STATE OF NEW HAMPSHIRE

BEFORE THE

PUBLIC UTILITIES COMMISSION

DT 07-011

JOINT PETITION BY VERIZON NEW ENGLAND, INC., ET AL.

AND FAIRPOINT COMMUNICATIONS, INC.

TRANSFER OF NEW HAMPSHIRE ASSETS OF

VERIZON NEW ENGLAND, INC. ET AL.

JOINT REBUTTAL TESTIMONY OF MICHAEL HAGA AND ARTHUR
KURTZE

ON BEHALF OF

FAIRPOINT COMMUNICATIONS, INC.

SEPTEMBER 10, 2007

Mr. Haga and Mr. Kurtze Sponsor the following Exhibits:

Exhibit H/K-1	Capgemini Organization Chart	Exhibit H/K-14	Resume of Michael Emry
Exhibit H/K-2	Resume of Dee Burger	Exhibit H/K-15	Resume of ChrisTina Cavoto
Exhibit H/K-3	Resume of Mark Kirby	Exhibit H/K-16	Work Order #1 *(Confidential)*
Exhibit H/K-4	Resume of George Fenn	Exhibit H/K-17	Change Request #1 (C/R 1)
Exhibit H/K-5	Resume of Daylon Lutzenberger	*(Confidential)*	
Exhibit H/K-6	Resume of Venkata Achanti	Exhibit H/K-18	Change Request #2 (C/R 2)
Exhibit H/K-7	Resume of Harry Artz	*(Confidential)*	
Exhibit H/K-8	Resume of Michael Craig	Exhibit H/K-19	Change Request #4 (C/R 4)
Exhibit H/K-9	Resume of Steve Koenigsberg	*(Confidential)*	
Exhibit H/K-10	Resume of Arun Santhanam	Exhibit H/K-20	Work Order #2 (W/O 2)
Exhibit H/K-11	Resume of Sean Dougherty	*(Confidential)*	
Exhibit H/K-12	Resume of Rose Kirkland	Exhibit H/K-21	Wisor WebEx PowerPoint
Exhibit H/K-13	Resume of Brandon Gullett	Presentation	
		(Confidential)	
		Exhibit H/K-22	Weekly Program Status, 9/04/07
		(Confidential)	

Note: The Confidential Exhibits are not attached to this testimony, which is otherwise a non-confidential document. The Confidential Exhibits will be separately distributed to Intervenors in accordance with the applicable Protective Agreement in this proceeding.

1   **INTRODUCTION**

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

3   A.   (By Mr. Kurtze) My name is Arthur A. Kurtze. My business address is 7701 Los

4   Colinas Ridge in Irving, Texas 75063. I am employed by Capgemini U.S., and I

5   am a principal advisor on this engagement with FairPoint.

6   (By Mr. Haga) My name is Michael Haga. My title and business address have

7   remained the same as noted in my pre-filed testimony in this docket.

8   Q.   Mr. Kurtze, please provide your educational background and your professional

9   experience.

10   A.   (By Mr. Kurtze) I have a Master's of Business Administration Degree from the

11   University of Chicago. I have been employed for over 40 years in the

12   telecommunications industry. I started in 1966 with Chesapeake and Potomac

13   Telephone Company, which was a unit of the Bell system at that time, initially in

14   marketing. I was employed by telecommunication carriers in increasingly more

15   responsible positions until 2001, when I retired from Sprint. My employment

16   included assignments as President of CenTel Cable Television Company, Senior

17   Vice-President of the local telephone division of Sprint, and Chief Operating

18   Officer of Sprint PCS from its inception as a partnership with three large cable

19   companies to its initial public offering as a separate entity. In this capacity, I was

20   responsible for operations, including operating or developing the associated

1   information technology systems to support the Sprint PCS business. Prior to

2   joining Capgemini, I held the position of President-National Integrated Services

3   for Sprint. I joined Capgemini's Telecom, Media & Entertainment business unit

4   in November 2002.

5   **PURPOSE OF TESTIMONY**

6   Q.   What is the purpose of your testimony?

7   A.   (By the Panel) The purpose of our testimony is to address the issues that have

8   been raised by other witnesses in the docket and to provide an update with regard

9   to operations and business support systems that FairPoint will utilize for the

10   Northern New England properties to be transferred from Verizon to FairPoint.

11   We will provide an overview of Capgemini and then address specific network-

12   based issues. Our testimony also will provide further detail regarding the

13   transition and cutover process. Certain system issues relating to wholesale

14   customers will be separately discussed in the testimony of Mr. Brian Lippold,

15   FairPoint's Vice President of Wholesale Services.

16   **SELECTION AND EXPERTISE OF CAPGEMINI**

17 Q.   Mr. Kurtze, please provide an overview of Capgemini's experience and

18   qualifications in the telecommunications industry.

