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
NICHOLAS A. WINCHESTER
ON BEHALF OF CRC COMMUNICATIONS OF MAINE, INC.

APRIL 19, 2010

I. Introduction

Q. Please state your full name, title and business address.

A. My name is Nicholas A. Winchester. I am a Senior Vice President of Otelco, Inc. ("Otelco"), parent company of Mid Maine Telplus d/b/a Mid Maine Communications ("MMC") and CRC Communications of Maine, Inc. ("CRC"), and General Manager of CRC. My business address is 900D Hammond Street, Bangor, Maine 04401.

Q. Please provide your background and relevant experience.

A. I have worked at Mid Maine Communications in various senior management positions since January of 2001. I was hired by Mid-Maine Communications in April of 1999 to assist in the start-up and development of its competitive local exchange carrier (CLEC) and assumed similar duties for CRC following Otelco's acquisition of that company in 2008. Over the last nine years I have been actively involved in all matters related to the continuance and evolution of this business. I have more than 13 years of industry experience, all of it spent working in the states of Maine and New Hampshire.

Q. Please summarize your testimony.

A. Despite claims to the contrary, FairPoint has not returned to "business as usual." As will be explained below, FairPoint's failures directly and significantly impact MMC and CRC - CLECs that not only provide services to some of Maine and New Hampshire's largest medical, financial and educational institutions but CLECs that purchase millions of dollars of services from FairPoint annually. FairPoint's failure to "right the ship" and bring its operations in line with pre-cutover service levels has materially impacted our business and, more importantly, our ability to support our customers and their telecommunication needs.

I provide this testimony to give the Commission insight regarding the impact that FairPoint's operational and financial struggles are having on the wholesale operating environment in New Hampshire. I also respond to the testimony of Mr. Murtha, Ms. Weatherwax, Mr. Lamphere, and Mr. Allen regarding FairPoint's progress in addressing issues which directly affect CLECs and their customers.

II. FairPoint's Operational Issues Directly Impact CRC and MMC

Q. Please describe the business operations of CRC and MMC.[1]

A. CRC and MMC are competitive local exchange carriers in Maine and New Hampshire. (Affiliates also operate three incumbent rural local exchange carriers in Maine.) CRC and MMC serve business and residential customers throughout Maine and New Hampshire using a combination of our own fiber facilities and network and FairPoint unbundled network elements, including so-called last mile loops to customer premises. We have been offering facilities-based local exchange, Internet and data services to business and residential customers in Maine since 1999 and in New Hampshire since 2009. Today, our CLECs provide telecommunications, data and Internet services to over 2,000 business customers and more than 500 residential customers - totaling close to

[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.

29,000 access lines in Maine and New Hampshire. We also provide over 130,000 wholesale connections to wholesale customers in both states.

Q. Can you provide the Commission a summary of your concerns?

A. When FairPoint took over operations from Verizon in 2008 it had no experience in serving CLECs. Despite this fact, FairPoint made many promises to the Commission and CLECs regarding improving service to CLECs; these promises, no matter how well-intentioned, have not materialized. It is painfully obvious from the events that have occurred since cutover in February 2009 that FairPoint simply was not prepared to support its wholesale customers in a manner that was equivalent to, much less better than, Verizon.

CRC and MMC have made substantial investments in their CLEC businesses over the past eleven (11) years to better serve the growing needs and interests of our customers. This investment includes a significant amount of time and energy devoted to fine tuning the day-to-day working relationship with our largest wholesale partner, formerly Verizon and now FairPoint. The business relationship we had with Verizon was extremely complex, yet critical to our current and future success. While sometimes contentious, ultimately our relationship with Verizon worked because we could count on Verizon to provide the required UNEs and services in a manner that complied (for the most part) with Commission orders, including the Performance Assurance Plan (PAP) and Carrier to Carrier (C2C) metrics. Our relationship with FairPoint since cutover has been very difficult because of the continuous series of operational and billing issues that has occurred. FairPoint's failure to replicate a "business as usual" environment has had an adverse impact on our CLEC operations, but, more importantly, it has had an equally adverse impact on the customers that have come to rely on CRC and MMC for their telecommunications needs.

