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STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

June 1, 2009 - 1:45 p.m.
Concord, New Hampshire

RE: DT 07-011
VERIZON NEW ENGLAND, ET AL:
Transfer of Assets to FairPoint
Communications, Inc.
(Status Conference regarding
FairPoint's cutover process)

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

Diane Bateman, Clerk

APPEARANCES: (No Appearances taken)

COURT REPORTER: Susan J. Robidas, LCR No. 44

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P R O C E E D I N G S

1
2 CHAIRMAN GETZ: Okay. Good
3 afternoon, everyone. This is a status
4 conference in Docket DT 07-011 concerning
5 FairPoint Communications. I'll begin with
6 some brief procedural background.

7 On March 1st, we issued an order
8 that, among other things, scheduled a status
9 conference that was held on April 3rd, 2009,
10 at which FairPoint was directed to provide a
11 detailed description of its progress in the
12 post-cutover process. Subsequent to the
13 status conference, additional directives and
14 requests for information were issued, notably
15 on April 9th and on May 15th, and there have
16 been a series of responses by FairPoint. On
17 May 26th, we issued a letter scheduling the
18 status conference for this afternoon,
19 directing FairPoint to provide an update of
20 its progress toward business-as-usual
21 operations, noting that the status conference
22 would focus on operational issues and that
23 parties to the proceeding may comment on the
24 status of the company's progress as well, and

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1 the comment would be limited to the parties
2 to the proceeding. The secretarial letter
3 also noted that there would be a technical
4 session at which FairPoint is directed to
5 brief parties to the proceeding regarding
6 financial issues and that that be held no
7 later than June 15. And the letter directed
8 Staff and the Office of Consumer Advocate to
9 work with the company and to work with the
10 other parties to schedule such a briefing.

11 I'll also note that today we
12 received a letter from the Consumer Advocate
13 in which were enclosed a number of questions
14 that the Consumer Advocate requests that we
15 consider asking this afternoon, and also
16 notes the Consumer Advocate's disagreement
17 with the process we have decided to employ
18 for the status conferences.

19 We also have a memo filed by
20 Staff, by Ms. Noonan, director of our
21 Consumer Affairs Division, with respect to
22 credit and collections. And the memo
23 recommends that we direct FairPoint to
24 suspend all collection activity, other than

1 outlined in the memo, on active accounts and
2 accounts that were closed at the request of
3 the customer subsequent to January 23, 2009.

4 For purposes of the status
5 conference this afternoon, I suggest that the
6 company walk through the stabilization plan,
7 item by item, and being as specific as
8 possible about relevant milestones. I'll
9 note the stabilization plan as filed by the
10 company was designed to ensure
11 business-as-usual operations by the end of
12 the second quarter. So it's important for us
13 to hear this afternoon where the company is
14 on track, where it's not on track, why it's
15 not on track in those areas, and how it's
16 going to address those areas, and what's the
17 overall prognosis for achieving
18 business-as-usual operations.

19 Before we turn to that, though,
20 there's two items I'd like to point out.
21 First is with respect to confidentiality. At
22 the last status conference on April 3, I
23 believe it was Ms. Hatfield who first raised
24 the confidentiality issue with respect to the

1 stabilization plan. And I completely agreed
2 with her position in that respect. And
3 following up on the status conference, there
4 was a meeting of the parties, and there
5 was -- with respect to the stabilization
6 plan. And we have a report dated April 24
7 filed by Mr. Hunt on behalf of Staff in which
8 he reported that FairPoint agreed to take
9 extra care in future filings to assure
10 specificity in its claims of confidentiality,
11 including claims contained in its cover
12 letters accompanying filings.

13 And in response to our most recent
14 request for information, the one we issued on
15 May 18, there were a number of responses.
16 And if I look at the first two items, one
17 concerning the executive compensation and one
18 concerning succession planning, it looks like
19 the company has claimed confidentiality
20 pursuant to R.S.A. 378:43. And my first look
21 at those items, it's difficult for me to
22 conclude what exactly is confidential about
23 those two responses. I understand that
24 378:43 gives telecommunications companies

1 special rights that no other entities have
2 under R.S.A. 91-A. But again, I would ask
3 the company to take a close look at those
4 items. The statute provides that we can't do
5 anything in the first instance, but only can
6 respond after notice and a hearing. But I'm
7 concerned that -- about some items that are
8 still being -- for which confidentiality is
9 still being claimed.

10 On the second item, I wanted to
11 bring out -- and this goes to billings and
12 collections and disconnects -- and that's
13 highlighted, of course, in Ms. Noonan's memo.
14 And I believe Ms. Hatfield mentioned it in
15 one of her questions that she filed. But we
16 have real concern with the numerous e-mails,
17 phone calls, letters about a variety of
18 problems with respect to billings,
19 collections and disconnections. And it
20 appears that a number of customers are being
21 inconvenienced, and possibly worse. You
22 simply have got to fix these issues and fix
23 them promptly. I'm not going to go further
24 into those now. I believe there will be an

1 appropriate time when we hear the
2 presentation as we go through the
3 stabilization plan. But there is an
4 immediate concern that needs serious
5 attention.

6 So is there anything else I've
7 forgotten?

8 CMSR. BELOW: No.

9 CHAIRMAN GETZ: Then, I don't know
10 if Mr. McHugh or Mr. Allen is going to begin,
11 who's going to do the presentation? I just
12 note that it's my expectation that we'll be
13 interrupting from time to time to follow up
14 on particular issues as we go through the
15 presentation.

16 MR. McHUGH: Thank you, Mr.
17 Chairman.

18 MR. ALLEN: What I put together is
19 essentially what you just requested, which is
20 the progress that we've made in the
21 stabilization plan. Wherever I could, what I
22 tried to do is take a look at where we were
23 the last time we were here on April 3rd,
24 where we are today, what steps have taken

1 place to get us there; more importantly,
2 where we are not, where we need to be, what
3 steps will be taken between now and the end
4 of the month to get us to a good position.

5 Some of the specific areas that
6 I'm going to focus on are the areas that we
7 highlighted in the stabilization plan. We'll
8 talk about the flow through of orders, the
9 automatic processing of our orders, call
10 center results. And we'll focus on the three
11 primary call centers: The consumer, the
12 business and repair centers. I'll give you
13 some statistics on our late-pending order
14 status and what we've been doing in that
15 regard, as far as cleaning up the backlog, as
16 well as processing new orders. There were
17 some other items that were called out in the
18 stabilization plan that are part of how we
19 accomplish what we accomplish. For example:
20 There's a discussion there about different
21 order cues that we don't typically report on
22 in our weekly and daily report. But I'll
23 give you an update on the ones that we called
24 out in the plan.

1 I'm also going to give an update
2 on some of the changes that we've put in
3 place, based on some of the consultants that
4 we had brought in. I think we mentioned two
5 of the three that we've utilized at the
6 April 3rd meeting. And I'll give you an
7 update on where we are with those
8 recommendations.

9 We'll also, to your point, Mr.
10 Chairman, speak about the collection activity
11 plan, what our current thoughts are, what our
12 plan is to accomplish that.

13 And one of the items that gets
14 asked quite a bit -- and there's a lot of
15 statistical information that we have and that
16 we produce on a daily basis that we look at
17 to manage the business, and certainly on a
18 weekly basis with the milestones. But what
19 we're striving for, as far as what "business
20 as usual" is and what we're trying to attain,
21 is a customer experience that was as good or
22 better than what customers experienced prior
23 to cutover. And the primary areas that I
24 look at how it affects the customer is, you

1 know, No. 1, our ability to answer the
2 phones. That was a critical problem last
3 time we were here. And when customers have
4 questions, issues or complaints, we need to
5 be able to answer the phones, speak to those
6 customers and resolve those issues.

7 Second area is the ability to
8 deliver service in standard intervals.
9 Standard intervals are what customers expect.
10 So, essentially being able to meet the
11 customer due dates on both the retail and
12 wholesale side. And one of the points I
13 would make as we go through this is I'll
14 point out where there's been greater degrees
15 of automation, which is the ultimate way we
16 want to deliver the service. We've also put
17 different mitigation plans in place, that
18 some things are more manual than they
19 ultimately will be, but they accomplish this
20 end result of being able to talk to the
21 customers, process orders and such. And I'll
22 try to point out where, come June 30th, the
23 result from a customer perspective should be
24 what they expect. But some of these

1 mitigation plans will still be in place at
2 that particular time.

3 CMSR. BELOW: Before you go on.

4 MR. ALLEN: Yes.

5 CMSR. BELOW: I'd just like to
6 explore a little bit about what you mean by
7 "business as usual." You referred to it as
8 good or better service levels than
9 pre-cutover.

10 MR. ALLEN: Yes.

11 CMSR. BELOW: That's sort of
12 without reference to the specific
13 service-quality standards that were agreed to
14 in the settlement agreement, some of which
15 called for further progress from where we had
16 been. And would you just comment on how the
17 service-quality commitments, to the extent
18 they vary from conditions pre-cutover, how
19 they fit into your plan to get back to
20 business as usual.

21 MR. ALLEN: Well, let me answer
22 that in a couple ways. When we put together
23 the milestone objectives of what we, in a
24 sense, defined as "business as usual," at

1 what level did we draw that line, that line
2 was not defined -- or it was not designed to
3 be an end game. It was not designed to be
4 something that we were striving for. It was
5 a way to get to a normalized state, where
6 customers could get what they had experienced
7 before on our way to providing a much higher
8 level of service that we had committed to
9 going back prior to the close. We still see
10 that as the ultimate way that we provide a
11 competitive advantage to our customers.
12 There's some numbers that we put in the
13 milestone plan that are our best estimate of
14 what a normalized business state is. Some of
15 the items that we're measuring specifically,
16 when you get down to the individual product
17 level, were not areas, quite honestly, that
18 we measured in the pre-cutover state. So the
19 estimate of what we think is a good job and
20 would satisfy our customers is somewhat
21 subjective in that regard. There are certain
22 measurements that are well defined. Consumer
23 call center answering 80 percent of the calls
24 in less than 20 seconds is a defined

1 measurement that we have. Abandonment rates
2 of less than 5 percent in that particular
3 area is a clear measurement. When you get
4 down to the question of how many orders is an
5 acceptable level to be late, understanding
6 that there are circumstances that occur that
7 there would always be some in that category,
8 what we tried to come up with was something
9 that we felt was reasonable and that mirrored
10 what customers expected. As a test against
11 that, what we did -- except the initial
12 milestones. That was something that we ran
13 up against the comments and beliefs that came
14 from all three of the states and Staff, as
15 well as from Liberty, as far as determining
16 if they seem to be reasonable. In many of
17 the instances -- or in some of the instances,
18 I should say, we changed some of the
19 expectations. We either accelerated them to
20 get to a point faster than we originally had
21 projected, or in some instances we lowered
22 the projection, which actually increases the
23 level of service. We lowered, let's say, the
24 number of late orders and that type of thing.

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1 So I would say that the answer to
2 your question, if I understand it correctly,
3 is it's somewhat science, where there are
4 defined measurements that we're trying to
5 attain; and in some instances, it's a little
6 bit of art in trying to determine where we
7 were before and what's acceptable to the
8 customer. In every instance, there is a
9 desire and a necessity for us to enter a
10 business plan to improve upon what the
11 measurements were before cutover.

12 CMSR. BELOW: Okay.

13 MR. ALLEN: Okay? Let me go
14 through some of the different measurements.
15 And again, what I'll try to do in each of
16 these instances is talk about where we were
17 around about when we were here last -- or
18 exactly when we were here last, where we are
19 today, and what activities are taking place
20 or have taken place that will change those
21 numbers between today and the end of the
22 month.

23 The first area I'd like to discuss
24 is the order flow-through. And if you

1 recall, this is the -- when an order gets
2 placed in the system. And just to take a
3 quick step back. When I refer to "orders,"
4 they can be any transaction. They can be a
5 new order, they can be a cancellation, they
6 can be a change-order, they can be a record
7 change. Any type of transaction is defined
8 as an order in this particular instance.

9 What I looked at -- we measured
10 this by all different types of product types.
11 And for the purposes of today, I looked at
12 four categories. These categories make up
13 over 95 percent of the orders that we've
14 received since cutover, so I think are pretty
15 indicative of certainly the volume of work
16 that we get and the majority of our
17 customers. Those four areas are: Retail
18 POTS, retail DSL, wholesale ports and
19 wholesale listings. One of the things we've
20 been able to add to our measurements is
21 looking at, for orders that complete in any
22 given day, what was the percent of
23 flow-through of those orders. And what we
24 look at is the orders that were entered in

1 March -- pre-March, March, April and May. So
2 any order I completed today that was
3 completed [sic] in May has a certain
4 flow-through percent. Any order that was
5 started in April that completed today has a
6 different flow-through percent and so on.
7 And the intent of that was to not only show
8 what the flow-through was of orders that were
9 completed, but what level of progress was
10 being made as we went forward.

11 So, for example, in retail POTS,
12 in the pre-March percentage of orders that
13 have been completed -- and this is taking a
14 look at our most current statistics -- our
15 flow-through percent of those type of orders
16 was about 59 percent. The flow-through
17 percent for retail POTS today for orders that
18 were initiated in May is about 82 percent.
19 So we've gone from 59 to 82. We've set an
20 objective there -- and again, this is a
21 little bit science and a little bit art -- of
22 90 percent. And where 90 percent came from
23 was in some of the pre-cutover conferences
24 that we had here and in the other states, it

1 was stated that their objective was to get
2 90 percent of our orders to flow-through
3 without human intervention.

4 In the DSL, we've had similar
5 results. The pre-March orders were flowing
6 through at about 53 percent, and the current
7 flow-through percent is about 80 percent of
8 those types of orders. We've seen continual
9 progress. If you look at it almost week by
10 week, you'll see progress. If you look at
11 the last number of orders that were completed
12 in the last three days, it's over 85 percent.
13 So we're seeing continual progress. We
14 expect that number will be on or about
15 90 percent. And with the flow-through
16 percentage that we're receiving on those
17 orders, we expect to be able to meet our
18 standard intervals that we've gone back to on
19 a regular basis.

20 On the wholesale side, the two
21 major components are wholesale directory
22 listings -- and we've seen little or no
23 change in flow-through to those orders. The
24 percentage from the March time frame was

1 about 58 percent, and the percentage this
2 month was 56 percent. When we delved into
3 that to try to understand why they shouldn't
4 flow through -- because if there's any
5 category that should have the highest
6 flow-through, quite frankly, it is this one.
7 This is a direct listing that should just go
8 through the system. We found that 47 percent
9 of the orders -- or about 90 percent of the
10 fallout was caused by a task that we had
11 initiated in the system. And what that task
12 said is that any order that had a due date
13 that fell outside of the normal interval
14 needed to go to a rep to verify the order.
15 When it goes to a rep, it falls out of the
16 system. When looking at that and identifying
17 what the rep did with that order, in almost
18 every instance they did nothing with that
19 order. So it was an unneeded step that
20 delayed the process of directory listings.
21 That was identified last week. That change
22 has now been put into place in our
23 order-processing system. And my expectation
24 is that should jump dramatically from the

1 56 percent it is today up over 90 percent if
2 I look at current activity immediately. So
3 we should not have an issue with that.

4 CHAIRMAN GETZ: So let me
5 understand. So, for the wholesale directory
6 listings, there was a process or a software
7 input that directed it to an individual to
8 take action, but they didn't know they were
9 supposed to take action?

10 MR. ALLEN: No, they did. But
11 there was no necessity for that, to take that
12 action. There was a due date that was put in
13 place. Rich may --

14 MR. MURTHA: On the order --

15 CHAIRMAN GETZ: Can we just please
16 identify ourselves for the court reporter.

17 MR. MURTHA: Rich Murtha with
18 FairPoint.

19 On the wholesale directory listing
20 order, a straight line listing order was
21 coming in. And because we were in the
22 extended interval process, there was a task
23 put in for due-date verify. And what the
24 order was doing was going through all the

1 steps that it should go through; and then,
2 before completing, it was dropping into a
3 manual cue for the representatives to go in
4 and verify that the due date was correct and,
5 you know, if it needed to be moved or
6 whatnot. Now that we're back to standard
7 intervals, we went in and we removed that
8 due-date verification task off of the
9 directory listing orders that went in on
10 Friday. I looked at the first batch of
11 orders that went in today. The orders were
12 coming in. They were confirming with the
13 responses that were going out this morning.
14 So we were aware of the task. We removed the
15 task. And as Jeff said, we should be able to
16 see that number go up significantly. We
17 estimated that direct listings were flowing
18 through about 90 percent, 92 percent prior to
19 cut, and we should be there again.

20 CHAIRMAN GETZ: But with directory
21 listings, if I'm understanding this
22 correctly, so it's the annual or some other
23 period of listings that have to go to be
24 published?

1 MR. MURTHA: One of the steps is,
2 once the order completes, it goes in a -- it
3 goes twofold: One to the 411 to get updated,
4 and it also goes to Idearc for directory
5 publication.

