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March 6, 2009

Kathryn M. Bailey, Director, Telecommunications
New Hampshire Public Utilities Commission
21 S. Fruit Street, Suite 10
Concord, NH 03301-2429

Re: DT 07-011 Operational Support systems Cutover

Dear Ms. Bailey:

This letter will respond to your letter to me dated March 3, 2009 regarding progress on the cutover to FairPoint's new operational support systems (OSS). For your general information, I will first provide an overview of the status of our cutover and systems integration, including both the cutover itself and post cutover integration. I will then provide responses to your specific questions.

General Comments:

Cutover:

Overall, I am pleased to report that the cutover itself went according to our plans. To my knowledge, this is the most complex system conversion, integration and employee change management project attempted by any U.S. telecom company. Had we not begun this process in September of 2006 and spent over four million hours focused on this project, we would not be where we are today. The progress we made in the initial phase enabled us to formally end our operations under the Transition Services Agreement with Verizon on January 30, 2009 and initiate the process to convert to our own systems. This conversion was completed on schedule on February 9, 2009.

In the cutover process, we took the data from over 200 legacy Verizon databases supporting over 600 Verizon systems, built over 200 third party interfaces and converted years of Verizon data into our new systems.

Some of our cutover accomplishments are as follows:

- We re-homed the automatic call distribution functions from the Verizon network to the FairPoint supporting network and switches to route customer calls to the correct call center and answer queue.
- We implemented Advanced intelligent Network services for our customers who require the most advanced services.

We migrated the Maine, New Hampshire and Vermont Enhanced 911 services from Verizon's network operations center to our network operations center and migrated the Maine E911 database from Verizon to our own third party database provider.

- We successfully designed and installed our own official company network to support the ability of the network operations center to monitor the network and provision services. Subsequently we successfully designed and stood up a new network operating center and migrated over 8,000 network elements from the Verizon network and re-homed them to the FairPoint network for monitoring, surveillance, provisioning and activation.
- We successfully completed the Signal System 7 (SS7) upgrade and re-homed our operator service and directory assistance services from Verizon to FairPoint's network and third party database providers. In addition, we replaced the Verizon wholesale web portal and implemented a FairPoint-hosted web-based portal providing reports, applications, and data extracts to the competitive local exchange carriers.

Post Cutover Integration:

The cutover itself has been completed, and we are no longer relying on Verizon for service under the Transition Services Agreement, and we are continuing with the post cutover integration. Many aspects of the integration have gone very well, while several others have been, and continue to be, addressed and resolved. To that end we have maintained a high level of communication with our various stakeholders. A summary of the progress of the integration follows.

We completed the migration of our internet customers from Verizon to FairPoint's servers, new email accounts and technical help desk. Although approximately 90% of the migration went smoothly with no impact on the customers, approximately 10% of customers were impacted or inconvenienced. The issue revolved largely around help desk capacity. We promptly added a second call center and opened up an on-line chats capable to provide customers with real-time support. Although there are still some customers with whom we are working on migration-related issues, by February 19, 2009, we were back to the normal level of help desk operations.

There are several areas that we remain focused on and are still addressing:

- The first area of focus is order flow-through and meeting customer due dates. During the one week prior to and the one week of conversion, we processed only emergency orders and normal repair calls. As a result, there were approximately 24,000 orders in queue when we brought the systems on-line on February 9th. Since then we have completed and put into service over 60% of the queued and new orders received and there are a large number appropriately moving through the systems. We are experiencing some issues affecting both retail and wholesale customers that have impacted customer due dates. Of the total orders that were queued and new orders received, currently there are approximately 14% for which we have missed the installation due date. We have planned fix dates over the next two

weeks to address the majority of those impeding issues. Due to the additional delays, we now expect to return to normal operating levels in all areas by the end of the second quarter.

- The second area of focus is billing. We had originally planned to mail our first post-cutover bill cycle on February 13th and then process almost one cycle per day until we returned back to the normal schedule by March 2nd. We now expect the bill cycles to be back on the normal schedule by March 9th. To date the initial calls we have received regarding the bills have been about as we expected; some errors are getting through although many of the calls related to why the bills are late and why certain charges are being presented differently than they had been with Verizon. By in large, this seems to reflect a high level of accuracy around the bills that have been processed.