Q. Do you have confidence in the performance data cited by FairPoint in its testimony?

A. No. The validity and integrity of the data FairPoint is reporting to the Commission is incomplete and unreliable. FairPoint is presenting data that is generated by a system that has been identified as their single biggest failure in the conversion process. So many manual work-arounds are required to get wholesale activity processed and provisioned that using performance data generated by FairPoint's defective software cannot, and does not, come close to providing an accurate picture of CLECs' experiences and the continuing frustrations encountered by CLECs on a daily basis. There is a large gap between FairPoint's representation that they are providing "service to our customers at an outstanding level"[2] and the reality experienced daily by CLECs and their customers. FairPoint still has a long way to go before it can accurately state that it has achieved "business as usual" in all elements of its performance to its wholesale customers.

Q. Can you provide specific examples?

A. Serious problems still exist in access to customer service records and loop qualification tools. FairPoint claims it has fixed all of the issues reported by CLECs but that claim

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2 Allen Dir. at p. 4.

does not tell the whole story. While FairPoint now provides CLECs with access to loop qualification tools and processes, the output CLECs receive from these tools and processes is unreliable and generates a considerable amount of manual work for both CLECs and FairPoint. While FairPoint correctly represents that CLECs now can pull customer service records (CSRs), the data is in those records is incomplete and, as with the loop qualification tools and process, the contents of the CSRs are unreliable and generate a significant amount of manual work.

Another example - FairPoint claims its performance on flow through and completion of directory listings for its wholesale customers is on par with pre-cutover levels. However, our current experience is that the number of FairPoint errors in this year's directory listings across the FairPoint footprint is shocking compared to pre-cutover results. For the Biddeford, Maine directory alone, 1,264 of CRC's listings were missing, 853 listings were attributed to CRC but are not CRC customers, and another 125 listings contain mismatched information. As the Commission is well aware, nothing gets a customer, especially a business customer, more upset than a missing or incorrect listing in the phone book. We have tried to work with FairPoint for the past year to improve both the processing of the listings and the process for reviewing the listings (which is now a highly manual process) but the progress has been painfully slow and, ultimately, ineffective given the continued high levels of errors.

FairPoint also claims that its call center performance has dramatically improved. That is true only from a call answering perspective; i.e., FairPoint service representatives do pick up the phone faster. The real measure of improvement, however, is whether the people answering the phones are able to answer the question or resolve the issue at hand. Unfortunately, that has not been CRC's and MMCs experience. We often are not able to get immediate resolution to provisioning and billing issues because the people answering the calls simply do not have sufficient training or sufficient access to the resources needed to answer the questions asked. More often than not, wholesale calls are being redirected by the call centers to our SPOC (single point of contact) and added to a long list of orders requiring further attention by FairPoint personnel and tracking/management by CRC/MMC personnel. The fact these calls need to be sent to someone deemed a specialist is in itself an indication that the notion of business as usual does not exist because, previously, under Verizon, the majority of wholesale inquiries could be handled by the call centers without any additional special handling.

In addition to these issues, while Mr. Lamphere testifies that "on-time delivery improve[d] by 9%" in the fourth quarter of 2009,[3] the average intervals for processing local service requests (LSRs) have escalated from 3-5 business days under Verizon to up to 10 business days with FairPoint. In addition to the increased processing times, the extended firm order confirmation (FOC) date is often not met. The situation with access service requests (ASRs) is no better. The old 10-14 business day interval with Verizon has been replaced with up to a 30 business day interval by FairPoint – an interval FairPoint does not meet the majority of the time. With both LSRs and ASRs, it is difficult to monitor the progress of the order because FairPoint's support systems provide erroneous error messages and/or fail to generate accurate provisioning complete (PCN)

[3] Lamphere Dir. at 14.

and billing complete (BCN) notices. Our employees spend significant time trying to verify information generated by FairPoint's systems because they have learned, the hard way, that they cannot rely on FairPoint's information.