6 CMSR. BELOW: Does this also bear
7 on going into the 911 database?

8 MR. MURTHA: Yeah. Part of the
9 end-step of all directory listings is to make
10 sure that it gets updated in all of the
11 services from there. But the order comes
12 through and it was getting normally
13 processed. It was still continuing
14 downstream to those others. But instead of
15 being flow-through, where it did not have to
16 be touched by a human, it was having to be
17 manually touched for a step that all they did
18 was verify and say, yes, that's the correct
19 due date and let the task continue.

20 CHAIRMAN GETZ: So there may have
21 been some folks who, I guess -- well,
22 certainly there was interruption when they
23 would have been sent to 911 and for your own
24 automated resources. But for the annual

1 telephone book, some folks may have missed
2 that. Wasn't there a deadline for that in
3 the last month or two?

4 MR. MURTHA: We have book
5 closings, you know, throughout the course of
6 the year, obviously. And right now we're
7 closing on a couple of books in the next few
8 weeks. And then I guess the next big one for
9 New Hampshire will be the Manchester book in
10 July. But, you know, we do have a standard
11 and a cutoff period for when things need to
12 get back to Idearc so that the book can go to
13 publication. Thirty days prior to the book
14 close we issue an LVR for updates into the
15 book, and then we have a work period between
16 then and book close to get the updates in.

17 CHAIRMAN GETZ: And if I
18 understand correctly, of course, this is a
19 big deal for businesses in particular.

20 MR. MURTHA: Yes, sir.

21 MR. ALLEN: And just to clarify,
22 the process that we had in place didn't stop
23 the listings from going forward. It, just as
24 you pointed out, added an extra step that

1 didn't need to be there and stopped
2 flow-through from occurring. So it
3 lengthened the process, and it added resource
4 to an area that didn't need resource added
5 to.

6 One of the other things that Mr.
7 Murtha mentioned, which I didn't mention, was
8 we had been on extended intervals. I think
9 we had brought that up in the conference on
10 April 3rd. And we're back to standard
11 intervals on May 22nd for both retail and
12 wholesale.

13 The second area in wholesale that
14 we look at that makes up another significant
15 portion of that is wholesale ports, orders
16 that are ported over to one of the other
17 CLECs. Our flow-through in the pre-March
18 time frame was about 22 percent. That's
19 improved to 41 percent, but certainly is
20 significantly less than what it should be.
21 We had put a process in place, which was a
22 manual process utilizing spreadsheets, which
23 was good from the CLEC perspective, in that
24 it coordinated the transition of the account.

1 So, from the customer standpoint and the
2 CLEC's standpoint, it worked. It did require
3 significantly more resource on both our end
4 as well as the CLEC's end to complete a
5 simple porting process. That process has
6 gone through substantial changes over the
7 past week as well. And as of, I think it was
8 seven days ago, we eliminated the necessity
9 for the spreadsheet process. So that should
10 also increase dramatically. As an example,
11 if I look at one of the last results, there
12 were 89,000 wholesale orders that had gone in
13 since cutover. And out of those 89,000,
14 there are 77,000 that fit into these two
15 categories. So, by improving these two
16 categories, we substantially improved the
17 response and results in the wholesale world.
18 And by doing the same thing in POTS and DSL,
19 we had an equal percentage that's taken care
20 of in the retail environment.

21 CHAIRMAN GETZ: So let me make
22 sure I understand what the fair
23 characterization is of the particular issue
24 with ports, is that you're not on track with

1 where you had hoped to be.

2 MR. ALLEN: That's correct.

3 CHAIRMAN GETZ: And your
4 expectation of being on track as of
5 June 30th?

6 MR. ALLEN: We fully expect to be
7 on track by June 30th. What was occurring --
8 and I don't have the statistics in New
9 Hampshire. But at the last session that we
10 did in Vermont, Comcast, who's the largest
11 user of that service in Vermont, showed that
12 they were getting all their orders in. They
13 were primarily getting them in within that
14 standard four-day interval. They had seen
15 flow-through in their particular instance
16 increase to about 75 percent, which is
17 greater than what the overall was. But they
18 were -- they did point out, as I just
19 attempted to, that it was far more manual for
20 them and for us. So our expectation is that
21 this will be -- we will be at the desired
22 levels that we need to be at by the end of
23 this month, and it will be accomplished with
24 an automated process. As I mentioned,

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1 there's going to be some things that we might
2 mention that we're going to still be
3 utilizing a mitigation factor or a more
4 manual process to get it done. In this
5 particular instance, we expect the systematic
6 completion of the orders to happen as
7 expected.

8 CHAIRMAN GETZ: In achieving your
9 goal, I just want to make sure it's evenly
10 distributed, because I think this is one of
11 the areas where Comcast vis-a-vis other CLECs
12 may be in a different position. Is this --
13 by achieving your goal, is it equally
14 distributed among Comcast and the other
15 CLECs, or does Comcast have a technological
16 advantage, where their numbers are going to
17 be better, so, on average, maybe the other
18 CLECs are really not at the goal?

19 MR. ALLEN: Yeah, that's a great
20 question. For this particular type of order,
21 which makes up, as I mentioned, the large
22 majority between this and the listings, every
23 CLEC would have the same result, whether they
24 were Comcast or a smaller CLEC or a different

1 CLEC for this particular order. Now, some
2 CLECs have a different distribution of type
3 of orders that they have. Some handle more
4 large customers, some are more focused on the
5 business marketplace. But within a type of
6 order, there shouldn't be any difference
7 between what Comcast experiences or what any
8 other wholesale customer experiences.

9 CHAIRMAN GETZ: Because one thing
10 I want to emphasize this afternoon is that we
11 want to make sure we're meeting the metrics,
12 but I don't want to lose sight of the fact
13 that there are men and women behind these
14 metrics who are trying to conduct their
15 business lives, trying to live their daily
16 lives, and this is really going to be, well,
17 certainly an issue with the business people
18 with respect to some of these wholesale
19 numbers and with billing and disconnects and
20 collections. It's going to be a very
21 important issue as well. So I just want to
22 keep our eye on that particular ball.

23 MR. ALLEN: Yes. And it's a great
24 point. And some of the -- by systematizing

1 some of these systems -- and this is a good
2 example -- one of the issues that we've
3 experienced when we were using a manual
4 system was the completion of the order from a
5 billing standpoint. So, by completing it in
6 the system, by doing it by the system, you
7 don't have an issue where it's not
8 disconnected in our system and initiated in a
9 CLEC system and the customer gets two bills.
10 So, by automating this particular process to
11 the level that it is now automated, we also
12 eliminate that secondary problem.

13 The next area I wanted to discuss
14 is our call center results. As I mentioned,
15 I want to talk about three specific areas.
16 The area that obviously gets the most
17 attention, has by far the largest volume, is
18 the consumer call center. When we were here
19 in April, we mentioned that the volume in the
20 call center was substantially above
21 pre-cutover levels. The final count for the
22 month of March, they had received about a
23 little over 350,000 calls for the month.
24 Month of April, we saw a substantial

1 reduction, as we had anticipated, as some of
2 the billing and timing and such went away.
3 It dropped to about 180,000, with the last
4 two weeks of April being fairly normal. And
5 May was very close to a normalized month.
6 There were 147,000 calls for the month. As
7 we anticipated with the reduction in number
8 of calls, the results that were achieved in
9 the center improved dramatically. The
10 average wait time in the center in March was
11 almost 14 minutes. And again, that's the
12 average. Some customers, I think as you
13 recall some of the comments we had that day,
14 had waited substantially longer than that.
15 The average wait time in the consumer center
16 in May was 1.8 minutes. Most of that is on
17 Mondays, which are always historically a
18 heavy day. It is more than that in -- most
19 days outside of Monday, it is a minute or
20 less.

21 The abandonment rate, which is a
22 function of our ability to answer the
23 calls -- and typically we shoot for a
24 5-percent level there -- there's a certain

1 number of customers that will hang up for a
2 variety of reasons, some of which is they
3 called the wrong number, which is a target of
4 not more than 5 percent. In March, the
5 abandonment rate was 60 percent and in May it
6 was 6 percent.

7 The service level that we
8 discussed before in March was 2 percent --
9 that's, again, the percentage of calls
10 answered in less than 20 seconds. It was
11 only 2 percent in March, was 54 percent in
12 May. Now, clearly, 54 percent is not 80, and
13 there is continued work to be done there.
14 When I finish with the three centers, I'll
15 talk about each one specifically.

16 There are several initiatives that
17 we will be able to take advantage of in June
18 that we think will make the difference in
19 bringing it up to and above the 80-percent
20 level from a service-level standpoint. We
21 hired 25 reps that were additional reps for
22 the consumer center. Those reps had been in
23 training most of the last six weeks. They
24 will now be going out on the floor and be

1 available to answer calls. That's about an
2 8-percent increase in the number of people
3 answering the calls.

4 We also had -- and I'll discuss
5 this a little bit later with some of the
6 consultants that we've had. But we brought
7 in a consultant called Aricent. Aricent is,
8 among other things, a Siebel expert. They've
9 had a lot of experience in working with --
10 SEBOL's our front-end system that the reps
11 interface with. And their whole purpose was
12 to look for productivity gains. So this was
13 a very practical, sit next to the reps, see
14 how they go through things, identify in other
15 companies that you've worked with ways that
16 we can improve the system so it performs
17 better. And I'll go through -- when we talk
18 about the consultants, I'll go through some
19 of their specific recommendations. They made
20 56 of them, which we started implementing a
21 week ago Friday.

22 CHAIRMAN GETZ: Well, let me just
23 ask the question. Conceptually, I mean, it
24 seemed to me that what we heard the last time

1 was that some of the problem in the call
2 centers was new people with new systems
3 trying to learn those systems. And now, how
4 does that interact with that problem, you
5 know, which presumably would work itself over
6 time?

7 MR. ALLEN: Correct.

8 CHAIRMAN GETZ: But now you have
9 someone that's going to be recommending
10 adaptations to that system? Or are we --

11 MR. ALLEN: No, no.

12 CHAIRMAN GETZ: Are we solving a
13 problem or creating another problem?

14 MR. ALLEN: No, I think we're
15 solving a problem. What we came to was, with
16 the reduction in call volume without any
17 additional reps, with the people working with
18 the systems the way they were operating, we
19 didn't believe we could get back to the
20 service levels we needed to get to. So
21 there's two ways you can do that. Now,
22 proficiency in the system has improved
23 dramatically. But you get to a point where
24 you get some diminishing returns on

1 proficiency. So the feeling was that there
2 are two ways that we can address that
3 dilemma. One is to bring on more reps, which
4 we did. And there's a staging time or a
5 training time that's associated with those.
6 So those folks came on about six weeks ago.
7 And then the second area is to look for other
8 system improvements. That had been an
9 ongoing, and continues to be an ongoing
10 process where we identify different things in
11 the system that could work better and they
12 get updated and changed. We felt that it was
13 necessary to bring in a third-party expert to
14 take a look at the systems and the way that
15 the reps interfaced with them to find
16 productivity gains. And since we're talking
17 about it now, might as well go through some
18 of those things.

19 What they found was that there
20 were different ways that they could eliminate
21 the number of screens a rep would go through.
22 So, for any given task -- entering an order,
23 pulling up a billing record -- any task that
24 they had to perform with the customer on the

1 phone, if there's less keystrokes associated
2 with that and less screens that they go to,
3 it saves them time. They can complete the
4 call quicker and they can handle more calls.

5 The second area was different
6 drop-down menus. So different times, as
7 opposed to create the information, you can
8 use a drop-down menu. It does the same thing
9 and saves time.

10 Pre-populating fields. They found
11 that in many instances they were typing in
12 the same information multiple times in
13 different fields. Again, it just saves --
14 keystrokes save time. The way the systems
15 worked with each other, they found that there
16 were certain things that were taking a
17 substantial amount of time. One which is
18 more of an impact on the business side was
19 every time that somebody went through -- that
20 they were dealing with a product and they hit
21 "enter" or had the next screen to come up,
22 that what the system did was it went through
23 the entire product workbook, of which there's
24 27,000 products, to test that particular

1 action against every single product. Now,
2 out of those 27,000 products, there's
3 probably 100 that cover 98 percent of all
4 transactions. So by changing the way the
5 systems work and have them just look through
6 the top 100 products, which is going to cover
7 98 percent of the transactions, you're going
8 to save a substantial amount of processing
9 time that's going to go on while you do these
10 things.

11 So these particular -- this
12 particular group, Aricent, working with our
13 IT group and with the call center groups came
14 up with 56 different changes, improvements
15 that we could put in place. They then looked
16 at the complexity that's associated with
17 implementing those. They staged an
18 implementation plan that started, again, a
19 week ago Friday. There's certain
20 applications that are going to get added each
21 Friday for the next -- now it would be the
22 next three weeks, in addition to last week.
23 Each of those have a different priority
24 level, as far as how much they will assist

1 and help the different centers. And given
2 the fact that it's staged and it's known
3 exactly what's going to be put in place, all
4 the work tools and the training take place
5 prior to the implementation of the new
6 services; consequently, the reps are prepared
7 to utilize and take advantage of those
8 improvements.

9 So I think it's more a question of
10 if we had stayed the course as we had, as we
11 were existing, and just getting additional
12 proficiency, we may have been able to hit a
13 level of service that was far better than
14 where we were the last time we were here, but
15 not at the level that we needed to be. So
16 that's why we made those two adjustments and
17 changes.

18 The business call center had a
19 similar reduction in calls, not quite as
20 dramatic because they never got as many
21 calls. But they had a little over 36,000
22 calls in March. And in May, they had about
23 27,000 -- or 20,000 calls. Their calls are a
24 very different variety. The average time on

1 a business call is far longer than it is a
2 consumer call. It's less transactionally
3 oriented and much more problem-solving and
4 working with the customer to get a desired
5 result. The products are more complex.
6 There's a lot more associated with each call.
7 Although we've improved the average wait
8 time, service-level rate, what those went to
9 was the average wait time in the business
10 center went from about 14 minutes to about 12
11 minutes; the abandonment rate dropped from
12 56 percent to 33 percent; and the service
13 level went from 2 to 12 percent. The current
14 path we're on in the business center would
15 not get us to a normalized state by the end
16 of June.

17 We are doing a substantial amount
18 of work in the center. We're looking at
19 different ways the calls can be handled.
20 We've brought in a lot of additional people
21 on the business side. We've added over a
22 hundred sales reps to work directly with our
23 customers in the field. But to a large
24 extent, that increases the volume of activity

1 in the center. So we have a plan to add a
2 substantial number of people to handle the
3 increased volume that we're getting, because
4 although the calls have gone down, the number
5 of transactions coming in from new reps has
6 gone up, which has offset some of the gains
7 that we would normally get here.

8 My expectation in the business
9 center is, unless we are very fortunate, I
10 would think we will have a call center that
11 is far better than where it is today, but
12 would be something less than an 80-percent
13 response rate or service level by the end of
14 June. I think the tracking that we will have
15 will show us that we'll get there shortly
16 thereafter. And as I said, I think we'll be
17 in a substantially better position than where
18 we are right now. But in that particular
19 area, with the extra volume that's come in
20 from the additional sales force, I just
21 honestly don't think we're going to get to
22 80 percent by the end of this month.

23 CMSR. BELOW: Is this all your own
24 retail business customers?

1 MR. ALLEN: Yes.

2 CMSR. BELOW: Okay.

3 MR. ALLEN: Yeah, in the BSSG.

4 The repair center, which is the
5 other area that I mentioned, the number of
6 repair calls has dropped from about 60,000 --
7 a little over 60,000 -- 61,000 in March to
8 about 45,000 in May. The abandonment rates
9 dropped from about 26 percent to 16 percent.
10 Service level stayed pretty consistent.

11 What's happened in the repair
12 center is the volume of calls that they
13 typically get for customers that need repair
14 has stayed pretty consistent. At this point,
15 now it's gone back to a consistent level from
16 pre-cutover levels. They are still getting
17 an awful lot of calls from customers that
18 still have orders in the backlog that are yet
19 to be delivered services. Those calls tend
20 to take a great deal of time more, require
21 some additional research by the reps, and
22 have caused the results to somewhat stagnate.

23 There's two parts to the
24 solution -- really, three. Parts of the

1 solution are the things that we talked about
2 before: Improved order flow and flow-through
3 rates will dramatically decrease the number
4 of people that have late orders;
5 consequently, you have less calls that go
6 into the repair center for this reason.

7 We've also added some data
8 expertise in that area. One of the things
9 that we found was that the simple orders or
10 the voice orders were being handled
11 expeditiously. The amount of time that was
12 necessary for the data orders, where there
13 was less expertise in the center than needed
14 to be was taking longer. So, starting this
15 week, we've added some additional data
16 expertise in that particular area, both to
17 directly handle customer inquiries as well as
18 to provide a mentoring and training
19 environment for the existing repair center
20 reps. My expectation is that this will
21 improve dramatically between now and the end
22 of the month.

