

STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION

DT 10-025

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

TESTIMONY OF
ED TISDALE
ON BEHALF OF CRC COMMUNICATIONS OF MAINE, INC.

APRIL 19, 2010

1 **I. Introduction**

2 **Q. Please state your name and business address?**

3 A. My name is Ed Tisdale. My business address is 56 Campus Drive, New Gloucester,
4 Maine 04260.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Otelco, Inc. as Vice President – Finance & External Relations.

8
9 **Q. Please summarize your educational and professional background.**

10 A. I graduated from the University of Maine with a Business Administration degree with a
11 major in accounting. I joined The Pine Tree Telephone & Telegraph Company in
12 February 1996 as General Manager. From October 2001 to October of 2008 I was Vice
13 President of Regulatory, Legal, Risk Management, and Customer Service of Country
14 Road Communications and Chief Financial Officer of all the operating companies of the
15 parent company, including CRC Communications of Maine, Inc. (CRC). I assumed my
16 current role with Otelco in April 2009, which includes duties related to CRC's affiliated
17 CLEC in Maine, Mid Maine Telplus d/b/a Mid Maine Communications (MMC).

18

19 **Q. What are your duties and responsibilities at MMC/CRC?**

20 A. I am responsible for directing staff and operations in the following areas:

21 Accounting
22 Revenue Assurance
23 Retail and Carrier Billing
24 Carrier and External Relations
25 Internal Business Solutions
26 State Legislative and Regulatory

1 **Q. Have you been directly involved in your companies' interactions with FairPoint**
2 **after it assumed ownership of the former Verizon telephone network in New**
3 **Hampshire and Maine?**

4 A. Yes. I have been directly involved not only in FairPoint's operation of the network, but
5 also in Verizon's operation of that same network prior to its sale to FairPoint.
6

7 **Q. What is the purpose of your testimony?**

8 A. My testimony summarizes wholesale billing problems we have experienced with
9 FairPoint since cutover in February 2009, problems that have forced MMC and CRC to
10 manually review and resolve repeated billing errors, thereby significantly increasing our
11 cost of operations above the costs incurred when Verizon operated these lines.
12

13 **Q. Please summarize your testimony.**

14 A. I will speak specifically to problems CRC and its sister company in Maine, MMC, have
15 experienced in receiving, reconciling, and correcting the wholesale bills we receive from
16 FairPoint.¹ I believe our experiences highlight the continuing significant defects in, and
17 limitations of, FairPoint's wholesale billing and operational support systems. My
18 testimony will describe why I believe that FairPoint has not obtained "business as usual"
19 status with regard to wholesale billing.
20

¹ FairPoint's problems impact all three northern New England states – Maine, New Hampshire and Vermont. My testimony is based upon experiences in both Maine and New Hampshire on behalf of both CRC and MMC.

1 **II. CRC and MMC Continue to Receive Erroneous Bills**

2 **Q. What billing problems have CRC and MMC experienced?**

3 A. CRC and MMC have experienced two major types of billing problems with FairPoint:
4 (1) overbilling, and (2) failing to properly credit payments. I will address each of these
5 problems separately.

6

7 **Q. Have you discussed these billing problems with FairPoint?**

8 A. Yes, extensively and frequently. In addition to the numerous claims we have submitted
9 to FairPoint, we have had weekly (now bi-weekly) meetings with FairPoint to address
10 these issues. These meetings are regularly attended by me and 3 members of my staff as
11 well as by Tom Nolting, FairPoint Vice President of Billing and Revenue Assurance, and
12 5 members of his staff. The inclusion of both senior management and knowledgeable
13 staff has ensured that these meetings have been very productive in the sense that issues
14 and errors are identified and worked. Unfortunately, despite all of the hard work on both
15 sides of the table and the fact that FairPoint has acknowledged the validity of our
16 concerns and claims, its personnel are severely limited by FairPoint's internal billing
17 systems and are unable to permanently correct the underlying problems with the software
18 that generate the erroneous bills. FairPoint's inability to make permanent fixes or to get
19 long-standing issues addressed causes frustration for both FairPoint and CRC because it
20 means that the same billing errors reoccur month after month, generating a continued
21 need for our bi-weekly meetings and significant manual work by both sides.

22

1 **A. Problems Related to Overbilling**

2 **Q. Please describe the overbilling problem.**

3 A. FairPoint continues to overbill CRC and MMC in a number of different circumstances.
4 The testimony below summarizes the types of overbilling problems that occur most
5 frequently.

6 First, CRC and MMC service some of our end-users by reselling FairPoint dial
7 tone. Pursuant to federal law, we should receive a wholesale discount on our resale of
8 their dial tone. However, FairPoint has been unable to produce a bill which charges us
9 for these services at the proper wholesale discounted rate. Instead, we are billed at full
10 retail rates, which means that each month we must manually review each bill in detail to
11 calculate what our bill should have been, pay that amount, and submit a claim for the
12 difference.

13 Just recently, after more than a year of failing to charge the proper rate, FairPoint
14 was finally able to charge us correctly for the monthly dial tone portion of the service.
15 However, FairPoint still overcharges us for usage/toll charges on those bills by
16 improperly charging the retail rates for usage/toll, not the applicable wholesale
17 discounted rate. FairPoint agrees with us that it is charging improper rates and has agreed
18 to fix this overbilling, but has yet to do so, forcing CRC and MMC to continue our
19 monthly manual review and recalculation of the bills and submission of claims for the
20 excess charges.