1   A.   (By Mr. Kurtze) Capgemini has for over 30 years had a business unit

2   concentrated in the telecommunications, media and entertainment fields. This

3   business unit is one of several segregated business units within Capgemini. The

4   telecommunications unit is a worldwide business unit. Capgemini acquired the

5   consulting practice of Ernst & Young in 2000, which, prior to that time, also had a

6   substantial amount of activity with the telecommunications industry. Today,

7   Capgemini has over 3,500 professionals working in this business unit. Capgemini

8   has had engagements with most major telecommunication carriers, both wireline

9   and wireless, in the United States.

10 Q.   Please explain the general nature of Capgemini's engagement with FairPoint.

11 A.   (By Mr. Kurtze) Capgemini is developing for FairPoint an entire suite of systems

12   and operating infrastructure so FairPoint can successfully assume control of (and

13   operate) Verizon's Northern New England wireline-based businesses. As such,

14   the engagement requires the design of a systems architecture followed by a

15   launching of that architecture, and finally, a migration of the incumbent data

16   within the Verizon system into the new FairPoint infrastructure. Combined with

17   that activity, we are also designing and working with FairPoint to produce

18   processes and operating methods that will utilize the new systems to successfully

19   operate the Verizon wireline-based business going forward.

20 Q.   Please describe the expertise and experience that Capgemini offers for the

21   FairPoint engagement.

1 A. Capgemini provides several layers of expertise. Starting at the first level,

2   Capgemini employs team members who are familiar with and have dealt with the

3   applications that would be purchased, developed and implemented by or on behalf

4   of FairPoint. The goal is to buy existing applications from the commercial

5   marketplace and then integrate the individual systems into a cohesive system for

6   FairPoint. For example, we have professional staff who are familiar with the

7   accounting and finance system that FairPoint has selected. The same is true for

8   the customer-relationship management system and the billing system. This layer

9   of expertise runs across the operating support systems, the network-based

10   systems, as well as the general infrastructure.

11   Then we have another group of professionals whose expertise lies in data center

12   operations and construction of the infrastructure necessary to run these systems.

13   This area includes networking computer systems, backup, and memory systems.

14   A third grouping of expertise is in the integration area -- that is, bringing these

15   various purchased components together so they produce an end-to-end system that

16   allows FairPoint to achieve the operating efficiencies required to run the business

17   effectively and to allow FairPoint to grow and expand the market for services

18   beyond their present state.

19   The last area of expertise is the overall project management. This is a long and

20   sophisticated project where many elements have to be integrated in a cohesive

1   manner over a period of time. Program management and project management is a

2   specialty of Capgemini as well.

3   Q.   Please describe Capgemini's staffing for this engagement.

4   A.   (By Mr. Kurtze) Many of the areas of expertise that I have discussed have an

5   individual team leader under whom associates work to execute in the area of

6   expertise. Those team leaders report to an overall delivery leader, who then

7   reports to the engagement Vice President. Each of the teams is broken down in its

8   area of responsibility. The program management office assists the delivery leader

9   in reporting our current state and progress, identifying issues as they become

10   known and handling the resolution of those issues. The Capgemini organization

11   chart is attached as Exhibit H/K-1.

12 Q.   How many people at Capgemini have been assigned to this engagement?

13 A.   (By Mr. Kurtze) While the number of individuals working on the project varies

14   from time to time, Capgemini currently has over 500 individuals working on this

15   project.

16 Q.   In terms of the various teams, please identify and summarize the experience of the

17   project managers on the Capgemini team.

18 A.   (By Mr. Kurtze) The resumes of the top fourteen (14) project managers and

19   senior consultants are attached as Exhibits H/K 2 through 15. Their names are:

1   Dee Burger, Mark Kirby, George Fenn, Daylon Lutzenberger, Venkata Achanti,

2   Harry Artz, Michael Craig, Steve Koenigsberg, Arun Santhanam, Sean

3   Dougherty, Rose Kirkland, Brandon Gullett, Michael Emry and ChrisTina

4   Cavoto. All of these individuals have extensive experience in the telecom field. I

5   will allow the resumes to serve as the summary of their collective experience.

6 Q.   Can you summarize the work that Capgemini has completed to date on this

7   engagement?