23 The piece about the repair center,
24 which you get pre-cutover, post-cutover, and

1 in the future, is if you look at any given
2 week in time, a lot of it's very dependent on
3 the weather. So, although I think we'll be
4 at a more normalized state the last week in
5 June, if the weather's good, I think we'll
6 hit our objectives. If the weather's bad, it
7 may be the week after that we hit our
8 objectives. It's just if we have weather
9 like we did yesterday that comes through on
10 kind of a consistent basis, you have a lot
11 more repair calls because you have a lot more
12 outages that are associated with that.

13 CHAIRMAN GETZ: When we were, I
14 believe at the status conference in April --
15 I'm looking generally to the staffing
16 issue -- I think you had raised the concern
17 at that time that a lot of overtime, a lot of
18 pressure and, you know, people were under a
19 lot of stress, and the question was how long
20 can they keep that up, you know, what was the
21 status of the bubble force, was it -- did it
22 make sense to add people now or not. So I
23 want to just get a general response from you
24 in terms of what do you think the condition

1 is today in terms of this continued pressure
2 on the sales force or all staffing. You're
3 adding some numbers. And the last time, I
4 think you also talked about moving people
5 around. I want to just address generally
6 staffing and how that issue is being
7 addressed.

8 MR. ALLEN: Yeah, that's a really
9 good question. I would say overall there's a
10 very high stress level. I think it has
11 actually probably improved over the last
12 couple of weeks, three weeks or so, than
13 where it was. And I think part of that is
14 twofold: One is the systems are doing more
15 of what they are supposed to do. And
16 consequently, people see a solution. They're
17 accomplishing what they want to accomplish.
18 It's very frustrating for somebody, if you're
19 in customer service, not to be able to
20 satisfy a customer or see a lot of abandoned
21 calls or not be able to get to those calls.
22 It's very frustrating if a customer calls you
23 and you see an order is somewhere in the
24 system, but you don't know where it is and

1 you can't respond to that particular
2 customer.

3 So as the systems have improved
4 and our knowledge of the systems and where
5 things are and what has to happen when an
6 issue is identified to get it complete has
7 improved, I would say that the morale and
8 feeling within the organization has improved
9 substantially. Having said that, there is a
10 high degree of expectations that, although
11 coming out the back end, we have a short
12 period of time to achieve our objectives.
13 And above everything, from a competitive
14 perspective, we are in -- you know, we really
15 would like to introduce the products that we
16 mentioned that we're going to introduce to
17 the customers. And we can't initiate all of
18 the activities we'd like to initiate until we
19 can get back to normalized levels.

20 So I would characterize it that
21 there's a high degree of tension. I think
22 there's a greater satisfaction today than
23 there was because the systems are working
24 better and people can better do their job.

1 There's a better knowledge of the way things
2 work, which helps a great deal.

3 I think the other thing you
4 mentioned, Chairman, is there's been a lot of
5 moving around of different people into
6 different jobs. I think we identified
7 several instances where the scope of
8 somebody's job was too great in a
9 transitional environment. And we've tried to
10 address that wherever that's come out. And
11 in the other instances, we've given some
12 people more responsibility that were able to
13 handle it. And they've embraced that and
14 have become very excited about that. So I
15 think we will see a much better internal
16 environment as things continue to normalize.
17 But overall, I think things are in a better
18 position today than they were three weeks
19 ago.

20 CMSR. BELOW: The Consumer
21 Advocate also had a couple questions
22 specifically in this regard, so maybe I could
23 just repeat those.

24 MR. ALLEN: Sure.

1 CMSR. BELOW: Twenty-one and 22.
2 What was the size of the work force
3 pre-cutover versus today? Do you know that?

4 MR. ALLEN: Wow, I don't have it
5 with me. I could certainly get that. I
6 think we file every month what the staffing
7 plan was and is currently. I know the number
8 of hires we've had since close were about
9 1100. But since cutover, I don't know that
10 number.

11 CMSR. BELOW: Okay. They also
12 asked in the May 22nd, '09 milestone report,
13 under Uncommitted Orders, it's noted that a
14 large number of customer service reps were
15 out of the office for an entire week. The
16 reasons given were vacation and other
17 reasons. What were the other reasons?

18 MR. ALLEN: There was a
19 recognition event that -- the reps had a
20 yearly contest. And a number of the reps
21 that were the top reps in both the business
22 office and the consumer office won that
23 contest, and they were out of the office for
24 that reason.

1 CMSR. BELOW: Okay. And following
2 on that, what is a realistic view of how long
3 the company staff resources can continue to
4 work at the present pace? What are
5 FairPoint's plans to relieve the workload if
6 stabilization turns out to take longer than
7 expected? And what steps is the company
8 taking to minimize employee burnout and
9 improve morale?

10 MR. ALLEN: There's a lot of
11 pieces to that. I think the primary driver
12 is, as I mentioned before, if we can have the
13 systems do what they're designed to do and
14 people -- the employees have the opportunity
15 to do what they're trained to do, whether
16 that's in customer service or it's in field
17 work, I think that, more than anything else,
18 goes a long way to satisfying that. We have
19 cut back since last we were here. We were in
20 a forced overtime situation. For example:
21 In the call centers, we were having people
22 work every Saturday and extra hours every
23 day. That's been reduced or eliminated. In
24 some of the field activities we've had a

1 situation where the work has gotten -- has
2 actually picked up. And in some instances,
3 there was a period of time that there was not
4 as much work as some of the field folks
5 wanted because our orders were not flowing
6 through to completion. They now are in a
7 situation that they have certainly more than
8 enough to do and are at a peak level with
9 regard to that. You know -- go ahead.

10 CMSR. BELOW: Does that mean that
11 there's opportunities for overtime if people
12 want it, but they're not necessarily being
13 forced to do overtime, or what?

14 MR. ALLEN: I couldn't speak
15 specifically if there's forced overtime or if
16 there's not forced overtime going on right
17 now. I know there's certainly a significant
18 amount of overtime. My understanding is the
19 majority of the overtime is voluntary
20 overtime. I know the Saturday overtime that
21 we had in the call centers, for example,
22 which was a forced overtime at that point in
23 time, has been eliminated. But I don't know
24 if there's any forced overtime that's

1 currently in place or not.

2 CMSR. BELOW: Okay. But you do
3 know there's some degree of voluntary
4 overtime.

5 MR. ALLEN: Oh, yes. Yeah.

6 CMSR. BELOW: And presumably
7 that's a positive morale situation, if people
8 can choose when they want it.

9 MR. ALLEN: I would certainly
10 think so. And I know that there's a
11 substantial amount of backlog that's been
12 addressed. For example: Last weekend there
13 was a substantial amount on the data side, on
14 the DSL side that was accomplished. And I
15 know there was an awful lot of work that was
16 done by the field techs out in the field.
17 They got a tremendous amount of work done
18 over the weekend.

19 CMSR. BELOW: In general, so far
20 what you've summarized, it sounds like
21 you're, though not necessarily exactly on
22 track because of identified improvements, you
23 expect to actually realize your BAU targets
24 by the end of this month; but in other areas

1 you may be off, but feel that you're on track
2 within a matter of weeks, or what? What do
3 you think?

4 MR. ALLEN: No, I think that's
5 very accurate. And I think the call centers
6 are a good example of that. I fully expect
7 the consumer call center to be producing and
8 operating at a business-as-usual environment,
9 normalized environment, standardized
10 measurements, by the end of June. I think
11 the business call center will be tracking
12 very well and be showing the signs of
13 improvements that we need it to show. But
14 honestly, I don't believe it's going to be
15 able to get there by the end of June. I
16 think we will find other ways by using some
17 of the additional account reps in the field
18 to talk to the customers and make sure the
19 customers are satisfied. But the end result
20 in the business center I don't believe will
21 be there until somewhere in the mid-July time
22 frame.

23 CMSR. BELOW: Okay.

24 MR. ALLEN: Another order -- or

1 another area that we've talked quite a bit
2 about, and actually in this discussion, but
3 just to give you some numbers around it, is
4 the late pending orders, the number of
5 pending orders that we have that are late.
6 And just to point on that, one of the reasons
7 we look at obviously late pending orders
8 versus all pending orders is you might have a
9 great marketing campaign that drives a lot of
10 pending orders; and if they're on time,
11 that's not a bad thing. Or you can have a
12 lot of disconnects that, again, would be in
13 order; and if they're done on time, that's
14 fine. So we do measure late pending orders.
15 We measure them a variety of different ways.
16 For the purposes of today, what I tried to do
17 is group them together, because I think that
18 will show what the progress is that we've
19 made.

20 And one of the other things that I
21 would point out -- and this isn't something
22 that you can write down a number on, but I
23 think it is important to note -- and one of
24 the reasons I asked Bryan Lamphere to be here

1 to answer any questions you have about that
2 is that Bryan's been leading up the SWAT team
3 that I think we mentioned last time and has
4 been involved in a lot of different
5 improvements in the factory of how we handle
6 orders. He certainly can answer any
7 questions associated with that.

8 One of the things that's changed,
9 though, is back on April 3rd when we were
10 here, there were -- there was much less of an
11 understanding when something wasn't getting
12 installed, where the order was, what had to
13 happen to make it get installed, and what
14 activities needed to take place by who to get
15 that done. I don't feel that that's the case
16 at all today. If we have something that
17 needs to get done, my experience has been
18 that I can give it to Bryan or somebody on
19 the SWAT team and they can certainly get it
20 done. Now, that's not the way that obviously
21 you want to do business. You'd like to not
22 get in that situation and not have those
23 escalations. And as you'll see when I go
24 through the pending orders that are late,

1 we've made a lot of improvement. But there's
2 still a lot of those kinds of orders that
3 need that attention. But it is a significant
4 change from where we were in April.

5 CHAIRMAN GETZ: Before you do
6 that, let me ask this question about late
7 pending orders. And you said for disconnects
8 that's not really a problem --

9 MR. ALLEN: Well, maybe what I was
10 saying was if we can do a disconnect in the
11 standard interval so it's not late, then it's
12 not a problem. If we can do a new order in
13 the standard interval and it's not late, then
14 it's not a problem. The reason we measure
15 late is that would indicate to me a problem.
16 So whether you have a lot of disconnects or
17 you had a lot of new orders, if we just
18 measure pending, you'd have this variable
19 that could be caused by other activities. If
20 we measure late, we're really looking at
21 where the issue is that we need to correct.
22 That was all.

23 CHAIRMAN GETZ: Because one of the
24 issues, I'm sure you're aware, that's cropped

1 up and that we've heard through our Consumer
2 Affairs Division, are individuals who have
3 called here because they've tried to
4 disconnect, and either they haven't or it
5 hasn't registered and they're still getting
6 billed. That's a very big problem.

7 MR. ALLEN: Yeah.

8 CHAIRMAN GETZ: And so you're
9 aware of that and that's continuing to
10 happen? Or you're trying to address that
11 specifically or -- I'm taking it that by your
12 agreement that what we're hearing --

13 MR. ALLEN: When you look at any
14 kind of order, whether it's a new order or
15 it's a disconnect or it's a change order, it
16 goes through, you know, a given process that
17 exists. When those things fall out, they can
18 get into a state that becomes difficult to
19 complete. They get into a late state. So,
20 again, when I'm pointing out the numbers of
21 late orders, in that number there are
22 disconnects, there are new adds, there are
23 record changes, there are all kinds of
24 different transactions or orders. We have a

1 focus on improving every order that we can.

2 There also has been a problem that
3 we've corrected in the past with a -- and
4 this ties in with why somebody disconnects.
5 If they disconnect because they go to a
6 competitive offering, how do we tie those two
7 orders together so you don't run into the
8 same situation. That was something that was
9 occurring in some instances. If somebody
10 disconnected and it just didn't get
11 processed, what we've done in every one of
12 those instances, certainly the process or the
13 way it was designed to handle that is to give
14 the credit to the customer back on their
15 intended disconnect date. But when I give
16 the number of orders that are late, some of
17 these are disconnects, some of these are new
18 orders. There are all kinds of different
19 pieces. I could break it out and tell you
20 which ones are in which category. But for
21 the purpose of this, I looked at how many
22 total transactions did we have that were late
23 on April 3rd; and on the retail side, for
24 example, it was 11,224; and how many retail

1 orders that we had late -- and this was
2 actually as of the end of day last Thursday,
3 5/28 -- and it was 4840. So, a substantial
4 improvement from 11,224 to 4840. The 4840,
5 though, is clearly not the right answer.
6 There are 4840 customers that we didn't
7 deliver something that they wanted done in
8 the time frame they wanted it completed.

9 What this also points out is we're
10 now able to process more orders on any given
11 day, more so than what we're getting in. So
12 as time goes on, this continues to drop. My
13 expectation is this level will continue to
14 drop actually at an accelerated pace. If you
15 were to chart this, most of the reduction
16 from 11,224 to 4840 happened much more in the
17 last month than it did in the month of April.
18 So my expectation is in the month of June we
19 will get down to a good level with regard to
20 our retail late orders.

21 The wholesale late orders on
22 April 3rd were 4741 orders. On the same
23 date -- on May 28th were 2250 orders. Again,
24 clearly not the right answer. But one of the

1 biggest changes has been with the improvement
2 of flow-through. The number of new orders
3 that get into a category of late that need to
4 be manually handled dropped substantially.
5 So the number of orders we're handling in the
6 late category has increased, but also the
7 number of lates getting added to that
8 category has gone down quite a bit. So as
9 that drops down, we can work away at the
10 backlog and get back to a normalized level,
11 as I said, by the end of the month.

12 There's a couple of other items
13 that we mentioned in the stabilization plan
14 that have a little bit less visibility than
15 the key areas that we mentioned. One is a
16 specific area called an unsubmitted order.
17 And this gets -- I'm going to go into some
18 things that are in the work cues.

19 An unsubmitted order is an order
20 that somebody attempts to put in the system,
21 and for some reason it never gets in the
22 system. It's usually caused by a mismatch of
23 telephone number and address, and it requires
24 manual work to be done to correct the error

1 and get it into the system. This was an area
2 that back in March we were at -- the
3 beginning of March we were at almost 8,000
4 orders were in this particular bucket.
5 Today's total -- I say today. This was
6 probably Friday's total was 2581. So you can
7 look at that and say there's been substantial
8 progress. I would say to you that the
9 progress that was made was made very early in
10 this particular area, and it has stagnated at
11 the 2000, 2500 level really for most of the
12 last month. And the ultimate solution in
13 this particular case is a system fix, because
14 right now the clean-up of this is a manual
15 process. The customer service reps that
16 could be and should be answering customer
17 calls are doing the work to clean up these
18 particular orders. That's primarily on the
19 consumer side. And it is, again, primarily
20 because we have a telephone and address
21 mismatched. Now, the reason for that is you
22 had different databases that populated our
23 front-end system. And within those databases
24 you had different addresses and times. And a

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1 lot of this runs into when you see that
2 there's issues with multi-dwelling units or
3 nursing homes or areas where you have
4 different rooms or apartment numbers. The
5 current way the system had been set up, it
6 required an exact match of the address with
7 the phone number. So if somebody put in
8 simply "APT" to say apartment, as opposed to
9 "apartment," and it was in the system as
10 "apartment," it would reject the order and
11 never get into the system. Then the rep
12 would have to manually fix that. There's
13 some things that are currently being done
14 that limit the restriction that they have to
15 be exact matches. That ultimately is the
16 right answer, because the right answer has
17 got to be that you just can't have that many
18 orders go into the system. This is an area
19 that if it's not completely cleaned up by the
20 end of June, we can manually continue to use
21 the current mitigation plan. So, from a
22 customer perspective, they would not miss
23 their due dates. They would get the orders
24 in. But from a process perspective, this is

1 something that really needs to be automated.

2 So I break it out separately
3 because I do think we will hit our objectives
4 that we have in the plan. But it's critical
5 that we get it to be automated versus manual.

6 Another thing that we mentioned as
7 far as work cues in the stabilization plan
8 was we talked about a couple of the work
9 cues. And these are typically areas that
10 when an order comes through the system and
11 falls out and needs manual handling, it goes
12 to different areas. And we talked about the
13 APC, the FMC, the BSSG. And in the
14 stabilization plan, I give certain numbers of
15 where we are today and where they need to get
16 to, to provide the kind of response or to be
17 able to deliver the service within the
18 standard interval. Again, we measure this
19 internally. We don't typically measure it
20 externally because it's a piece/part of
21 delivering the overall order.

22 But to give you some numbers, the
23 APC and the FMC combined when I put the plan
24 together had 2471 orders in it. We had an

1 objective to get these cues down below 200.
2 And the date I used, as of 5/27 -- so, close
3 of business last Wednesday -- the APC cue was
4 at 330, the FMC cue was at 163. Some of this
5 is based on timing. Also, this is going to
6 go up and down, based on how many particular
7 transactions hit that cue that day. Those
8 two cues are essentially back to a normalized
9 basis. Those were two areas that we broke
10 out in the plan that at the time had a lot of
11 systems errors in them, involved with them
12 that had been corrected.

13 The other area that I break out
14 specifically in the plan is a group called
15 the BSSG. And at the time, we had 1800
16 orders in their cue. We had the same
17 objective, to drive that down to a 200 level.
18 That today is at 1044. That is not seeing
19 the same level of improvement, and we've just
20 made some changes from an organizational
21 standpoint in that particular area to
22 accelerate the drive down. This particular
23 group has a lot to do with the provisioning
24 and the repair aspects associated with DSL.