21 Second, in March 2009, we submitted a disconnect order for all five of our 500
22 number service circuits and the associated facilities in Maine. FairPoint properly

1 disconnected one of those five circuits, including discontinuance of billing. However,
2 FairPoint still bills us monthly for the other four, despite their physical disconnection,
3 with charges totaling \$210,000 to date and increasing monthly. FairPoint agrees these
4 charges are improper. However, FairPoint still bills on-going monthly charges as well as
5 the claimed past due amounts for these four circuits.

6 Third, FairPoint consistently overcharges us for trouble ticket charges on our loop
7 bills. FairPoint uses a retail rate rather than the required wholesale rate. Interestingly,
8 this occurs on only approximately 25% of the bills, not on every bill, indicating some
9 fundamental inconsistency or underlying problem in FairPoint's software or data. Once
10 again, we are forced to manually review each bill, pay what we owe, and file a claim with
11 FairPoint for the excess. FairPoint approves the claim, but we still have to go through
12 this process each month.

13 Fourth, FairPoint arbitrarily charges taxes and surcharges on some CRC
14 wholesale accounts, even though exemption status is on file with FairPoint and was on
15 file previously with Verizon. As with the trouble ticket charges, this charge is made
16 inconsistently (only some accounts, and only in some months), indicating a fundamental
17 problem with FairPoint's software or data. Again, this forces us to manually review each
18 bill, pay what we owe, and file a claim with FairPoint for the excess. FairPoint approves
19 the claim, but we still have to go through this process on a monthly basis.

20 Finally, FairPoint does not itemize some of our disconnect orders on our
21 subscriber loop and high capacity loop invoices. Very few disconnects occur on the day
22 a billing cycle ends, so a proration of the monthly charge is due on the next billing

1 statement. When Verizon operated the systems, the disconnected line appeared on the
2 next statement as well as a prorated credit. Specifically, the service order number for the
3 disconnection was listed with details of the date of disconnection, the circuits involved,
4 and the prorated credits generated for the partial month's non-use of service. However,
5 under FairPoint, for between 100 to 150 loops each month, lines that were disconnected
6 in the middle of the prior month do not appear on the itemized line list on the monthly
7 statement and no proration is made. The circuits just disappear from the bill without the
8 proper paper trail or the prorated credit. Again, this forces us to manually review each
9 bill, compare the lines listed with the list in the prior month's bill, pay what we owe, and
10 file a claim with FairPoint for the prorated credit. FairPoint approves the claim, but, once
11 again, we still have to go through this process. FairPoint acknowledges this is a problem,
12 but it is a problem FairPoint has been unable to fix to date.

13
14 **B. FairPoint Fails to Accurately Credit Payments by CRC and MMC**

15 **Q. Does FairPoint accurately record your payments?**

16 A. No it does not. FairPoint does not apply payments in a timely or accurate fashion. As of
17 January, 2010, CRC and MMC had a balance of over \$1 million dollars in payments
18 made electronically or by check since cutover that FairPoint had not posted to any of our
19 accounts.

20 CRC and MMC previously submitted many payments electronically for the larger
21 of our accounts. However, after cutover, FairPoint was unable to properly post electronic
22 payments (even after the funds had been received), which meant we spent many man-

1 hours tracing and documenting our payments. Because that process became very costly,
2 towards the end of 2009 we went back to paying by paper check for all of our accounts in
3 order to ensure that there was a paper trail to follow should FairPoint fail to properly or
4 timely apply the payment. This change on the part of CRC and MMC, however, has not
5 resolved the problem because several payments made this year by check have not been
6 properly posted to our accounts.

7 In addition to amounts not posted to *any* CRC or MMC account, amounts are
8 often posted to the incorrect CRC or MMC account. We have over 100 accounts with
9 FairPoint. When several of these accounts have the same remit address, we often submit
10 one check. Although we include stubs with our payment which detail how to apply the
11 payment, the full amount is often applied to just one account. Once again, we are forced
12 to review our accounts in detail and submit claims to have the proper amounts credited to
13 the appropriate accounts.

14
15 **III. Erroneous Bills Directly and Adversely Impact CRC and MMC**

16 **Q. How have these ongoing billing FairPoint problems impacted your business?**

17 **A.** We have devoted, and continue to devote, significant man-hours to manually reviewing
18 the many monthly bills we receive from FairPoint, researching correct charges,
19 submitting curative paperwork to FairPoint, and keeping track of the various claims to
20 make sure all are accepted and properly reflected on future bills. The employees
21 involved come from various departments within our companies, as detailed knowledge of

1 the specific services is required, thus disrupting normal functioning throughout our
2 operations.

3

4 **Q. Does the testimony filed by FairPoint in this proceeding adequately address the**
5 **concerns of CRC with regard to billing issues?**

6 A. FairPoint's public testimony identifies the process, teams, and personnel FairPoint has
7 put in place to try to improve its systems, but contains no specifics regarding the
8 particular problems identified or the specific timelines for implementing individual fixes.
9 Without access to the specific information contained in the Weatherwax Confidential
10 Exhibits, I have no basis to judge whether FairPoint is proposing and/or making the
11 system-wide software changes necessary to properly fix these continuing billing
12 problems. I encourage the Commission to review those materials carefully and consider
13 whether the issues CRC has identified will be addressed by FairPoint.

14

15 **Q. Does this conclude your testimony?**

16 A. Yes.