in the processing of retail
10 and wholesale orders?

11 A. (Haga) I do.

12 Q. Okay. In terms of the sixty- to ninety-day timeframe
13 for Verizon -- because I don't think, really, it's been
14 explained clearly, anyway -- what does Verizon need to
15 go through for that period of time?

16 A. (Haga) Well, there's some specifics that I can't
17 address. But what I do understand -- it's been
18 mentioned ---

19 Q. This is to your understanding. That's agreed.

20 A. (Haga) It's been noted that Verizon is converting from
21 600 -- quote, 600 systems, end quote. So the exercise
22 that they've got -- they've got to plan, you know, all
23 those activities of ensuring that the data's prepared.
24 They've got to get on schedules. You know, there's

1 other activities that are taking place in their
2 organizations, so they've got to basically plan for
3 preparing all the information in those systems to make
4 sure that the reference I provided earlier that orders
5 get to a certain stage when they go through that
6 evening's activities.

7 So they've got a whole host of work to
8 basically prepare each one of those applications and
9 each one of the organizations that supports those
10 applications to prepare for the cutover.

11 A. (Kurtze) There are some very practical issues that
12 Verizon will deal with and then we will deal with.
13 There is a lot of data here. And there is -- some
14 things just take time. We know of one system where
15 moving the data takes ten hours, as fast as the systems
16 will go, because there is a lot of data. So it is --
17 it's being managed, you know, very, very precisely, but
18 it is not a -- you know, it's not a case of, you know,
19 there's faster ways to do it and we've -- you know,
20 we've chosen not to elect them. There's a balance here
21 of balancing amongst their work.

22 And we have the same issues on the other
23 side. Mr. Haga was talking about some things have to
24 be sequenced properly. You can't get some data ahead

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1 of other data. And so you've got to move that along.
2 And that's why it's a very, very structured process,
3 you know, once it starts, and can be followed through
4 on an almost checklist kind of thing.

5 Q. Well, if there's a lot of data, can you explain why
6 FairPoint hasn't proposed to do some sort of staged
7 cutover instead of what they're doing?

8 A. (Kurtze) Well, in other words, the network inventory
9 database, which is 170 gigabytes of data at last
10 estimate, that would be over 200 CD disks worth of
11 data, as an example. Half of it wouldn't do you much
12 good and it has -- you've got to be able to serve the
13 whole territory. You've got to have -- you've got to
14 have all of the data. And so that's why the planning
15 process is such that Verizon's going to spool it out
16 and we'll bring it along.

17 So there are -- again, it's a -- it's
18 complicated, but it's a manageable, you know, process,
19 in that it is a series of known events, known
20 activities that have to be executed with a degree of
21 precision and control. But it's -- you know, it's a
22 knowable thing.

23 Q. But if you can't do it then or it's not preferable to
24 do it in a staged cutover, can you do it -- why hasn't

1 FairPoint proposed a state-by-state cutover?

2 A. (Haga) The exercise of staged or state by state, all
3 those questions were asked of Verizon while we were
4 going through the agreement, prior to signing the
5 agreement. Like many of the questions that are being
6 posed to us today, we went -- we've asked the question,
7 you know, how can we break down a large project into a
8 smaller project, because smaller projects have a higher
9 degree -- probability of success.

10 You know, we asked the question: Can we
11 do it state by state? Verizon provided a response to
12 us which, you know, once hearing more of the details we
13 understood that, okay, we're sacrificing one risk for
14 other risks. So state by state didn't work.

15 Application by application -- now,
16 there's a -- there's a good thing with integration.
17 And, unfortunately, going through this exercise, you
18 find the bad thing about integration of systems is it
19 makes it difficult to tear them apart and try to, you
20 know, go from a system-by-system standpoint to do a
21 conversion of this magnitude.

22 Now that they're as integrated as they
23 are, you really only have one opportunity, one option,
24 which is you've got to take a moment in time and

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1 extract the information from the systems and convert in
2 that manner.

3 MR. MCHUGH: Nothing further,
4 Mr. Chairman.

5 CHAIRMAN GETZ: Okay. Then, at this
6 time, I think we should move to the confidential issues
7 that Mr. Mandl wants to discuss, which I presume are
8 confidential and not highly confidential; is that correct?

9 MR. MANDL: That's correct.

10 CHAIRMAN GETZ: And at this point, is
11 there anyone in the room that shouldn't be in the room?
12 It seems that everybody here, as far as I can tell, is
13 associated with parties that are qualified to receive
14 confidential information, but I'll leave it to...