1 The other thing that's happened
2 with DSL, and I think we mentioned it when we
3 were here on April 3rd, was there was an
4 audit process going on to line up the
5 physical inventory that we had in the field
6 with the inventory that was in the systems;
7 so, essentially, what ports were in the
8 field, and which ones were available and
9 which ones had wires going to them and which
10 ones were free, and then within the systems
11 does it show the same thing. And what we
12 found was, just the way the data came over
13 during the cutover, there were a lot of
14 mismatches associated with that. That caused
15 a lot of delays. It caused a lot of orders
16 to drop out, and it caused some service
17 issues. We finished that audit. There's --
18 I won't get into all the detail. And
19 actually, Bryan could do it much better than
20 I could. But that's now been loaded in. It
21 was loaded in as late as over the weekend.
22 So we do expect a better flow-through and
23 process for this group to work, and expect
24 the work cue to drop. So, eventually we also

1 made some personnel changes in that
2 particular area so it gets the level of focus
3 that it needs. So those you won't see
4 specifically in the milestones that we do
5 every week. But as far as work cues, I
6 wanted to bring that out.

7 We do show another measurement,
8 both in the stabilization plan as well as in
9 the weekly milestones. And this was a
10 function that at the time we were here last,
11 the ability for a wholesale customer to pull
12 customer service records and do loop
13 qualifications was not working well or at
14 all. So, consequently, for them to service
15 their customers, to place new orders, to get
16 information, we had set up a manual
17 work-around process. So what we determined
18 was, to measure the success of the automated
19 process that they should be utilizing, we
20 would measure how many manual requests that
21 we get. That number has been back at a
22 normalized level, essentially. It was in the
23 hundreds and hundreds. I think last week it
24 was at 44. We anticipate 30 to 40 is the

1 normalized level. For complex orders, they
2 would always use that particular process. So
3 it will never go to zero, but view that as
4 the normalized process seems to be working in
5 that area.

6 Another area that's come up -- and
7 Mr. Chairman, you mentioned it as well -- was
8 the billing. And I'll tell you where we are
9 with the billing. I think we had mentioned
10 last time we were here that the billing --
11 timing of the billing had gone back to normal
12 levels on March 9th. And that continues to
13 be the case. So bills are going out as they
14 should go out. There's a process, and the
15 current -- well, let me go through the
16 process first and then I'll you what the
17 results were.

18 There's two processes to determine
19 billing errors that we have in place. The
20 first process is there is a pro forma that we
21 run. All this is, is before a billing run
22 goes out, there's a number of accounts that
23 are pulled out. They're given to a billing
24 verification team that's actually located up

1 in Littleton. And they look at these
2 particular bills for any errors. This was a
3 process that we started right with the first
4 billing run. Initially we would take out a
5 hundred or so bills. There were obviously
6 more errors and larger errors in the first
7 runs. So they would be corrected. The
8 intent was let's correct the bills before
9 they go out and then send out the bills. At
10 this point, we're up to about 1800 bills.
11 Most of all the large errors have been
12 identified and fixed. We still find some
13 errors. Some are very small, both in scope.
14 They may affect one or two customers that
15 have a unique product. Some are -- they may
16 affect a lot of customers, but they're a very
17 small issue -- the way a tax is applied or
18 the way a fee is applied, things along those
19 lines. The current number of bills with
20 known errors is running -- and it changes
21 every day. But it typically runs between 3
22 and 5 percent. I think Friday it was
23 3.7 percent.

24 One of the things we're doing to

1 supplement, that we've always done to
2 supplement the pro forma review, is every day
3 we have a call with the customer service
4 center. The intent of the call to the
5 customer service center is to find out any
6 and all billing errors that they experienced
7 on a reacted basis from the customers. That
8 gives us a real view of actual telephone
9 numbers and customers that we can then do
10 some research on. It's another way that we
11 find errors that may exist.

12 One of the -- the third way that
13 we are looking to improve this quicker is
14 there's an automated process that we can do
15 that essentially does what the pro forma does
16 with 1800 bills, but in a systematic way.
17 And I couldn't tell you exactly how it
18 interfaces. But it looks at the billing run
19 before it occurs to look for additional
20 things that may not look right or not follow
21 a standard process. And that would also
22 increase the number of errors that could be
23 fixed. And if we fix the errors, obviously
24 once we fix them, we fix them for all bills

1 of that type. And it corrects the problem,
2 not for just that billing run, but for all
3 billing runs and going forward.

4 CHAIRMAN GETZ: I want to ask you
5 about -- I guess to basically define what's
6 the definition of a "billing error." Is that
7 purely somebody either being charged for
8 something they didn't do or not charged for
9 something they should be charged for? Or
10 does that also capture the variety of other
11 things that we've been hearing about, where
12 the bill went out and showed somebody
13 delinquent when they had already paid or -- I
14 understand from Consumer Affairs, reports
15 that they're getting, that some folks may not
16 be -- that have direct payment and the
17 payment's not being taken out of their bank
18 to pay the bill. I mean, what's the breadth
19 of when you say "billing error," because it
20 seems to me that the effects may be a whole
21 lot broader than what you're suggesting.

22 MR. ALLEN: Yeah, it's all of
23 those plus. It's any bill that is not
24 considered perfect. So it's a billing error

1 if -- we would characterize a billing
2 error -- let me give you an example you
3 mentioned before.

4 A customer cancelled on a given
5 date. Somehow that didn't hit. It moved
6 from -- essentially what has to happen is it
7 moves from the front-end system to the
8 billing system, from Siebel to Kenan. If
9 that didn't happen, the bill did not give the
10 customer the right answer, it wasn't a
11 correct bill for that particular customer.
12 That's a billing error. It wasn't caused by
13 the billing department. The billing
14 department and the billing system did what it
15 was supposed to do, but it was a billing
16 error because it didn't provide the right
17 result from the customer's standpoint. So
18 you go from there to every type of
19 international call that has this product type
20 was billed at a dollar a minute instead of 70
21 cents a minute. So then you make a massive
22 change for the bill. So in some instances
23 it's an individual customer credit or a
24 result, and in some instances it is a mass

1 credit or result. In some instances it's
2 under-billing, in some instances it's
3 overbilling.

4 We also have -- and, again, I
5 would include, these get included in billing
6 errors. We send the bill to the wrong place.
7 There was one that we ran into here with
8 somebody on the Staff that had gone three or
9 four months without a bill. And we had sent
10 it. It was in our system. And consequently
11 where the bill went was -- I forget the name
12 of the town, but it was a town versus West
13 the town. Had the right P.O. Box, but the
14 wrong complete address. Consequently, the
15 bill got returned. And those get worked. So
16 as they get worked, we try to correct those.
17 But anything that occurs that doesn't provide
18 the right billing result for the customer is
19 considered a billing error.

20 CHAIRMAN GETZ: And I may be
21 jumping ahead of where you want to go. But
22 where I'm concerned is on billing errors.
23 When are -- when is it -- is it clear to you
24 when it's a billing error, or there's

1 awareness of all errors, when do collection
2 activities start and when do disconnection
3 activities start? And what's the level of
4 confidence that you begin collection and
5 disconnection on customers who are properly
6 being pursued as opposed to customers who are
7 mistakenly being pursued?

8 MR. ALLEN: Yeah, that's a very
9 good question. It's obviously been one that
10 we've spent a lot of time on, especially over
11 the last couple weeks. I'm going to go into
12 what our current plan is, how we're looking
13 to protect those customers that don't
14 legitimately owe us money.

15 CHAIRMAN GETZ: In doing that, I'd
16 just like to put two things to keep in mind.
17 I'm not sure if you had an opportunity to
18 look at either of these documents that was
19 Staff's recommendation that it filed today.
20 And I think Ms. Hatfield, in her questions,
21 raised -- or posed a question that suggested
22 that possibly some action may or may not have
23 taken place in Vermont about collection
24 efforts. So if you could -- to the extent

1 you're familiar, address them, please.

2 MR. ALLEN: Yes, I believe I can
3 address most of that. I may -- I just saw
4 them, so I may miss a couple of points. But
5 I think in general I certainly can address
6 that.

7 The other thing that's important
8 to note on the billing is two things that
9 have been in place now for some period of
10 time that help, from a customer standpoint
11 and a customer service standpoint. When a
12 customer, you know, has a bill that they say,
13 "Hey, I got a bill and I cancelled your
14 service," obviously, that's a reactive call.
15 We fix that. We look to see if there's other
16 customers that might be in the same category
17 so we can then address it if there's a
18 procedural problem. But we fix that at the
19 time that a customer calls.

20 For any of the systematic billing
21 issues where we find, you know, we charged
22 the wrong rate or there was some item along
23 those lines, in every one of those instances
24 we do an automatic -- let's say in this

1 case -- credit to all the customers that are
2 impacted by that. So they don't need to call
3 us. They don't need to take any action to
4 get their credit. The other thing that we do
5 do is there's what we call an OSS alert, an
6 alert that gets put into the system. So if
7 any of the customers that were affected by
8 that call the customer service rep, they will
9 get notification of -- the customer service
10 rep will know exactly what occurs.

11 One of the things that happens
12 with billing is we identify an error and we
13 correct it. Customer's not going to see it
14 until at least their next bill. So you have
15 a lag in some instances. So, to make sure
16 the customer service reps are aware of the
17 issues becomes paramount so that they can
18 talk to the customer if the customer tends to
19 give us a call.

20 Let me jump forward to credit and
21 collections and then go back to some other
22 things, because that I think ties in with
23 this and answers your question.

24 One of the things we have not done

1 since cutover is we have not done any
2 collection activity at all. And currently,
3 we are collecting a far lower percentage of
4 our receivables than was done, obviously, if
5 you have normal collection activities that
6 occur. Understanding the issues associated
7 with not wanting -- from our standpoint, as
8 well as certainly your standpoint and all the
9 states, we don't want to bill customers that
10 don't legitimately owe us the money that
11 we're trying to collect. And we certainly
12 don't want to start any collection activities
13 with that group. So we've had several
14 discussions about ways that we could mitigate
15 that potential event from occurring. And
16 what I'm going to go through is specifically
17 residential customers.

18 On the business customer side
19 there's a different process, which is a
20 call-out process to work with the business
21 customer to find out what they owe and work
22 through the collection process.

23 The residential side, typically
24 that's done through a more automated sending

1 of letters and then other collection activity
2 that would take place. So, understanding
3 that our objective is, I think in this
4 instance, the same as everybody's here, which
5 is: We want to collect money that's
6 legitimately owed to us on the one hand, and
7 on the other hand, we don't want to upset
8 customers that don't legitimately owe us by
9 sending them a collection notification. So
10 what we wanted to do was do this in stages.
11 We came up with a threshold that we felt
12 would be the most various customers out there
13 that owe us the most amount of money and try
14 to put something in place that would suggest
15 that most all of these customers, if not all
16 these customers, would have owed us money
17 pre-cutover. So we set a threshold -- and
18 again, this is residential -- for basic
19 service of \$750 or more, and for non-basic
20 service of \$500 or more. The total customers
21 that fit into these two categories in the
22 state of New Hampshire is 2775 customers --
23 so we think a very small sample size. These
24 customers in the cumulative have a balance

1 that's over 120 days of \$873,000. So there's
2 a strong likelihood that there's an awful lot
3 of money these folks owe us that go back to a
4 pre-cutover stage, our feeling is this
5 becomes a good way to send out the collection
6 process, start the collection process with
7 the folks that owe us the most money. The
8 fact that we're using such high thresholds
9 would suggest in almost every instance that
10 they would have owed us money prior to
11 cutover; consequently, they would not be in a
12 collection status caused by a billing error
13 that was a result of cutover.

14 The other thing that we are doing
15 with this list is we're pushing this list up
16 against the list that we have of all known
17 billing errors, and we're eliminating any
18 customers that fall into that category. In
19 some instances, that will restrict the list
20 more than we should, because you could have
21 somebody that has a known billing error
22 that's \$2, and they could owe you \$2,000.
23 But, again, for a first run, our plan would
24 be to take any customer that fits into that

1 category out of the plan and then send them
2 this letter. Quite frankly, I think to some
3 degree if we don't start some collection
4 processes with these customers that owe these
5 levels of dollars, customers are going to get
6 into a worse situation, because the amount
7 that they're going to owe is going to
8 continue to rise. And we'll be more than
9 happy to work out payment arrangements with
10 these customers. We certainly have no desire
11 to disconnect them. But on the other hand,
12 we have no desire to provide free service if
13 they're not in a position or willing to pay
14 us for the services we're providing.

15 So I think, personally, that this
16 is a good way to get started. I think it's a
17 fair way to get started. And I think it
18 helps the company and at the same time does
19 an awful lot to ensure that customers are not
20 going to be put in a position that they're
21 getting charged for bills that are not valid.

22 We also have a billing dispute
23 resolution group. That's obviously in place.
24 No matter when we start collections, there's

1 going to be customers that are going to
2 dispute their bills, and some legitimately.
3 And, you know, this group is designed to work
4 through any issues the customers have and try
5 to resolve those. If a customer has an
6 amount that's in dispute, we don't ever
7 disconnect or take any action on that
8 particular customer until we can resolve the
9 dispute or the bill. From a credit
10 standpoint, we never -- the only time we
11 would ever contact any credit agency and take
12 any action along those lines is if somebody
13 did not respond or pay monies and did not
14 dispute and did not pay the monies that were
15 owed to them after the defined period of
16 time. I think it's 14 days in New Hampshire.
17 So I look at this as a good way to validate
18 that these are customers that legitimately
19 owe us money. They'd owed us money since
20 before cutover. I'm not going to tell you
21 that none of them have ever not received the
22 right bill. I just don't know that for a
23 fact. But I think with the billing
24 resolution plan we have in place, the fact

1 that this group cumulatively owed us almost
2 \$900,000 that's over 120 days old would
3 suggest it's a group of customers that has
4 owed us money since before cutover.

5 CMSR. BELOW: To clarify, I'm not
6 sure we've seen the latest version of the
7 proposed letter. Maybe our Staff has. But
8 it seems like, to the extent that we know you
9 have had known billing errors, you also
10 know -- we also know that there have been
11 unknown billing errors that have individually
12 been resolved, it seems like it might be
13 prudent in the initial contact to simply
14 acknowledge, "We know we've had some billing
15 problems, and if you think that any part of
16 this bill is not correct, please call us
17 before we begin formal collection
18 activities," so people have a chance to take
19 up an affirmative action before it sort of
20 flips a few weeks later into actual
21 collection. Are you -- you're saying you
22 have a billing dispute process. But are you
23 putting it in the context of recognizing
24 that -- just not a presumption that this is

1 all the balance you owe, but acknowledging
2 there's a chance that we might be in error,
3 but we believe you owe this amount and please
4 contact us as quickly as possible if you
5 think there's something wrong here?

6 MR. ALLEN: I certainly understand
7 that. I'm not in the credit collection
8 department. Let me give you the response
9 back that I got when we discussed different
10 wording that we could use along those lines.
11 The thought was for customers that are in
12 this kind of position and owe this amount of
13 money, that unless there's some action that
14 is suggested that we would take if they don't
15 pay, these are people that have chosen not to
16 call, not to try to reconcile their bill, had
17 not called and said they have a billing issue
18 that they'd like us to resolve. And so if we
19 don't give them a reason to call, which is
20 there's some action if you don't respond,
21 there's really no reason for them to do
22 something different than they've done in the
23 past.

24 CMSR. BELOW: Well, it seems like

1 in normal circumstances what you sort of said
2 is true. But I think we seem to have some
3 anecdotal evidence that there are situations
4 where people -- the bill's going to the wrong
5 address and somehow it's not getting
6 returned. So they don't -- may not even be
7 aware that this balance is there, or they
8 think that service was shut off. I'm just
9 concerned that there may be individuals, and
10 it may a small portion of the total, but
11 there may be a few individuals for whom
12 there's really something that has mismatched.
13 And so at the risk of setting off a whole new
14 wave of alienation and outrage of people who
15 feel righteously indignant, which is
16 certainly a customer-retention problem, it
17 seems like there should be some sensitivity
18 to that.

19 MR. ALLEN: Again, I understand
20 that. I think if -- understanding that any
21 customer that has a known billing issue, that
22 we're restricting from this, I think whenever
23 you send out collection letters, again,
24 that's the intent of the billing resolution

1 department. There is going to be somebody
2 that either didn't get their bill, has moved,
3 maybe is deceased. I mean, there's a whole
4 variety of different things that could occur
5 and do occur in the normal process, whether
6 it's pre-cutover or post-cutover or a year
7 from now. So, you know, again, I don't know
8 that I know how to respond to that. I
9 understand exactly what you're saying. And
10 the feeling was if we don't suggest that
11 there's going to be action taken if you don't
12 call -- if you call, we can work out whatever
13 it is. But if you don't call, then we're
14 going to have to take action. If we don't
15 have that as part of the letter, that the
16 customers aren't going to take the action
17 they need to.