8 A.   (By Mr. Kurtze) Yes. Capgemini began working on the project before its

9   agreement with FairPoint was signed, and following the signing of the agreement

10   Capgemini staffed the teams and began working aggressively. We have worked

11   through a process of identifying the business requirements. We did this through a

12   combination of joint workshops with FairPoint and FairPoint's consultants and

13   advisors. The purpose was to capture at a broad level the requirements of the

14   Verizon wireline businesses so that the Capgemini/FairPoint team could begin the

15   process of selecting systems applications. The process started in January and

16   continued through February.

17   Capgemini then began the application selection process – that is, looking at the

18   applications available in the marketplace that had been designed either to do the

19   particular business function – for example, accounting or human resources or

20   customer care – or to do particular technical functions that are unique to the

21   telecom industry. Network surveillance is one example. We began the process of

1   reviewing and identifying applications that would meet most of FairPoint's

2   requirements with the least amount of modification or enhancement.

3   We also began working directly with Verizon. We held meetings with Verizon

4   related to the organization of the Cutover Planning Committee and the cutover

5   process (to be discussed in greater detail below). During these meetings, Verizon

6   explained the nature of the data that the team could expect for data extracts and

7   the timing of the Verizon processes. This allowed Capgemini to begin the process

8   of mapping the available Verizon data into the systems and structures that we

9   were designing and assembling for FairPoint.

10 Q.   Have there been specific deliverables that Capgemini has produced relating to the

11   business requirement identifications, application selection and so forth that you've

12   described thus far?

13 A.   (By Mr. Kurtze) Yes. Please refer to Exhibit H/K-16 (Confidential). This is

14   known as Work Order #1 (W/O 1). The document contains a scheduled set of

15   deliverables each month. The deliverables are generally due on the 15th of the

16   month. In addition, please refer to the following exhibits:

17   •   H/K-17 Change Request # 1 (C/R 1) (Confidential)
18   •   H/K-18 Change Request #2 (C/R 2) (Confidential)
19   •   H/K-19 Change Request #4 (C/R 4) (Confidential)
20   •   H/K-20 Work Order #2 (W/O 2) (Confidential)

21 Q.   Briefly describe Exhibits H/K-17 through H/K-20 (Confidential).

1   A.   (By the Panel) These exhibits constitute change request orders and a second work

2   order. W/O 2, for example, is the work order which documents the agreement by

3   FairPoint and Capgemini to have Capgemini implement the customer care and

4   billing system solution. FairPoint and Capgemini jointly determined that the

5   customer care and billing system under negotiation with MACC was not the

6   optimum solution for several reasons. We were concerned about the features and

7   functionality of the MACC system and about MACC's lack of large ILEC

8   experience. FairPoint and Capgemini therefore decided to proceed with a

9   different solution consisting of systems provided by Oracle and Comverse.

10   Q.   Did this change result in a delay in the system design and development?

11   A.   (By the Panel) Initially, yes. FairPoint and Capgemini added tasks to the

12   FairPoint Task List due to the decision to switch from MACC to the Oracle and

13   Comverse based system. As of this time, Capgemini and FairPoint worked

14   through the additional tasks and FairPoint remains on schedule.

15   Q.   Please describe Exhibits H/K-17, 18 and 19 (Confidential).

16   A.   (By the Panel) These change requests (C/R 1, C/R 2 and C/R 4)[1] document

17   miscellaneous revisions to the internal developments schedule, timing and scope

---

[1] There is no Change Request #3. Due to various matters under discussion between Capgemini and
FairPoint at the relevant time, several change requests were combined and labeled C/R 4.

1   of release issues, and certain milestone revisions – all of which FairPoint and

2   Capgemini believed to be in the best interests of an orderly and efficient cutover.

3 Q. At least one witness intimated that FairPoint may have been required to pay

4   compensation to MACC for this change. Is this true?

5 A. (By Mr. Haga) Absolutely not. There is no basis for such a statement. No

6   contract existed between FairPoint and MACC at the time of the termination of

7   the FairPoint/MACC business relationship as applied to this project. Thus,

8   FairPoint did not pay (and did not owe) MACC anything. A "buy-out" never took

9   place.

10   **SYSTEMS SELECTIONS AND WORK TO DATE**

11 Q. Please summarize FairPoint's overall goals with respect to the transition process

12   and the cutover from Verizon's existing systems to the new FairPoint systems.

13 A. (By Mr. Haga) The first overall goal is to convert the data into FairPoint systems

14   in order to enable FairPoint to successfully operate the business following closing

15   and cutover with minimal impact on the customers in the three-state area. The

16   second goal is to implement systems that will enable FairPoint employees (both

17   new and former Verizon employees) to efficiently and effectively operate the

18   business and, at closing and cutover, create an environment that will minimize or

19   eliminate any disruption to the current workforce. FairPoint intends to create an

1   environment where FairPoint is at least as efficient as Verizon or improves on

2   efficiency through the systems that are being implemented.