Q. How have FairPoint's problems impacted your business?

A. CRC and MMC have been impacted in many different ways. The amount of resources we must devote to getting our orders processed and provisioned correctly has increased exponentially. Because of the increased number of manual processes necessitated by FairPoint's poorly performing operational support systems, our employees must "touch" each order multiple times, including repeated calls to the wholesale customer service center and our SPOCs. We spend a significant amount of time trying to track the large number of orders stuck in manual processing or other special treatment. This need for manual intervention is repeated throughout FairPoint's provisioning and billing processes. (Mr. Tisdale addresses some of the significant billing issues in his testimony.) The overall result is that CRC and MMC incur significant additional labor costs because of FairPoint's problems, costs that were not incurred with Verizon.

Q. What is your reaction to Ms. Weatherwax's claims regarding FairPoint's work based upon the recommendations made by Accenture?

A. Unfortunately, due to confidentiality limitations imposed by FairPoint, I have been unable to review the service failures identified by FairPoint (based on Accenture's recommendations) that are to be fixed as part of Customer Delivery Improvement Plan cited by Ms. Weatherwax, the priority FairPoint has given to each, and FairPoint's progress on meeting the recommendations. The public summary attached to Ms. Weatherwax's testimony as Exhibit VW-3A indicates that Accenture identified over 200 areas needing improvement and developed 34 high level projects. Ms. Weatherwax indicates that only the top 15 are being worked on and that even those will not be completed until later this year. Without knowing the 15 top issues identified by FairPoint and FairPoint's timeline for fixes, I cannot assess Ms. Weatherwax's claims and whether the projects listed will correct the problems suffered by CRC and MMC.

Given the experiences of CRC and MMC, the continued problems caused by FairPoint's systems, and Accenture's recommendations regarding additional work that needs to be done, it would appear that FairPoint still has a significant amount of work to do to bring both its wholesale and retail operations up to par. I am concerned that FairPoint's current financial woes have led to delays in wholesale improvements in favor of retail-focused projects. Further, while FairPoint professes to understand that serving CLECs helps keep customers on FairPoint's network, I'm afraid that both now and in the future there will be a lot of pressure on FairPoint management to maximize its retail revenues, improve its retail customer service, and increase its retail service offerings at the expense of wholesale customers.

Q. What about Mr. Lamphere's description of the work FairPoint has done to improve order processing?

A. While I have no basis for disputing the fact that FairPoint has undertaken these efforts, the facts on the ground indicate that there is still long way to go. FairPoint has had a full year to bring its operations into compliance with the PAP and C2C metrics yet FairPoint's wholesale performance, as reflected in the penalties assessed each month, is still far below that experienced under Verizon. If the Commission closely reviews the PAP penalties assessed in New Hampshire since cutover, it will see that while the monthly industry-wide total has decreased from its all-time high in New Hampshire of over $1.7 million dollars in May of 2009, it is still far, far above the amounts that were ever assessed to Verizon.

CRC and MMC would much rather receive wholesale services that meet the PAP and C2C guidelines than penalty money which does not make up for the lost resources devoted to rectifying issues caused by the failures to meet the measures. Having said that, the fact that FairPoint has yet to bring its performance into compliance, despite being assessed over $13.6 million dollars in penalties last year, leads me to question whether FairPoint is devoting sufficient resources to resolving its wholesale operational issues or whether there are yet to be uncovered flaws in the data being reported or in the systems themselves.

Q. Can you please summarize you testimony?

A. While CRC and MMC do not oppose FairPoint's reorganization, we believe that FairPoint's wholesale operations have not yet returned to a "business as usual" standard as implied by FairPoint's testimony in this proceeding. Much work remains to be done in addressing the problems associated with the operational support systems and it is essential that FairPoint have both the willingness and resources to complete that work. Finally, wholesale operations and performance must not be sacrificed to retail operations and performance as FairPoint emerges from bankruptcy; FairPoint must meet the entirety of its wholesale obligations to CLECs and other providers.

Q. Does this conclude your testimony?

A. Yes.