18 CHAIRMAN GETZ: A couple
19 follow-ups. I don't know if you were going
20 to get to this. What exactly is happening in
21 Vermont on collections?

22 MR. ALLEN: In Vermont, they
23 initially had a similar question and issue.
24 And they have not gotten the clarification of

1 what our new plan was. What I just outlined
2 to you was not our starting point on the
3 collection plan. The starting point on the
4 collection plan had a lower threshold; it was
5 \$500 and \$200. It had -- there was not a
6 requirement or a thought about bouncing the
7 list up against known billing errors. And
8 there was a concern in all the states,
9 certainly here as well as Vermont, that that
10 was unacceptable for many of the reasons you
11 mentioned, Commissioner. There would be a
12 higher number than normal of customers that
13 would receive an incorrect or -- an incorrect
14 collection notice. So they had an issue with
15 that and asked the board in their particular
16 case, given the department board situation
17 there, to have a hearing on Friday to get
18 that resolved. They then, once they -- once
19 they received all the information and
20 recognized what it was, they decided to
21 cancel the hearing and did not have an
22 objection to us going forward with the
23 current plan. So the original response was
24 we're asking you to stop and we'd like to

1 have a hearing. We're asking the board to
2 take that action. It was their request. And
3 then they rescinded that order. Did I miss
4 anything on that?

5 CHAIRMAN GETZ: Because I think
6 for our purposes today, at a minimum, I think
7 at some point we're going to have to take a
8 recess here. We've got a lot of other people
9 who would like to speak. And I know you
10 haven't had an opportunity to look at Staff's
11 proposal. But during -- when we do take a
12 recess, I'd like you to take a look at that
13 proposal. Staff is asking us to take some
14 action on this, and I want to hear your
15 response. And it sounds like, at a minimum,
16 there's going to have to be some conversation
17 among the company and Staff and the Consumer
18 Advocate, and some recommendations to us on
19 whether we should take action directing you
20 to suspend collection or some portion of
21 collection, or with some conditions. But
22 we're going to need to get that straightened
23 out.

24 MR. ALLEN: Okay.

1 CHAIRMAN GETZ: Did you have
2 something more on that?

3 CMSR. BELOW: Well, just sort of
4 following in this realm. We've had some
5 anecdotal concerns that have come to our
6 attention that there have been instances of
7 negative credit reporting on customers who
8 felt that that was not proper; that it was,
9 you know, something that happened for
10 something that was not really legitimate.
11 You know, I don't know exactly, you know, the
12 specifics. But certainly that's a concern.
13 And so the general concern is what are you
14 doing to ensure that there's not false,
15 adverse credit reporting. And if it does
16 occur, what can you or will you do to
17 promptly correct it? I guess that's the
18 question. And I think you've just said you
19 wouldn't do credit reporting until after the
20 14-day or whatever the period. But once
21 you -- once people get the notice, if they
22 don't respond and you start and go to the
23 next step, then the adverse credit reporting
24 is going to start.

1 MR. ALLEN: Yeah. Let me just
2 address that. There was one particular
3 individual in New Hampshire that at least
4 came to my attention that had a negative
5 report for actually a very small amount of
6 money. But it was a negative report that
7 impacted I think a particular account that
8 they had, and I think the amount was like
9 \$17. That particular transaction happened
10 pre-cutover. It was done by a company that
11 Verizon was using. Verizon was doing the
12 credit and collection for us under the TSA.
13 They were using a company called Afni to do
14 their credit collections. They had
15 outsourced to them. Why they, Afni, took the
16 action they took, I don't know. But that was
17 a pre-cutover item.

18 As I mentioned before, since
19 cutover we have not done any activity with
20 any collection -- or any of the credit
21 agencies, I should say. What we did in this
22 particular instance was, we contacted the
23 individual that had been impacted. They
24 already received a letter from Afni. We also

1 called the three primary credit agencies who
2 we had been told had been given notification
3 that this had been done in error, just to
4 validate and verify that the credit had been
5 taken care of, and it had.

6 So, you know, our response would
7 be the same as we did in this case, even
8 though we didn't in the current environment
9 cause the issue. It was an Afni/Verizon
10 issue. We would take the action that we took
11 in this case. We would contact the customer,
12 provide them a letter, as well as the
13 collection agencies, if there was something
14 that after the fact we found out was not
15 valid.

16 CMSR. BELOW: Okay.

17 CHAIRMAN GETZ: Continue.

18 MR. ALLEN: Let me go back to a
19 couple other things, and I'll try to move
20 this along a little bit. But there were a
21 few other things that I think you had some
22 questions on that I wanted to make sure I
23 addressed.

24 One was in the area of

1 escalations. I think we talked last time,
2 and it has continued to be an issue with the
3 number of late orders that we have, and
4 especially some of the initial billing
5 issues, the number of escalations that we
6 handle had continued to climb. We completely
7 restructured the escalation group. The way
8 that it had been handled before, which was
9 essentially staffed as a business-as-usual
10 environment, was not able to handle the
11 escalations. We've moved all the escalations
12 into one area. We started in May, for
13 example, with 1384 open escalations across
14 the three states. As of Friday, we had 946,
15 which is still an unacceptable number. But
16 we have now put a complete team in place to
17 handle escalations that include all the folks
18 that are necessary to work a particular
19 order. We moved five customer service reps
20 into that area. We provide regular updates
21 on all open, as well to each state, closed
22 escalations. The majority of the open
23 escalations, a little bit more than a third,
24 close to 40 percent, are on those past-due

1 orders, the order status of the past-due
2 orders. About 30 percent are on billing.
3 That's gone down dramatically over the course
4 of the month. And then the remaining
5 30 percent are on all different kinds of
6 questions. These escalations also are not
7 just the appeals that come from the PUC.
8 These are also any executive escalations that
9 happened within the company. We prioritize
10 escalations, in that we have medical
11 emergencies, public safety, PUC and Attorney
12 General and FCC complaints, and then
13 executive escalations after that.

14 CHAIRMAN GETZ: Escalations are
15 entirely separate from the SWAT team that's
16 more operational?

17 MR. ALLEN: Yes. The SWAT team
18 ends up -- especially on the operational
19 ones, the old order instances, in many
20 instances they're given the escalation to
21 work it and get it through to completion.
22 But the escalation team that does -- for
23 example: Most of the billing issues and
24 questions can be handled by a customer

1 service rep that just needs to do the
2 research and get it fixed and get back to
3 them. So, where Bryan Lamphere and his team
4 would get involved is if we have a customer
5 that has an order that had a due date of last
6 week and it hasn't gotten delivered, or we
7 had a customer that was transitioning. We
8 had one of these last week. And the way the
9 system worked was they took the customer out
10 of service, and it needed some immediate
11 operational help and support. That's when
12 Bryan's team would get involved.

13 One of the next things I wanted to
14 go through quickly was, I think there were
15 some questions regarding the different
16 consultants that we had in place and what
17 activities we've done with them and what
18 we're using. I mentioned the Aricent
19 recommendations, which was not something we
20 talked about last time. That's been put in
21 place recently. As far as actual dramatic
22 short-term benefit, I think that's actually
23 what we're going to get, more than anybody
24 else. The Heifitz Halle, which was more

1 organizational recommendations, and KPMG,
2 which were the system recommendations, are
3 not just -- they're different ways that you
4 go about running the business. There are
5 certainly some short-term benefits. And I'll
6 go through some of the things that we've
7 implemented. But some of those also happened
8 and benefit over time. There were some
9 recommendations from Heifitz Halle regarding
10 the sales force and getting them involved
11 from a customer stats standpoint. And as I
12 mentioned before, we've done that. There was
13 a recommendation -- they broke out the
14 recommendation in short-term, long-term -- or
15 short, medium and long-term. There was a
16 recommendation to provide some support to the
17 operation engineering head and provide some
18 additional resource in that area. That has
19 taken place primarily around the area of
20 getting some of the people that were there
21 more authority and responsibility so
22 everything did not need to go to that one
23 person.

24 There were some recommendations

1 around changes in the whole SPOC program with
2 the wholesale group. One of the issues, if
3 you recall from last time, was we could call
4 them but they couldn't call us, which I think
5 we all agreed did not make a great deal of
6 sense. So the communication has improved
7 substantially in that area. The amounts of
8 information that's available to those SPOCs
9 has improved pretty dramatically. The
10 accounts also have a service manager, a sales
11 engineer and account team assigned to them,
12 which tied into a better support process for
13 the wholesale group.

14 We've implemented some of the
15 order-processing changes that they had
16 recommended. A lot of their recommendations,
17 I think, are very good recommendations with
18 regard to how you go about prioritizing your
19 initiatives and how you -- going back to one
20 of the questions Commission Below asked about
21 the stress level, how you go about decreasing
22 the stress and recognizing that as an
23 important aspect of running the business.
24 And those are certainly part of what we do.

1 One of the things that has helped
2 a great deal is the level of communication
3 internally has improved substantially, based
4 on their recommendations. And so much of it
5 is for people to understand what progress is
6 being made, what they can expect going
7 forward and what they can expect in their
8 job.

9 KPMG, the biggest areas that we've
10 changed there -- one of the areas that we
11 changed, actually, was in a -- before the
12 report was completed, kind of interim update,
13 was the process that we were making system
14 changes in our systems was every day we would
15 load all the changes that were identified
16 that could be loaded for improvements in the
17 systems. And although that had accomplished
18 the sense of urgency, it really had -- and I
19 believe, Mr. Chairman, you mentioned this --
20 it had an adverse affect. If you don't take
21 the time to train people on what the new
22 changes will do and you don't give them the
23 work tools to take advantage of those
24 changes, not only does it not help them, it

1 hurts them, because they're doing things the
2 old way and the systems are trying do things
3 the new way. And they actually caused more
4 problems. So we went to a weekly production
5 run with identifiable changes that will go
6 in. We were loading that every Friday.
7 We're changing that to Thursday. And there's
8 some production reasons for that. Primarily,
9 you need to test the systems after you load
10 them. And Monday's not the best day to do
11 that because that's our busiest day. So
12 you're better loading them Thursday and
13 testing them Friday. So we changed that this
14 week.

15 There's also been substantially better
16 definition in ownership from FairPoint IT
17 organization. There was a very big divide.
18 We're using Capgemini as a contractor; and yet,
19 there was still kind of a pre-cutover view of
20 when you went to Capgemini for this and when you
21 went to FairPoint IT for that, and consequently,
22 you didn't have a coordination of the services.
23 They're a contractor for FairPoint IT. We needed
24 to set up a process, a communication process of

1 how you go and where you go for changes. And
2 then if IT needed to utilize some of the contract
3 services versus our own employees to get that
4 accomplished, that was a much better way to do
5 it. So there was some restructuring done within
6 IT and better definition around different roles.
7 And those have been the primary things that we've
8 implemented in actually the short time since
9 we've received those reports.

10 As far as cutover, that's what I had
11 prepared and put together. The only other
12 item -- well, whatever items you'd like to
13 discuss, we certainly can do that. I didn't know
14 if you wanted an update at some point with where
15 we are with DSL expansion. I can go into that.
16 Or at this point, I can stop and --

17 CHAIRMAN GETZ: Well, can you give
18 us a little more about the status of
19 Capgemini's work, the nature of what they're
20 doing, what the prospects are for their
21 continued work, a general update on that.

22 MR. ALLEN: Yeah. There's some
23 expertise within Capgemini on the systems
24 side that will stay with us for an extended

1 period of time. There are more and more
2 items that are being handed off to our own
3 employees. And what's necessary with that is
4 transfer of knowledge. And a good example of
5 that is the billing process is being
6 transitioned completely over to the internal
7 FairPoint IT team. It's scheduled to be
8 complete by the end of this month. There are
9 numerous other instances. And actually, as
10 far as examples, probably Rich and Bryan
11 could give you more examples. But that's a
12 typical example of here's an operational
13 function that needs to be done internally.
14 Let's complete the knowledge transfer and
15 make sure we have the experts in that
16 particular system in place and then hand it
17 over. As far as the continued system
18 improvements, I'll call it the warranty work,
19 and to fix a lot of the defects that we
20 talked about, like on unsubmitted, with some
21 of the things that need to get done in that
22 regard, they will still stay very active in
23 that. And they'll still stay active in some
24 of the change requests that we have, as far

1 as improving the systems on a go-forward
2 basis.

3 CMSR. BELOW: Do they have actual
4 personnel in northern New England, or are you
5 just dealing with them from their offices?

6 MR. LAMPHERE: No, they do. They
7 have people in all three states.

8 MR. MURTHA: As we need a
9 resource, or if we have an issue that arises,
10 Cap will put people up to co-locate or help
11 Bryan with the SWAT team or come in to any of
12 my centers and sit down so that they can see
13 what the reps are going through and then go
14 back into their IT caucus and decide what
15 needs to be done to alleviate the problem.

16 MR. ALLEN: One of the things that
17 I should mention also is that they play a
18 very critical part as we put changes in, even
19 those, for example, identified by Aricent,
20 you know, which is a whole different party.
21 One of the things that you had to do and then
22 test in the test bed is to make sure that any
23 of the changes that you do don't change
24 something else. So Aricent may look at it

1 and say I saw another company use this
2 particular functionality in Siebel and it
3 improved their productivity this much. Well,
4 not everybody has the exact same set of
5 systems with the same business rules. So if
6 you make that change without testing it and
7 having some validation from the folks that
8 were involved in the creation of the business
9 rules in the system, you could run the risk
10 of fixing this, but making this worse. So
11 that's why I mentioned before that was very
12 much a collaborative effort of all the
13 parties to make sure that didn't occur.

14 CMSR. BELOW: This Aricent, how do
15 you spell that?

16 MR. ALLEN: A-R-I-C-E-N-T.

17 CMSR. BELOW: And they were --
18 supplied a particular software module, if you
19 will, that Capgemini integrated or --

20 MR. ALLEN: No, they physically
21 had a team that came to primarily Maine,
22 Portland, and sat down in the customer
23 service center and viewed how we were doing
24 each of the different tasks that we did. And

1 then they would make comments about, well,
2 they could see us populate a field four times
3 and say you don't need to do that, here's how
4 you can fix it.

5 CMSR. BELOW: I'm just trying to
6 understand why were they brought in. What
7 was their particular background and
8 expertise? I mean, it was obviously
9 customer -- the interface, the screen, that
10 was a product that was developed for you by
11 Capgemini. Did they have a particular -- I'm
12 just sort of trying to understand what --

13 MR. ALLEN: No, that's a great
14 question. Siebel itself is an
15 out-of-the-box, primary, one of the top
16 front-end systems that's in the industry.
17 Many, many people use it, not only in this
18 industry, but in others. So what Cap did was
19 they came up, worked with us in defining what
20 the business rules were, how it would
21 interface with the other systems in our
22 network, and how an employee would interface
23 to work with that. So this group -- and it's
24 not just with Siebel, although the group that

1 they had that worked with us happened to have
2 an expertise in that area they worked with
3 other telecom companies that utilized Siebel
4 as a front-end. So they came in, and they
5 could give us a very quick, hands-on view of
6 here's some things we think you can implement
7 that will improve your productivity that
8 we've seen in other places and we've seen it
9 work. And because they had both the systems
10 side and the firsthand view of the
11 application side, they could come up with
12 these things very quickly. And as I said,
13 once they started coming up with the
14 recommendations, it was basically put
15 everybody in a room. You had the customer
16 service rep teams, you had the Capgemini
17 folks, and you had the Aricent folks saying
18 here's what we want to do. How quickly can
19 you do it? What scope of work's associated
20 with it? How difficult is it to do? And
21 let's now stage these. And that's how we
22 came up with the -- I don't have the slide in
23 front of me. But out of these 56, they were
24 prioritized as far as their impact. They

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1 were also prioritized as far as the
2 complexity of how difficult it would be to
3 implement. And then based on those two
4 parameters, they were scheduled in on a
5 weekly basis to see how they could be
6 implemented.

7 CMSR. BELOW: Is most of what
8 Capgemini's doing essentially warranty work,
9 following through on their original contract
10 at this point?

11 MR. ALLEN: Let me try and --

12 MR. LAMPHERE: What we're trying
13 to do is get it to the point where Capgemini
14 and FairPoint IT as a team are working on
15 maintaining the applications, not necessarily
16 doing the service order work associated with
17 the provisioning system. So they maintain
18 the back end of the systems, the data tables
19 that contain all of the information that
20 allow the applications to run, streamline
21 obviously the applications as users request,
22 as Aricent recommended these 56 changes to
23 Siebel that can streamline and optimize the
24 user's proficiency, and then FairPoint

1 employees within each provisioning function
2 performing the work using said applications.

3 CMSR. BELOW: So, some of what
4 they're doing is also some change-order work
5 from the original work orders that were set
6 up or business rules.

7 MR. LAMPHERE: As we request them.

8 CMSR. BELOW: And what's the
9 long-term plan with them? I mean, will they
10 continue to be sort of a business partner on
11 a long-term basis, or do they perceive that
12 they sort of have an endpoint where they're
13 kind of done, turning over and integrating
14 what they've done to the IT department?