Responses to Staff Inquiry:

1. *A written description of the process FairPoint is using to diagnose the extent of and root cause of both system defects and data defects affecting pre-ordering, ordering, provisioning, maintenance, and billing transactions both for retail and wholesale, and how FairPoint plans to address each issue until FairPoint achieves its stated design objective of 90% flow-through for all orders.*

FairPoint established an extensive cutover support organization to handle cutover problems. We understood that we would have issues and that a high degree of support would be required initially. At the center of this organization was the FairPoint Cutover Mission Command Center (FMCC). The FMCC interfaced with the Capgemini Systems Command Center, the Verizon Command Center, external vendors and various other Capgemini and FairPoint support teams.

FairPoint identified a “hypercare” period following cutover during which intensive support would be required on a 24 X 7 basis. The Capgemini and FairPoint teams were organized on functional lines to provide triage, defect correction, data support and infrastructure support. These teams were divided further based on functions or systems. FairPoint established SWAT teams to deal with wholesale functions, service orders, trouble tickets and billing and mediation. Processes were developed to track, interpret, classify, prioritize and fix problems with the processing of service orders and trouble tickets.

During the first week after cutover, the support groups answered questions regarding the applications and executed processes that would allow service orders to move through the new systems. During this time, it was not apparent to the support teams that applications were not being processed at the levels experienced during testing. As the teams began to realize that problems were greater than expected, we altered our approach and brought in more subject matter experts to perform root cause analyses of the developing issues.

Many of the items identified as system defects can be traced to the converted data. This situation does not necessarily point to problems with the process of providing and extracting the data, but rather to the issue of how the data would be processed in the new FairPoint systems. A major task has been to uncover the data anomalies that introduce invalid business conditions in our systems. A general description of the remediation process follows.

Issues are reported to our IT help desk. The IT help desk records the issue within our Remedy ITSM application, so that we can route tickets based on the information and priority entered. Issues can be the result of network, database, application or user problems. If the issue is network related, it is routed to the appropriate FairPoint network SWAT team. If the issue is not network related, it is routed to our development organization (primarily Capgemini) and logged into our Quality Center application, which tracks defects through their life cycles until closed.

Corrective actions can be grouped generally into three categories:

1. Data Corrections. In these instances, the underlying data has a condition that is causing the reported issue. The problem could be a result of a conversion issue. It may also be that the required data was not present in the Verizon systems prior to conversion. We are able to correct these issues rapidly, since we can apply data patches usually within 24 hours following validation that the patch corrects the reported issue.
2. Configuration Corrections. In these cases, the reported issue is the result of a problem with a system configuration parameter that causes the relevant application to perform in a manner that adversely affects one or more business functions. These issues also have a rapid correction response time, as we can apply configuration patches within 24 hours of validating the configuration change.
3. Code Fixes. Code fixes are required when the reported issue is a result of the software not functioning as expected or the design not meeting the needs of the operating environment (in most cases, too slow). These issues require more time for us to develop and test the solution. Remediation times for the deployment of code fixes have generally been five to seven days.

All data corrections, configuration corrections and code fixes are reviewed and approved by Michael Haga prior to deploying to production. Production deployments are performed nightly unless weather conditions require us to keep our systems functioning throughout the night. This process is performed each day, seven days a week. We will continue with this process until we gain stability in the applications, at which time we will temper down our cycles to 5 days a week and reduce our deployment cycles to weekly and eventually monthly.

We have also instituted a process wherein the applicable FairPoint teams report daily and identify for each team a "Top Ten" list of critical items, which are processed on a priority basis. The process described above constitutes our pathway to achieve order flow-through at pre-cutover levels.

2. *Daily reports of metrics based on Liberty's recommendations and discussions with you to assist in understanding the magnitude of the problems and to track progress as defects are repaired.*

The requested information has been provided on a confidential basis.

3. *An explanation of how FairPoint is clearing the backlog of orders. Specifically, confirm that orders which require manual intervention are being processed in the order in which they were received, beginning with the orders first received during the embargo. Please also confirm whether orders are being pushed through to provisioning and tracked manually to get around system defects that are blocking orders.*

FairPoint is committed to the clearing of all orders including the backlog that was built up during the embargo and cutover periods. FairPoint agreed to a first-in-first-out (FIFO) process after cutover and did enter all orders into our systems utilizing that methodology. The orders once submitted are assigned different provisioning plans depending upon product specific needs. These orders will all be worked at parity between wholesale and retail, as our order management system does not discriminate between order types. There are some system issues that are currently impeding the progress of orders through the provisioning plan which require manual handling to get the orders provisioned. This manual handling process is being used to advance orders around the systems where blocking issues exist so that we can provide service to our customers. FairPoint has put a process in place to coordinate these activities between the call center organizations and the operations organizations to ensure coordination and update of all of these orders and update to the systems through resolution.