15 MR. COOLBROTH: I think we have worn
16 everybody out, Mr. Chairman.

17 UNKNOWN SPEAKER: On day one?

18 CHAIRMAN GETZ: Well, let's turn then to
19 the confidential record and we'll start with Mr. Mandl.

20 (PUBLIC HEARING RESUMES AT PAGE 225)

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1 (PUBLIC HEARING RESUMES FROM PAGE 203)

2 CHAIRMAN GETZ: So I take it, then, the
3 only thing remaining for this panel is, Ms. Fabrizio, you
4 had a follow-up request, based on your earlier -- on your
5 cross?

6 MS. FABRIZIO: Yes. We have a record
7 request of Mr. Kurtze.

8 **CROSS EXAMINATION**

9 BY MS. FABRIZIO:

10 Q. You mentioned -- you mentioned that the Hawaiian
11 Telecom S-4 document had a reference to payments in
12 late 2004 to early 2005 to Bearing Point?

13 A. (Kurtze) I indicated that it showed the total of
14 payments for 2004, yes.

15 Q. And we have not been able to find that reference
16 ourselves online on the S-4 document. We wonder if you
17 would be willing to provide that as a record request.

18 A. (Kurtze) I would be happy to show you the page if
19 somebody has it online.

20 MS. FABRIZIO: Okay.

21 MR. COOLBROTH: We'll take that as a
22 request, Mr. Chairman.

23 CHAIRMAN GETZ: And we'll reserve
24 Exhibit No. 18.

1 All right. Then, at the risk of
2 somebody saying yes, is there anything else for these
3 witnesses?

4 Hearing nothing, then you're excused.
5 Thank you, gentlemen.

6 MR. HAGA: Thank you.

7 MR. KURTZE: Thank you.

8 CHAIRMAN GETZ: Mr. McHugh, can we get
9 at least the direct of Mr. Skrivan and get him qualified?

10 **MICHAEL T. SKRIVAN, Sworn**

11 **DIRECT EXAMINATION**

12 BY MR. McHUGH:

13 Q. Good evening, Mr. Skrivan.

14 A. Good evening.

15 Q. Would you state, for the record, your full name,
16 please, sir?

17 A. Yes. My name is Michael T. Skrivan.

18 Q. And you're employed by FairPoint; is that correct?

19 A. Yes.

20 Q. Could you tell the Commission your position with
21 FairPoint and your business address, please?

22 A. Yes. I'm senior director of regulatory affairs with
23 FairPoint. And my business address has changed since
24 my testimony was filed. I've moved to Portland, Maine,

1 and my address is 155 Gannett Drive, South Portland,
2 Maine.

3 Q. And are you the same Michael Skrivan who filed a pre --
4 prefiled rebuttal testimony on behalf of FairPoint on
5 September 10, which we premarked as FairPoint Exhibit
6 4?

7 A. Yes.

8 Q. Other than your address and anything related to the
9 CLEC settlement stipulation, do you have any other
10 changes or revisions to your prefiled rebuttal
11 testimony?

12 A. No, I do not.

13 MR. MCHUGH: Mr. Chairman, I don't want
14 to drag this out. We've been through it sort of on a
15 point-by-point basis with Mr. Lippold, but I don't know if
16 the Commission would want Mr. Skrivan to update his
17 testimony, at least in terms of the CLEC settlement
18 stipulation, or we can have his adopt his testimony
19 subject to that and let him be available for cross-
20 examination to help move this along.

21 CHAIRMAN GETZ: I think that the most we
22 can do today is I just wanted to get him sworn and
23 qualified. And I think we're going to have to close,
24 recess the hearings for today, and pick up with him next

1 Monday.

2 But let me understand the -- are the
3 other parties looking for some oral summary from
4 Mr. Skrivan with respect to the settlement and the MOU?

5 Hearing nothing, then I guess if we had
6 time, you'd be ready for cross and we would move to the
7 cross examination. So I guess we'll have to recess for
8 today.

9 Is there anything that we need to
10 address before we pick up tomorrow morning at 9:00?

11 Okay. Hearing nothing -- and if there's
12 any other thoughts about how to proceed, but I don't see
13 any other ideas really, other than to pick up with
14 Mr. Skrivan, then Nixon, and then the panel, et cetera,
15 next Monday, and start the other witnesses tomorrow. And
16 that being the case, we'll recess for the day. Thank you.

17 (Hearing adjourned at 5:42 p.m.)

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