15 MR. ALLEN: Yeah, I don't know
16 that there is a defined answer for that. One
17 of the reasons that we signed the contract --
18 and I think we mentioned it last time --
19 which extended them was that we wanted it to
20 be our call on when we could take on those
21 assignments ourselves or when we should. We
22 don't have a lot of system-design people in
23 our IT group. It's really an operational IT
24 group. And that's how we want it. So,

1 whether we would utilize Capgemini on a
2 long-term basis to do the system design, we
3 would ultimately do that ourselves, or we
4 could choose to pick up somebody else to do
5 it, at least I'm not aware that that
6 determination's been made. Right now, the
7 focus has been on transitioning the
8 operational functions to FairPoint and making
9 sure that we have the right expertise in
10 place to do that on an ongoing basis.

11 CMSR. BELOW: And that seemed to
12 be a major focus of the KPMG report, was
13 different things that needed to be done to
14 make the whole IT side of things work better.
15 I think that report had a whole series of
16 sort of management response, I guess it was
17 called. And it referenced progress to date
18 and then next steps. Is there somebody who's
19 systematically planning on following through
20 on the next steps? Because their engagement
21 has ended, as I understand it.

22 MR. ALLEN: Correct. Yes.
23 There's actually a formalized process that's
24 been initiated that Peter Nixon heads up.

1 The last report I saw was May 15th. I
2 believe it's every 15 days they go through
3 that complete list. It's somewhere. But
4 just as you said, it's broken out by item
5 number. They go through that complete list.
6 It's got who the owner is of that particular
7 task or that particular recommendation, what
8 the current status is and what the ultimate
9 end result would be. The things that I
10 mentioned were the things that have already
11 been implemented. And a lot of that is
12 around the organization and structure and
13 what resources -- where there are gaps within
14 IT internally, to be able to handle on an
15 ongoing basis the operational needs of the
16 company.

17 CMSR. BELOW: So, through Peter
18 Nixon and the different owners of the
19 different steps or objectives and goals, the
20 intent is to continue to work through that
21 set of recommendations.

22 MR. ALLEN: Correct. Yeah. And a
23 lot of that is, you know, with Peter Nixon
24 and Mike Haga, who runs the IT. Some of it

1 also is with the operational group heads. So
2 there were some recommendations about some
3 things that had been done on the consumer
4 side, where they have a separate group that
5 does all the training, put all the work tools
6 together, prepares people for the changes
7 that happen within the systems. And that was
8 somewhat unique to the consumer group. But
9 it worked very well and really needs to be in
10 place, so when you implement a change it can
11 be acted upon properly.

12 CHAIRMAN GETZ: Okay. You did
13 mention something about DSL. But rather than
14 do that right now -- and I'd like perhaps to
15 get a brief update on that. But
16 procedurally, I'd like to turn to the rest of
17 the parties.

18 I know that -- Sue, how are you
19 doing? I think we're probably going to need
20 a brief recess.

21 But Mr. Eaton, are you going to
22 have comments?

23 MR. EATON: Yes, I am, probably 15
24 to 20 minutes.

1 CHAIRMAN GETZ: And I assume the
2 CLECs, Mr. Katz and moving right --

3 MR. KATZ: Five minutes.

4 MR. THAYER: Yeah, I think about
5 five minutes. But I do have to leave at
6 four. So I don't know if I could be worked
7 in prior to.

8 CHAIRMAN GETZ: Other comments
9 from CLECs?

10 MS. BRAGDON: Five to ten.

11 MS. CHASE: Same here.

12 CHAIRMAN GETZ: Okay. And I saw
13 Mr. Brackett from IBEW. I assume he would
14 have something. And then we would go to Ms.
15 Hatfield and then Mr. Hunt. But the -- well,
16 let's start.

17 You have to leave by --

18 MR. THAYER: I have to leave at
19 four.

20 CHAIRMAN GETZ: Well, why don't
21 you go now, and we'll maybe pick up a couple
22 of the CLEC conversations before we have a
23 recess.

24 MR. THAYER: My name's Ben Thayer.

1 I'm with BayRing Communications. Our
2 director of operations, Wendy Wilusz, who
3 would generally do this, is not available.
4 So you get me, for what that's worth.

5 We have a couple concerns. We
6 certainly agree that FairPoint has made some
7 incremental progress. To date, we don't feel
8 they're anywhere, at least with our
9 interactions, anywhere near business as
10 usual. And it doesn't appear, again, from
11 our perspective, that they'll be able to do
12 that by the end of the month. It's hard for
13 us to tell what type of data is being
14 reported to the Commission because so much of
15 that is confidential. So all we really have
16 is our daily interactions with FairPoint. We
17 put in hundreds of orders a month, so I think
18 we have a fairly good sense of how their
19 systems work. We are concerned that their
20 systems don't function as they did prior to
21 cutover, even when we try the most basic
22 order.

23 We had a situation last week where
24 we had a resale order that we were trying to

1 process. This was a resale order for a
2 municipality, for a police department at a
3 municipality. It was the end of a long line
4 of orders for this town, most of which had
5 been -- had caused service interruptions as
6 they were implemented. I'm not sure if
7 you're familiar with what a resale order
8 is -- I won't take that. But a resale order
9 is basically just a billing change. There's
10 no facilities moved. It's purely just
11 FairPoint stops billing the end user and
12 bills BayRing, and then we end up billing the
13 end user. So when we finally came to the
14 point where we needed to convert the police
15 department, we escalated the order as far as
16 we could with FairPoint's upper wholesale
17 management. They provided us with a date
18 that they would complete the order. In our
19 escalation, we pointed out the very, very
20 critical nature of this police department not
21 losing its service. We were told that this
22 would be hand-fed and taken care of.

23 So on the day of the conversion,
24 which I think was last Tuesday or Wednesday,

1 we started querying FairPoint to understand
2 the status of the order. It remained in a
3 rejected status, so we queried and queried.
4 And I think that around 4:00 in the afternoon
5 we were told that the order couldn't go
6 during business hours, which we requested in
7 case there was a problem, so that there would
8 be adequate FairPoint staff to assist us.
9 But FairPoint said it doesn't matter because
10 it will be transparent. As you might expect,
11 two hours later they lost all of their police
12 department service. So we screamed and
13 yelled and wrote e-mails and went back up to
14 Rich's group. Eventually we were able to
15 forward the line to the local county
16 dispatch. So calls did get through. And
17 within the next couple hours they were able
18 to turn the lines back on. At that point we
19 were told all the orders had been taken out
20 of the system. Nothing else will happen. So
21 the next day comes around, two or three in
22 the afternoon a FairPoint tech contacts our
23 provisioner and says, "I'm here to install
24 the lines for the police department."

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1 We say, "This is resale. Don't do
2 anything. Please don't do anything."

3 We copy Rich's group, we copied
4 Peter Nixon, we copied staff, "Please don't
5 take these guys down." An hour later, gone.
6 The lines were taken out of service again.
7 Again, another couple hours and they were
8 able to bring them back into service. It's
9 kind of a long-winded story. The next day
10 after that, after we were again told that
11 nothing would be done with the orders, they
12 lost all ability to make outgoing
13 long-distance calls.

14 So, you know, it's kind of a
15 long-winded story, but it just indicates to
16 us two levels of concern: One is that the
17 systems do not function as they should. And
18 even when you escalate to the highest level
19 of the company and you're told that, you
20 know, we will watch over this -- and this is
21 not a criticism of any of these guys -- they
22 don't have the ability to do it. And it's
23 just somewhat concerning. So I just wanted
24 to kind of -- you know, we're not comfortable

1 with FairPoint's systems, although we have
2 seen some incremental progress.

3 The other -- I'll just make this
4 quick. The other area of concern is
5 FairPoint, for some reason, has stopped
6 paying us. We haven't been paid for 60 days
7 for our carrier-access bills. We've sent in
8 numerous requests for status, you know, when
9 are we going to be paid. And we're getting
10 no resolution on that. They've also stopped
11 paying our service-charge bills for the last
12 60 days. Again, we've sent in written
13 requests for status, and, you know, those
14 aren't responded to.

15 I think the last concern we have
16 is on the performance assurance plan. We
17 received the PAP reports from FairPoint in
18 March for December and January. There were
19 some huge discrepancies from what we used to
20 see in the PAP report on those two reports.
21 We queried FairPoint again in writing. We've
22 done that several times to help us understand
23 why these reports seem so different, and
24 we've had zero, no response to that. When

1 the February -- excuse me. When the March
2 PAP report came out, which was after the
3 cutover from FairPoint systems, we compared
4 that to our prior PAP, and it appears that
5 about 40 percent of the fields that were
6 populated prior to the FairPoint cutover are
7 just blank. So there's a tremendous amount
8 of data missing there. We again queried
9 FairPoint. We did meet with FairPoint and
10 Staff on May 7th, and we brought up all these
11 issues. FairPoint said they would get back
12 to us, and they gave us appropriate contacts.
13 We still have no resolution on any of these
14 issues.

15 So those are our concerns.
16 Anything that the Commission could do to, you
17 know, effect some change in that area would
18 be much appreciated.

19 CHAIRMAN GETZ: Okay. Thank you,
20 Mr. Thayer. And I guess, Mr. Allen, I don't
21 want the answer now, but at least one issue
22 I'd like an answer to is what's the status of
23 nonpayment of these bills when we -- you
24 know, we'll go around and hear from everybody

1 else. I'm going to ask you at the very end
2 to go back to responding to the collections
3 issue, hear something about the DSL and about
4 this payment to BayRing.

5 MR. ALLEN: Yeah.

6 CHAIRMAN GETZ: If we could,
7 let's -- Sue, if you could keep going for a
8 little while longer, I'd like to hear from
9 all the CLECs before we take a recess. So,
10 Mr. Katz, would you like to go next?

11 MR. KATZ: Sure. Jeremy Katz.
12 I'm the chief executive officer of segTEL.
13 Normally, Kath Mulholland would be here, but
14 she's not here on our behalf today. So I
15 asked her to provide me with a bit of a cheat
16 sheet of things that have become better in
17 the last 45 days, things that haven't, and
18 our impression of why the things that haven't
19 actually have not, because I think we at
20 segTEL have a bit of a different perspective
21 on this.

22 So, the good parts first. For the
23 first three and a half months of the cutover,
24 our payments to FairPoint never got credited.

1 In the May cycle, those payments were covered
2 and properly credited. Towards the end of
3 April and into May, we had our first
4 successful, simple hot cuts performed. And
5 one-line hot cuts, simple hot cuts have been
6 working as we go and process them. The
7 process of group qualifications is greatly
8 improved on an automated system. Our need to
9 request manual loop qualifications has
10 substantially decreased. We have received
11 some reasonable processing intervals --
12 again, usually on simple orders. But we have
13 seen intervals come down greatly on those
14 orders. And interestingly, specifically to
15 FairPoint's credit, we had one series of
16 invoices, UNE types that we'd been ordering
17 for six years with Verizon, that Verizon was
18 unable to for six years provide us with a
19 bill of exactly what they were invoicing us
20 for. And it took FairPoint only about 10
21 days to provide us with the full details. So
22 we actually consider that a pretty
23 substantial success. That's better than what
24 Verizon did.

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1 So what we've seen, by and large,
2 is that the problems that we're having on an
3 ongoing basis, we're not really sure that
4 they're problems specifically with the OSS.
5 We find that a lot of them are problems with
6 understanding the wholesale market in general
7 and the expertise that did not come over
8 after the transactions. So, by and large,
9 the greatest problems that segTEL is having
10 are in departments that historically resided
11 outside of the northern New England states.
12 So, for instance, items that used to be taken
13 care of out of Boston, items that used to be
14 taken care out of New York Verizon offices,
15 the expertise in those departments, in our
16 opinion, has not been adequately replaced
17 with expertise up in northern New England by
18 FairPoint groups. And the categories that
19 we've seen these problems in are: Access to
20 poles, ducts, conduits and rights-of-way;
21 with the application processing, make-ready
22 and licensing intervals; dark fiber
23 inquiries; provisioning, acceptance, testing
24 and repair; the processing of wholesale

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1 billing disputes and inquiries; resale
2 conversions an UNE conversions; PAP reporting
3 and monitoring; co-location bills and
4 co-location augments; payment of CLEC repair
5 bills -- segTEL, like BayRing, has not
6 received payment on its bills for repair and
7 dispatch -- and the ability to process what's
8 typically called non-affiliated ISP DSL
9 orders -- essentially the wholesale, slash,
10 resale version of the FairPoint DSL resale
11 platform. And our impression was that
12 substantially all of these processes existed
13 outside of northern New England previously.
14 And our attempts to, in varying capacities,
15 access these processes now have been met, by
16 and large, with a FairPoint that doesn't
17 really either understand or was not properly
18 prepared to accommodate these types of
19 wholesale requests. Thank you.

20 CHAIRMAN GETZ: Thank you. Who
21 would like to go next?

22 MS. CHASE: I'm Julia Chase from
23 Otel Telecom. In our opinion, the ordering
24 process with FairPoint and their systems has

1 greatly improved. I am still getting
2 periodic provisioning completion notices that
3 are premature, but it's not consistent. I'll
4 get them on some types of orders, but I won't
5 get them on other orders.

6 CHAIRMAN GETZ: I'm sorry. What
7 exactly does that mean?

8 MS. CHASE: I put the order in, I
9 get a due date and it's flowing through to
10 completion. I'm not getting the billing
11 completion, but FairPoint is stating that
12 they've completed it. They've finished
13 provisioning it. But you can't go from a due
14 date to provisioning all in 24 hours, or
15 within 24 hours. It's not supposed to get
16 that until it's actually completed out by the
17 tech. So on some orders I'm getting that
18 notice. But the thing is that when I do
19 receive the provisioning completion notice, I
20 can't make any changes to that order. I
21 can't change the due date. If there's an
22 error that I see, I can't touch that order
23 because they've already flowed through to it,
24 and I have to call and have somebody manually

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1 intervene. Another problem with that is that
2 they can change it on their side, but then I
3 don't see it on my side.

4 Another example is that I
5 received -- our customer had denied FairPoint
6 access. So I said go ahead. I told the
7 FairPoint rep to go ahead and jep for no
8 access. I put in my order to change the due
9 date. And after I changed it and received
10 confirmation of my new due date, then I
11 received the jep notice that I was jepped for
12 no access. So I had to call again and say
13 this order should not be jepped. I've
14 already received my confirmation date.
15 "Well, I'll change it on my side so that the
16 order flows through, but you're not going to
17 see it until it flows through to
18 provisioning." So that's not giving me
19 real-time on the databases that I'm
20 constantly in and monitoring my orders. If
21 it's already flowing through to provision and
22 completion, but I know it hasn't, that's not
23 real-time. If I get a jep notice after it's
24 already been confirmed for a new order, but

1 they can't change that back and give me a
2 confirmation, then I cannot monitor if my
3 orders are in real-time. It's changed on
4 their system, but it's not on ours. That
5 doesn't seem like moving forward and getting
6 a better system than Verizon. It's actually
7 going backwards.

8 We're still not getting any of our
9 demarc information. I sent in to John Berard
10 a whole list of trouble tickets for tag and
11 locates, 'cause my guys go out there and go
12 look for the circuit, and there's no tag that
13 says the circuit I.D. We were told that all
14 those orders were cut-through orders. We
15 don't have a system that tells me if they're
16 cut-through orders or if they're dispatchable
17 orders. It's been brought up to FairPoint
18 that even when Verizon had a cut-through
19 order, someone still went out and tagged that
20 circuit at the end user. They're basically
21 using -- I was told they were using the
22 information when they're -- a cut-through
23 order is if there's facilities that already
24 exist, but a previous customer had been

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1 disconnected, they reuse those facilities.
2 So they should have binding post information
3 or should have some sort of demarc
4 information from a previous customer that was
5 there. We're not getting that information.

6 I send out my tech to install the
7 circuit or test that circuit, and they can't
8 find it. So now that tech has gone out to
9 the customer. Now I need to put in a tag and
10 locate ticket. That takes 24 hours. Then I
11 get -- I don't get demarc information. I was
12 told it was just tagged. So then I have to
13 re-dispatch my tech out to look for that
14 circuit again and give me demarc information
15 and hopefully test the circuit. So it's
16 delaying getting our customers up and ready.

17 When you call -- when I call the
18 ROC for demarc information -- there's two
19 ROCs: There's the repair side of it and, I
20 guess, the provisioning side of it. I was
21 told there's only one person working in the
22 ROC for getting demarc information. Every
23 call I make, I'm diverted to the flow-over,
24 which is the repair department, and they

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1 cannot find demarc information for me. And
2 then that order, I'm told, "I'll have someone
3 call you back." I don't get a call back, so
4 I have to follow up. So I don't know what --
5 you know, there was talk about how many
6 people are servicing the retail side of the
7 business center and the call center. But how
8 many employees do they have working these
9 systems for the CLECs, you know, to call us
10 back and give us correct information? Why
11 aren't the field techs giving back demarc
12 information? Why isn't there demarc
13 information in the system to give us so that
14 we don't have to go through this? You know,
15 "We'll put in a manual or we'll put in a
16 temporary fix of putting in trouble tickets."
17 I said I don't want to have that. I want the
18 demarc information first. If they're testing
19 the circuit or if they're reusing facilities,
20 that binding post information, that would at
21 least tell my guys where to go. But I'm not
22 even getting that.