4. *The status of the process and delivery of DUF files to wholesale carriers, indicating the extent to which carriers have received useable DUF for all their daily usage records since cutover.*

We started polling our switches at 12:01 a.m. on January 31, 2009. We did so through a coordinated effort with Verizon to ensure that no calls were dropped. We have a total of 47 switches that provide call detail records (CDRs). We continued polling through the cutover period until February 9, 2009, at which time, we began executing the processes that create the Daily Usage Files (DUF). At that point, we had ten days of polling data to process.

All carriers have received useable DUF, however we have experienced issues which have delayed our ability to provide DUF. The most frequent issues reported to us were:

- More files than expected
- Invoice numbers out of Sequence/ Empty Files
- Missing data
- Data issues

Our response to each of these categories is as follows:

1. More files than expected. Our application began experiencing inconsistent results due to the large amount of data we were attempting to process. We had the file merge feature enabled in order to create one file per file type per state as requested by the CLECs. This caused the processes to time out and produce files with inconsistent data. We removed the file merge feature, and this issue will not be resolved in the near future. Once the application has consistently run as expected for a while, we will begin addressing the file

merge process again to meet this wholesale customer expectation. We believe it is better to have complete, issue-free data with multiple files per day, rather than run the risk of seeing the application issues again. We have communicated this approach to carriers who have reported this issue.

2. Invoice numbers out of Sequence/Empty Files. Each file type or state for each carrier is a unique destination. If a carrier receives unbundled network elements (UNE) and Operator Services and Directory Assistance (OSDA) files for all three states, that carrier will have six different destinations. We experienced the problem that the invoice number sequences began resetting themselves, and files were created with invoice numbers out of sequence. We stopped processing the destinations and manually reviewed the configuration for every destination. We found that the invoice sequence had reset itself on many of the destinations due to a configuration issue. We manually corrected the sequences and made sure all destinations were configured correctly so that this issue would not continue. The circumstance of a carrier receiving empty files was caused by a similar issue, i.e., an incorrect configuration at the destination level. A manual review of all destinations resolved this issue.
3. Missing Data. We are reconciling all polling data. We know that we are not missing any data, but we have had issues that result in a delay in the delivery of the data. As the carriers review volume levels and report to us regarding days for which they believe the volume of data is too low, we research the issue and resolve it with the reporting carriers and other carriers that might be affected by the same issue. The problems have various causes. In some instances, records have been filtered out of a carrier's file. In other instances, there are application issues, with the result that we are not able to process any of the data. We have reviewed the file exception area and made sure that anything that landed there was removed and reprocessed to make sure all of the data is being provided. There has been some delay as we globally suspended processing in order to review an issue we believe might have affect on all destinations. We believe that this problem is stabilizing and the data is processing more consistently from source through to destination.
4. Data issues. We processed all of the data provided to us prior to commencing the process of polling ourselves. In our own processing of the files, we have seen data that we did not encounter during testing. We have logged issues where the CLEC is requesting we translate data a little differently than we are. Each issue is reviewed and addressed on an individual basis. We have found that in some cases the logic we were using was just incorrect. The carriers have been working with us to clarify the logic and test before we reprocess the data as requested.
5. Steps we have been taking to resolve issues. We have offered every CLEC the opportunity to have a meeting with us to discuss the issues they are seeing and review what they are experiencing. Many have taken us up on the offer. This is a practice that we believe works to help both parties understand the issues, and we will continue it until everything has been resolved.

We stopped processing DUF on Friday 2/20 while we worked with the software vendor to review the application and make some configuration changes to help stabilize the environment. We began to slowly turn the processing back on Sunday evening, manually reviewing the files as we are dropping them into the CLECs directories. While this did slow the process down, we believe it ultimately produces better data. We are working with our wholesale customers who rely on DUF files to confirm current system performance.

We continue to work diligently to restore our operations system to business as usual levels. I hope that the information above is fully responsive to your inquiry.

Very truly yours,

A handwritten signature in black ink, appearing to be 'P. Nixon', followed by a long horizontal line that tapers to a point on the right.

Peter G. Nixon, President