23 We have seen no orders that are
24 flowing through. The installs have

1 increased; yet, we've seen no improvement
2 since last April. They're actually getting
3 worse. I had an order that's called a SPUNE
4 order. It goes from -- it's a billing swap
5 only, where they take the services of a
6 retail circuit and swap it over to wholesale.
7 I put the -- I was told that they were having
8 billing issues. They can't put -- transfer
9 or contract on to a new order. But we put
10 the order through. It'd been successful with
11 another CLEC, and they would work out the
12 billing issue later. It entails putting in a
13 new order and a disconnect order. And
14 they're called RPON. They're related
15 together. I actually received a call from a
16 rep verifying to disconnect this circuit.
17 This is a huge circuit. It's a DS3, which is
18 even higher than T1. It's very important.
19 The customer should never have seen any sort
20 of cutoffs. I'm very glad the rep called me
21 because I said do not disco this circuit. It
22 was on the circuit as being "do not disco,
23 billing swap only." And this order was put
24 through manually and hand-held; and still, a

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1 rep called me to disconnect the circuit. So
2 I do not feel that the communication
3 internally has improved at all. We have to
4 babysit every single order we put through.

5 And I would just like to know when
6 they seem to -- or when they're going to
7 improve installs. It seems like we've gone
8 from one extreme to another. Now, orders are
9 flowing through, but we still can't get
10 anything installed. And now the orders are
11 flowing through more frequently. The
12 installations have increased, but we're still
13 not getting it done. So I really don't see
14 that being fixed by the end of this month.
15 Thank you very much.

16 CHAIRMAN GETZ: Thank you. Mr.
17 Allen, you'll be able to address some of that
18 at the end?

19 MR. ALLEN: I'm hoping Mr. Murtha
20 can address those things, yes.

21 CHAIRMAN GETZ: Anyone else? Ms.
22 Bragdon.

23 MS. BRAGDON: Trina Bragdon, on
24 behalf of CRC Communications. I apologize.

1 I've got a bit of a cold here, so I'll try to
2 speak up.

3 Thank you for the opportunity to
4 provide you with an update to our situation.
5 I guess my overall message is things aren't
6 as bad as they were in February and March,
7 but FairPoint still has a significant way to
8 go to get to business as usual. The
9 back-office system platform just still is not
10 stable. We still have not seen a consistency
11 in how orders are processed. I think that's
12 what we're really looking for is consistency.
13 Yes, we've seen improvements. But we haven't
14 seen a flatline consistency yet. I'm here to
15 ask you to keep pushing them to meet the
16 commitments that they made to you and to the
17 entire community during the approval process
18 regarding their ability to meet their
19 wholesale commitments.

20 And I'm going to run through my
21 thoughts here. I will say that I recognize
22 what everyone else said is similar to our
23 experience, so I'll try to keep my comments
24 as abbreviated as I can.

1 There is good news. We've seen
2 improvement in the education and
3 understanding of the people on the other end
4 of the phone when we call in to the various
5 wholesale help desks and the ROC. Orders are
6 flowing through at a higher rate than they
7 were in February and March. Our hot-cut
8 process that was mentioned is going better;
9 fewer people are being dropped, which is
10 good. And trouble ticket handling has
11 improved as well. We've also had -- you
12 know, I do want to give credit that FairPoint
13 personnel have worked very hard with us.
14 Mr. Allen, Mr. Rush, Glen Hammond, John
15 Berard, as well as some people from Capgemini
16 have been willing to work with us to try to
17 resolve our problems. And we appreciate
18 that.

19 And we have been promised very
20 recently payment on a number of outstanding
21 bills. We, too, had some outstanding bills
22 dating back to January for access, close to a
23 half-million dollars that had not been paid.
24 We put in a demand letter, and actually

1 within a week it was seemingly resolved. And
2 we're expecting to see the payments flow
3 through this week, so we're greatly
4 encouraged by that.

5 On the not-so-good-news front:
6 Like I said, we still haven't seen that
7 consistent flow-through. A large number of
8 orders still need, like someone said, to be
9 babysat. We either get an erroneous error
10 message, you know, issues with inaccurate
11 inventory. There has been this problem with
12 the records that came over from Verizon, in
13 terms of whether a particular line is in
14 service or not, or whether particular
15 facilities are available. We still have this
16 issue with the premature provisioning notices
17 and billing notices that gives you the false
18 sense that the order has completed, and it
19 hasn't.

20 You know, at both the ROC and the
21 wholesale help desk, as I said, people are --
22 we've seen improvement in their understanding
23 of their systems. But we still are having
24 problems with people actually being able to

1 do something. We end up having to work
2 mostly through what's called our SPOC, our
3 single point of contact.

4 Of particular concern to CRC, as
5 Mr. Allen noted in his remarks, there have
6 been some significant issues with the porting
7 of numbers. And last week we found, with
8 less than a week's worth of orders, over
9 70 percent of them fell into a bucket that
10 needed to be manually worked. Either we got
11 a rejection notice or a premature PCN. So
12 that's 231 out of 331 orders that require
13 either manually being pushed through,
14 manually re-entered, however it ends up
15 being. That's a -- you know, when you have
16 high volume numbers, that backs up pretty
17 quickly, which explains why we have a
18 3,000-order backlog right now.

19 We were able to bring to their
20 attention this issue with the premature PCN,
21 and it turns out that there was in fact
22 another systems issue. And we talked to Mr.
23 Murtha, and that issue was -- I got a call
24 late Friday night. They figured out what the

1 issue was. They made the change. I'm happy
2 to report, for FairPoint's edification, that
3 I just had my person check, and we haven't
4 seen any premature PCNs today in our porting
5 orders. So let's cross our fingers and hope
6 that that works.

7 I will tell you, though, that this
8 whole system fix seems like a game of
9 Whac-A-Mole. You whack one thing down and
10 something pops up someplace else. So I think
11 we're really looking for that consistency,
12 finally get the platform to a place where it
13 can handle changes or enhancements without
14 causing something else to go wrong with the
15 system.

16 FairPoint, as they mentioned
17 earlier today, they've returned to normal
18 intervals for the purposes of -- at least for
19 the purposes of putting in your orders. You
20 can put your order in with a due date for the
21 normal interval. Our experience is, though,
22 that they're not actually meeting those
23 intervals because of some of the issues
24 mentioned. We too have a problem on our loop

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1 orders of getting these false provisioning
2 notices. We don't know they're false. We
3 send our guys out to do our part, thinking
4 that a FairPoint tech has already been there.
5 They haven't been there. They come back and
6 we put in the tag and locate. FairPoint tags
7 and locates. We then have to go back out
8 again. Does it get resolved? Yes,
9 eventually the order usually goes through.
10 But it adds on a chunk of time and work for
11 everybody involved. And I think it also
12 raises an issue -- and I'm not going to get
13 into it today. But in terms of PAP and the
14 accuracy of the data that we're seeing, I
15 think we're going to need to look into the
16 issue of whether flow-through rates are being
17 accurately reported. Because if all these
18 premature PCNs and BCNs are counting, when
19 they're not in fact true, those flow-through
20 rates aren't going to be accurate. I just
21 raise that to put a bug in your ear about
22 that. I think I've covered those issues.

23 We still have a significant
24 backlog. We've been working with our SPOC

1 and with FairPoint, and we've asked them to
2 put together a team for us. We have
3 literally 3,000 orders on back -- in our
4 backlog. It makes me kind of question some
5 of the numbers that were mentioned earlier
6 today. I think there was a total of 2800
7 orders pending. I'm not sure how that fits
8 with my 3,000 that I think are pending in my
9 backlog. So, again, that whole issue of are
10 we talking apples to apples with some of
11 these numbers.

12 CHAIRMAN GETZ: Do you make a
13 distinction for yourself between pending and
14 late pending?

15 MS. BRAGDON: No. But, I mean, I
16 look at the spreadsheets myself. And I
17 would -- if we're off, we're not off by
18 thousands. We might be off by maybe 25 to
19 50, in terms of, like, counting just last
20 week's orders, if you wanted to just cross
21 off a week or two to deal with the late
22 issue.

23 Finally, I think I mentioned the
24 billing issue. Like I said, hopefully it's

1 being resolved. But I will tell you that it
2 took a lot of time and resources to get to a
3 place to gather all the data, do all the
4 cross-matching of the bills and then finally
5 get some people from FairPoint on the phone
6 and to work through those. And so, yes, I'm
7 really happy and can report that that's a
8 good thing that we're working together to get
9 those things done. But at some point, I'd
10 really like to have my people return to doing
11 our own billing issues instead of having this
12 extra level of oversight involved with this.

13 And so I guess I'll just close in
14 saying that I want to urge you not to lower
15 the bar. Just because we're not in crisis
16 mode, just because we're not in
17 February-March mode doesn't mean that we're
18 at business as usual yet. And I guess I just
19 really wanted to bring that home and ask you
20 to keep pushing FairPoint to meet their
21 commitments and to get us to a place of
22 business as usual, or at least the level of
23 service provided by Verizon. I thank you,
24 and I'm happy to answer any questions.

1 CHAIRMAN GETZ: Thank you. Is
2 there anything else from any of the CLECs?
3 All right. Let's take about a 15-minute
4 recess, and then when we get back we'll start
5 with Mr. Eaton.

6 (Whereupon a recess was taken at
7 4:08 p.m. and the status conference
8 reconvened at 4:52 p.m.)

9 CHAIRMAN GETZ: We're back on the
10 record in the Status Conference DT 07-011.

11 And the next order of business was
12 turning to Mr. Eaton.

13 MR. EATON: Thank you, Mr.
14 Chairman. The Commission's secretarial
15 letter of May 26th announcing this status
16 conference invited the parties to present
17 evidence on operational issues, and we
18 believe we have issues that relate to the
19 ability to return to business as usual with
20 FairPoint.

21 In the course of the merger
22 proceeding, PSNH negotiated and executed a
23 memorandum of understanding, which I'll refer
24 to as the MOU. The MOU became Exhibit 3P in

1 this proceeding. Pursuant to the MOU,
2 FairPoint and PSNH renegotiated their
3 inter-company operating procedures, or IOP,
4 which became effective on April 1st of this
5 year. As you may be aware, one of the
6 problems PSNH had with its previous incumbent
7 local exchange carrier, Verizon, involved our
8 jointly-owned poles and the maintenance of
9 the corridors where our facilities shared
10 their respective space on the poles. The MOU
11 with FairPoint and the renegotiated IOPs
12 directly address these previous concerns, and
13 they addressed them to PSNH's satisfaction.
14 The practice under these IOPS, however, has
15 not been satisfactory.

16 In 2009, PSNH has billed FairPoint
17 five times and has received only one payment.
18 The balance due is \$439,000. This is for
19 maintenance trimming. Eighty percent of the
20 maintenance trimming is paid for by PSNH and
21 20 percent by FairPoint. And hazardous tree
22 removals under the IOP is split 50/50. The
23 IOP provides that the two companies share
24 equally in trimming costs as a result of

1 major storms.

2 As you are aware, New Hampshire
3 suffered a devastating ice storm in December
4 of 2008. PSNH incurred \$4.5 million in storm
5 trimming expenses, and in mid-March PSNH
6 billed FairPoint for half of that amount.

7 On May 15th, we received a letter
8 from FairPoint Communications which stated
9 the following: "We received and are
10 reviewing the March 23rd invoice for the
11 December ice storm tree trimming. Given the
12 magnitude of this single bill, if PSNH
13 chooses to move forward with tree trimming
14 plans in 2009, we will not be able to
15 participate in any of the associated costs.
16 This was a difficult decision for us,
17 especially in light of the strides we have
18 made to strengthen our working relationship.
19 We look forward to working with you on the
20 trimming plan for 2010."

21 On May 18th, PSNH asked FairPoint
22 if they would reconsider their position on
23 maintenance trimming for the remainder of
24 2009 due to the recent infusion of

1 \$50 million in capital authorized by the
2 NHPUC. FairPoint responded they would not be
3 changing their position and did not plan to
4 participate in maintenance trimming with PSNH
5 for the remainder of 2009.

6 On May 20th, PSNH issued a letter
7 to FairPoint declaring FairPoint in default
8 of IOP No. 7, maintenance trimming, and
9 provided a written request to invoke the
10 dispute resolution process contained in IOP
11 No. 1A.

12 On May 27th, PSNH notified
13 FairPoint, by my calling Mr. McHugh, that
14 PSNH would be attending this conference and
15 reporting this.

16 In addition, the two companies are
17 constantly adding to or upgrading our
18 distribution plan. In the simplest example,
19 when new poles are added in PSNH's poles area
20 of the state, PSNH informs the local exchange
21 carrier, and the telephone company purchases
22 its one-half interest in the pole. The
23 process works in the opposite direction, with
24 a local exchange carrier sets new poles and

1 sends notice to PSNH to purchase our one-half
2 interest. This process is known as exchange
3 of notices. Each company sets off what it
4 owes against what is billed. FairPoint is
5 behind in its processing of these exchange
6 notices. So the rough balance due to PSNH is
7 currently \$400,000. PSNH is pursuing its
8 dispute resolution process under the MOU and
9 IOP. If the Commission can determine that
10 some of the recently released \$50 million
11 could help free up funds to pay PSNH for
12 major storm trimming and maintenance
13 trimming, our company and its customers would
14 appreciate that.

15 Mr. Robert Hybsch, director of
16 customer operations, is here today and can
17 answer any specific questions the Commission
18 might have.

19 I would be remiss if I did not
20 mention that day-to-day operations with
21 FairPoint are much better than they had been
22 with Verizon. For example: During the 2008
23 ice storm, FairPoint set over 600 new poles
24 in a very timely manner. I have copies of

1 some of the numbers that I -- with more
2 detail, some charts of some of those numbers,
3 which I don't know if the Commission is
4 taking exhibits or not. And I have copies of
5 the correspondence, the memorandum of
6 understanding, and the applicable
7 inter-company operating procedures, if the
8 Commission is entertaining any exhibits in
9 this proceeding.

10 CHAIRMAN GETZ: Well, I don't
11 think we'll be formally marking them as
12 exhibits. But anything that you want to
13 submit, please submit it.

14 MR. EATON: That's all the
15 comments that I have.

16 The question today was business as
17 usual. And unfortunately, we're kind of
18 returning to business as usual as it used to
19 be with Verizon. And we had worked out some
20 very good relationships in that MOU and the
21 IOP, but it's now -- it now appears to be
22 going back to what we had with Verizon, as
23 far as the payment is concerned.

24 CHAIRMAN GETZ: I just wanted to

1 ask the process on the -- so you're invoking
2 arbitration. I don't remember the details of
3 this document. So who would be doing the
4 arbitrating? Is this one of those things
5 where each side picks an arbitrator, or this
6 coming to us?

7 MR. EATON: Arbitration is
8 voluntary. And we have not asked for
9 arbitration. We have asked for mediation.
10 And it's at a point where FairPoint needs to
11 get back us to with a list of three
12 mediators, and we would pick one. And then
13 if that process isn't successful, then we may
14 come to you. We'd also have the option of
15 litigating. But Mr. Morrissey last week
16 asked me if we could continue to negotiate
17 and try to resolve this before actually going
18 to mediation, and the client is considering
19 that now.

20 CHAIRMAN GETZ: Okay. If you
21 could just give whatever you have to the
22 clerk.

23 CMSR. BELOW: And just to clarify,
24 you mentioned that you've had five bills in

1 2009 for maintenance trimming and only one
2 had been paid?

3 MR. EATON: Yes.

4 CMSR. BELOW: And the balance.
5 You mentioned a \$439,000 figure. That was
6 the balance due or what's been paid?

7 MR. EATON: Eighty-five thousand
8 has been paid and \$439,000 is still
9 outstanding.

10 CMSR. BELOW: And that's exclusive
11 of the bill for the sharing of tree removal
12 from the major storm.

13 MR. EATON: Yes. That's about
14 \$2,251,000.

15 CMSR. BELOW: And do you have an
16 estimate of what the balance of your tree
17 maintenance -- tree-trimming maintenance
18 budget for this year is?

19 MR. EATON: Yes. We provided
20 FairPoint with a budget of -- that had a
21 responsibility -- their responsibility of
22 \$1.5 million for the entire year. So I would
23 expect there would be another million dollars
24 of maintenance tree trimming for the

1 remainder of 2009.

2 CMSR. BELOW: Okay. Thank you.

3 CHAIRMAN GETZ: And Mr. McHugh or
4 Mr. Allen, you'll be able to respond to this
5 in some fashion at the end?

6 MR. MCHUGH: I believe Mr.
7 Morrissey would be --

8 MR. MORRISSEY: I can respond
9 right now.

10 CHAIRMAN GETZ: Let's handle it at
11 the end when we deal with the other issues.

12 Any other questions for Mr. Eaton?

13 (No verbal response)

14 CHAIRMAN GETZ: Mr. Eaton, are you
15 all set?

16 MR. EATON: I am. I've completed
17 our presentation, yes.

18 CHAIRMAN GETZ: Thank you. It
19 looks like Mr. Brackett is not here, so we'll
20 turn to Ms. Hatfield.

21 MS. HATFIELD: Thank you, Mr.
22 Chairman, for the opportunity to make some,
23 what will be very brief comments.

24 The OCA continues to have serious

1 concerns about FairPoint's ability to return
2 to business as usual by June 30th, 2009. We
3 believe that the business-as-usual goal
4 should not be returning to Verizon's levels
5 of service, but instead should be FairPoint
6 reaching the service levels that they agreed
7 to in the settlement agreement that was
8 approved by this Commission in its order in
9 this case. We also believe that, and we hope
10 that the Commission will carefully look at
11 the financial status of the company, perhaps
12 after the technical session that the OCA and
13 Staff have with the company between now and
14 June 15th, because we do believe that the
15 financial health of the company is
16 inextricably linked to its ability to return
17 to business as usual. So we do hope that the
18 Commission will look at both the operational
19 issues, as well as financial. And we stand
20 ready to assist the Commission with that.
21 And perhaps the parties could agree to report
22 back to the Commission after we have that
23 technical session.

24 We continue to be deeply concerned

1 about the fact that Capgemini, we believed,
2 was brought onboard by FairPoint to develop
3 new systems, whether they were off the shelf
4 or not. And we were a little confused about
5 what role they're playing now, whether
6 FairPoint is being required to pay them
7 additional sums, why additional third-party
8 consulting firms need to be brought in to fix
9 brand new systems. I'm sure this has to be a
10 concern to FairPoint as well, the fact that
11 they're having to fix things that are brand
12 new. And we certainly hope that at some
13 point this will be investigated by the
14 Commission. And we also hope that Capgemini
15 is doing everything that it can to help
16 FairPoint address these issues. It seems to
17 me that they carry a lot of the
18 responsibility for what is going wrong at
19 this point.

20 We have a lot of questions, as the
21 Commission knows. The questions we submitted
22 today, many of them were confidential. We
23 have many questions about some of the numbers
24 that Mr. Allen gave us today that do not

1 match up with the confidential daily reports
2 that we are receiving and we are reviewing.
3 So we have specific questions about that.

4 We also would like to pursue with
5 the company more details on another area
6 that's confidential, and that is with respect
7 to what recommendations they are implementing
8 from the two consulting firms, KPMG and
9 Heifitz Halle, I believe is the name of it.
10 So we do have other ongoing questions that
11 perhaps we will have the chance to ask the
12 company about when we meet with them.

13 CHAIRMAN GETZ: Well, I was going
14 to ask you that, because it seems that in
15 some respects, some of what's going on with
16 Capgemini and KPMG and Halle Heifitz is
17 somewhat related or corollary to some of the
18 financial issues. Would it make sense to do
19 that as part of or -- and plus, there's the
20 practical consideration. Some of that's also
21 confidential information, too. Well, I guess
22 I would leave it to the parties trying to set
23 up the technical session, whether it's one
24 big technical session all day, a couple of

1 days. But does that -- do you have any
2 indication one way or the other of what would
3 be the better course?

4 MS. HATFIELD: That does make
5 sense. You know, we also are very sensitive
6 to the fact that each day the company has to
7 be here, that they're not attending to their
8 business. So that might make sense. And
9 perhaps we could work with the company and
10 Staff to file a report of any type of meeting
11 that we have, so that some of it, some of the
12 key information could be reported to you, and
13 that which is public could be also provided
14 to other parties. So we'd be happy to work
15 on that.

16 Yet another thing that we wanted
17 to just raise briefly is, we in our office
18 have had some complaints about cramming.
19 And, you know, given that that is something
20 that's prohibited clearly by New Hampshire
21 statute which sets forth penalties that
22 should be brought against companies that do
23 cram, that is something that we discussed
24 briefly with Consumer Affairs. But we want

1 to continue to do that, because as the
2 Commission is well aware, this is the time
3 when a company that would cram would look for
4 the opportunity to do so. So we have heard
5 that from a few consumers.

6 And then, finally, the last time
7 that we were here on April 3rd, the company
8 assured us that their -- with the plans that
9 they had in place that they would reach
10 business as usual by June 30. And I think
11 today they've admitted in several areas that
12 they either aren't likely to or they may not.
13 And, you know, we just ask the question of
14 where does it end and when will their systems
15 be functioning and when will customers get
16 the service that they need in order for
17 FairPoint to be able to retain them. Thank
18 you very much.

19 CHAIRMAN GETZ: Thank you.

20 Mr. Hunt.

21 MR. HUNT: Thank you, Mr.
22 Chairman. While FairPoint appears to be
23 working very hard to attain business-as-usual
24 service levels prior to June 30th, 2009,

1 Staff's analysis of the information reveals
2 that FairPoint is not likely to meet that
3 goal. FairPoint's effort to correct its
4 problems with systems, processes and data,
5 although substantial, have not been
6 sufficient to remedy the many deficiencies.
7 Some customers continue to experience
8 obstacles in getting their orders completed,
9 communicating with FairPoint call centers,
10 and even receiving accurate bills.

11 In April, FairPoint indicated to
12 the Commission that it had developed a
13 systematic way of identifying and addressing
14 defects in the business. This was intended
15 to cover call centers, order-flow results,
16 billing errors and system defects. FairPoint
17 launched a recovery program with weekly
18 targets for improvement in 30 areas. Some of
19 these areas directly affect retail customers;
20 some directly affect other telephone
21 companies and their customers; some affect
22 FairPoint's ability to deliver its services
23 efficiently, and, therefore, its long-term
24 financial health. This recovery program set

1 a specific target for each area to reach by
2 June 26th -- for example: Bringing the
3 average wait time for residential customer
4 service calls down to one minute.

5 FairPoint and PUC Staff have been
6 tracking progress toward this end-of-month
7 goal since the program began. We have seen
8 substantial progress in some areas. The
9 oldest backlog of customer orders has been
10 nearly eliminated, and customer call wait
11 times have been brought down. FairPoint has
12 reduced the number of late retail orders by
13 almost half. However, although delays in
14 fulfilling these orders have decreased,
15 delays have not decreased as quickly as
16 FairPoint had planned. At current rates of
17 progress, the company should bring most
18 customer-affecting metrics, such as order
19 deliveries, into normal ranges within a few
20 weeks of its June 30th target, but internal
21 targets that affect FairPoint's ability to
22 operate efficiently and profitably are
23 lagging. There have also been improvements
24 for wholesale customers. But these customers

1 continue to be impacted. CLECs are critical
2 to consumer choice, and all are, in part,
3 dependent on FairPoint. FairPoint must
4 continue to focus on wholesale service
5 improvement and improved communications.

6 FairPoint has indicated it will
7 begin credit and collection treatment of its
8 active accounts on June 3rd, 2009. Customers
9 continue to express their frustration with
10 the accuracy of their bills through e-mails
11 and phone calls to the Commission. Resuming
12 collection activities does not seem either
13 prudent or in the best interest of FairPoint
14 and its customers at this time.

15 During the break, Staff, OCA and
16 FairPoint attempted to find a resolution we
17 could all agree on. We will reconvene that
18 discussion at the conclusion of the hearing
19 and file a report with the Commission by noon
20 tomorrow.

21 The transition from Verizon to
22 FairPoint has not been satisfactory.
23 FairPoint was naive and unprepared. There is
24 no process available to roll back the clock

1 and bring Verizon back. Verizon did not want
2 to be here and continues to sell what it
3 views as "annoyance properties." There is
4 but one way out, and that is to move forward.
5 A period of recovery and change is necessary,
6 and FairPoint needs to look beyond June 30 in
7 order to survive. FairPoint's decision to
8 hire external eyes to assess internal
9 problems was a good step. The KPMG and HHCG
10 reports point out various problems. The
11 reports also point out the depth of the
12 issues, and the required change will take
13 time. It is essential that FairPoint use the
14 analyses of these consultants effectively.

15 In addition to achieving
16 milestones by or near June 30, the reports
17 highlight specific areas FairPoint must focus
18 on. FairPoint needs to clearly identify who
19 will be responsible for implementing these
20 changes and how they will be executed. Staff
21 believes adding another duty of this
22 magnitude to the already overtaxed senior
23 management team will not be effective.
24 Change of this magnitude must come from a

1 more involved chief executive officer or
2 crisis manager. Thank you.

3 CHAIRMAN GETZ: Thank you,
4 Mr. Hunt. Questions for Staff?

5 CMSR. BELOW: No.

6 CHAIRMAN GETZ: All right. So, do
7 I take it, then, with respect to the -- there
8 were four or five concerns we were going to
9 turn back to Mr. Allen with, and one was on
10 collections. But I'm not sure there's
11 anything to -- well, is there anything you
12 want to say other than --

13 MR. ALLEN: No. Mr. Hunt
14 accurately described that we're going to get
15 back together after this session and come to
16 a resolution that you'll have by noon
17 tomorrow.

18 CHAIRMAN GETZ: Okay. And do you
19 have -- one other issue I had was with
20 respect to the CLEC payments. What's the
21 status of those issues?

22 MR. MURTHA: I'd like to give an
23 update on that. During the break, I was able
24 to contact one of my centers. I validated

1 with the center manager that we posted all
2 the credits on the BayRing account. And what
3 I'm going to do is provide to Judy and to Ben
4 tomorrow a copy of a summary of all the
5 postings for BayRing, which will include the
6 BANS that everything was posted to. And
7 we'll work with them to make sure that if
8 there's anything missing, that we'll get that
9 updated.

10 I also talked to Mr. Katz about
11 the invoices, and he's going to provide me
12 with an updated copy of the invoices for
13 segTEL, for both the repair and dispatch.

14 CHAIRMAN GETZ: Is that -- for the
15 various CLECs, does that address the issues?

16 MS. BROWNELL: Yes. Thank you.

17 CHAIRMAN GETZ: And is there
18 response with respect to the PSNH issue?

19 MR. MORRISSEY: Yes, Mr. Chairman.
20 This came to my attention on Thursday. As
21 Mr. Eaton indicated, I spoke to him on
22 Friday. There is a dispute resolution
23 process, but we would like to see if we can
24 resolve this without engaging in that. And

1 our person responsible will be in touch with
2 PSNH, in terms of seeing if we can work it
3 out. I would note that on the notes that
4 were provided, there's indication of a March
5 and April bill. My understanding is that it
6 has gone to accounts receivable, and those
7 two bills will be paid.

8 CHAIRMAN GETZ: Okay. Thank you.
9 All right. Then the -- let's see. I think
10 there was -- oh, okay. Also, well, the DSL
11 broadband brief update. Were there other
12 issues that you wanted to respond to, Mr.
13 Allen or Mr. McHugh?

14 MR. ALLEN: I know there were some
15 other questions that came up from some of the
16 CLECs that I thought would be beneficiary to
17 respond to. So Mr. Murtha will respond to
18 those.

19 MR. MURTHA: The one question that
20 I wanted to respond to was regarding the
21 premature PCN specifically affecting the port
22 orders, which as Mr. Allen said earlier
23 today, accounts for a large number of our
24 orders. We did -- with the help from

1 mid-Maine and CRC, we worked with them last
2 week, and we identified what the issue was.
3 Basically what it was, was a task in the
4 provisioning plan was out of order. The PCN
5 task was completing before the due date,
6 which was providing the PCN. So it was
7 updated over the course of the weekend. The
8 PCN was put behind the due date task. As Ms.
9 Bragdon said, they have not seen that as of
10 today. I just verified that with the center
11 during the break, that that did go in and
12 that was fixed. So that will alleviate the
13 problems that Ms. Chase was having as well
14 with the premature PCN and then not being
15 able to work on her order. Because once it
16 showed a PCN, it basically said the order was
17 complete and there was no update that she
18 could make to the order. So that will
19 eliminate a lot of that.

20 We're continuing to work with each
21 of the CLECs on the error messages to clarify
22 and to simplify the language within the error
23 messages. When we look at -- I've instructed
24 all of my SPOCs to go through each of the

1 reject or error messages that are shown out
2 there and work with each of their CLECs to
3 make sure that there's an understanding of
4 which ones can be reworked, which ones need
5 to be -- that they want to cancel or reissue,
6 etc. So we're going through to make sure
7 that those are not in JAVA, that they're
8 written in English so that people can
9 understand them. And we've updated and put
10 out a product guide.

11 And the other issue that they did
12 mention, that a couple of the CLECs mentioned
13 today was around the demarc information. And
14 we are working on a process to get that
15 demarc information provided back to them with
16 the functionality that they had prior through
17 EWPTS. We're going to come up with a
18 similar-type system that will provide the
19 demarc and get away from those test and tag
20 trouble tickets. That's basically what I
21 wanted to update on from each of the
22 components.

23 CHAIRMAN GETZ: Thank you.

24 MR. MURTHA: Thank you.

1 CHAIRMAN GETZ: So, DSL
2 broadband?

3 MR. ALLEN: Yeah, this will take
4 just a few seconds. I just wanted to, since
5 it's come up in some of the discussions, we
6 had a meeting with Staff last week to give
7 them an update and go through the current
8 status. Our objective and plan and
9 commitment is to hit 75 percent by
10 October 1st. We're still tracking towards
11 that, although the way it's going to be
12 accomplished may be a little bit different.
13 What we found as we went through the
14 different processes is a lot of the fiber,
15 when we characterized it, needed to be
16 replaced. So we're looking at -- continue to
17 look at different ways that we can implement
18 the 75-percent coverage. But at this
19 point -- and as I said, it was reviewed in
20 detail last week with the Staff. Our plan is
21 to meet that. We've got people out there
22 working on it every day. The funds have been
23 allocated to it. The equipment's been
24 purchased. And it's a question of racing the

1 clock to get everything installed.

2 CHAIRMAN GETZ: All right. Thank
3 you.

4 CMSR. BELOW: In that regard,
5 obviously your focus has been on stabilizing
6 your systems and operations, and expectations
7 have been to begin roll-out of your next
8 generation network over the course of the
9 fall. Do you still have expectations that
10 you'll be doing that --

11 MR. ALLEN: Yes.

12 CMSR. BELOW: -- in a business
13 contact or public kind of way?

14 MR. ALLEN: Yes. Specifically the
15 way that we're rolling out -- the
16 prioritization of rolling out the NGN was
17 specific to the requirements that we have on
18 a per-state basis. And the major increase in
19 capacity that was necessary is in New
20 Hampshire. Last year, most of the focus -- I
21 think we may have mentioned it at one point
22 in time or another -- was on Vermont. We
23 needed to get 75 percent by the end of the
24 year. So we put a real focus on that from a

1 resource standpoint. The next big milestone
2 is 75 percent here by October 1st and then
3 85 percent by April 1st. So the majority of
4 the activities at this particular point on
5 the NGN is a combination of the backbone
6 throughout the three states and the specific
7 deployment in New Hampshire to meet that
8 objective.

9 CMSR. BELOW: And in an unrelated
10 matter, our second inquiry in our May 18th
11 letter was with regard to succession planning
12 for the CEO. And you a provided a
13 confidential response. I just wanted to ask
14 if you could give some general indication as
15 to what step you were in that process. I
16 mean, you can just refer to a number.

17 MR. ALLEN: Well, I'll tell you
18 what I know.

19 CMSR. BELOW: Okay.

20 MR. ALLEN: I can't -- I don't
21 know what numbers they are in the process. I
22 know, obviously, the search committee -- the
23 search firm had been hired. A number of
24 candidates had been selected and reviewed. A

1 number of candidates have gone through
2 different interview processes with the board.
3 I know some candidates have been recognized
4 as good candidates. Beyond that, I don't
5 know what anything -- any later than that is.
6 So I don't know what number that was, but
7 that's the current status.

8 CMSR. BELOW: Okay. Thank you.

9 CHAIRMAN GETZ: All right. Is
10 there anything further this afternoon?

11 (No verbal response)

12 CHAIRMAN GETZ: Okay. Hearing
13 nothing, then we'll expect something in
14 writing tomorrow on the collection efforts.
15 And we do have the proposal by Staff, the
16 recommendation by Staff. And I guess we'll
17 make some kind of ruling, depending on what
18 kind of filing, whether it's a joint filing
19 among the parties or opposing positions. And
20 then, I guess, the next step after that is
21 that the parties will be meeting for a
22 financial technical session and also to
23 address some of the issues with respect to
24 various status of consultant work that's

1 ongoing. And after we gather all that
2 information, then we'll be determining what
3 the next steps are.

4 And, of course, I think the one
5 thing that everyone in this room is in
6 agreement on is it's critical to get to
7 business as usual as quickly as possible and
8 to make sure that the company is achieving
9 all the goals that were expected of it when
10 we granted the transfer of assets.

11 So I think that concludes the
12 status conference, and we'll close the
13 hearing and await further filing from the
14 parties. Thank you.

15 (Whereupon the status conference
16 concluded at 5:25 p.m.)

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