3 Q.   What are the overarching principles that Capgemini and FairPoint have used to

4   select FairPoint's business and operation support systems?

5 A.   (By Mr. Haga) We have focused our selection process on functionality, vendor

6   expertise and strength, the continuing support by vendors of the products and

7   systems to be purchased and price. In addition, Capgemini and FairPoint have

8   evaluated existing implementation within the marketplace of the various products

9   considered to date. FairPoint intends to install commercially available systems in

10   use today in order that FairPoint may benefit from customer knowledge, as well

11   as vendor experience and familiarity with the systems.

12 Q.   Please describe the major Verizon systems that are involved and the major

13   systems that FairPoint will deploy to replace them.

14 A.   (By Mr. Haga) Verizon employs five billing systems. They are known as CRIS,

15   BCRIS, Arbor, CTIM and NBBE. CRIS is for residential customers, BCRIS is

16   for business customers, and Arbor is for broadband billing, CTIM is for

17   centralized toll investigation mechanism, and NBBE is used to bill complex

18   business accounts. The replacement application for billing will be purchased

19   from Comverse Technology, Inc. The system is known as Kenan BP. External

20   customer web and portal access will be provided within Oracle's Siebel

1   application. There is a subset of Siebel which opens the entire application for

2   self-care. At present, self-care is provided through Verizon systems known as

3   BASES, BCBRS and LSIV. Verizon supports trouble ticketing with applications

4   called VRCW, VOPS, and LDTMS. The FairPoint replacement for trouble

5   ticketing will be through an application to be identified upon completion of

6   contract negotiations with the providing vendor.

7   (By Mr. Kurtze) Verizon's ordering and customer care systems include DOE,

8   SOP, ICRIS, BOSS, QuickSuite, Netstatus, COPS/SSB, CXO and InfoPro.

9   FairPoint will provide customer care applications for both obtaining order

10   information and maintaining customer information through Oracle's Siebel

11   application. In addition, FairPoint will implement add-on tools that will allow

12   customer service representatives the ability to describe FairPoint's products

13   quickly, answer questions concerning a bill or respond to additional inquiries

14   from customers. Service representatives will automatically have the customer's

15   information available to them when they answer the call. These tools will help

16   FairPoint manage customer care service levels.

17 Q.   So the entirety of that list of systems that were itemized is replaced by Oracle's

18   Siebel application?

19 A.   (By Mr. Haga) Correct.

20 Q.   Please address rating and customer billing systems.

1   A.   (By Mr. Kurtze) Verizon employs five systems. They are known as CRIS,

2   BCRIS, Arbor, CTIM and NBBE as mentioned in Mr. Haga's response above.

3   (By Mr. Haga) We have chosen Kenan BP to provide rating and billing

4   functionality for consumer and business accounts in replacement of the Verizon

5   applications.

6   Q.   What other system applications are you reviewing?

7   A.   (By Mr. Haga and Mr. Kurtze) With respect to carrier access billing, Verizon

8   employs four applications. The applications are: CABS2, NSS, ACW and ODS.

9   FairPoint intends to contract carrier access billing. FairPoint currently contracts

10   with two vendors for these services. The first is MACC and the second is CDG.

11   There are other contractors available.

12   This is a fairly well-defined business, so the issue is not so much devising a

13   creative solution as it is selecting the vendors.

14   Q.   Are there a number of vendors who provide this service?

15   A.   (By Mr. Kurtze) Yes. Some vendors license the software, and the carrier

16   operates the system. Some vendors simply provide the entire function.

17   Q.   Are you comfortable that Capgemini will be able to integrate these services with

18   FairPoint's target operation support systems?

19   A.   (By Mr. Haga) Yes. There is minimal integration with CAB billing.

1   (By Mr. Kurtze) CAB basically takes industry standard outputs of call records

2   from the switching systems and converts them into a billing record to send on to

3   the connecting carrier.

4 Q. And the vendors that FairPoint used in the past, are they familiar to users of

5   access services?

6 A. (By Mr. Haga) Yes.

7 Q. What is the next process or system at issue?

8 A. (By Mr. Haga) The next process is Enterprise Management, which includes

9   Verizon systems for or related to finance, Human Resources, payroll, Accounts

10   Payable, Accounts Receivable, real estate, supply chain and risk management.

11   Enterprise Management will be serviced via Oracle's Finance Application and

12   Oracle HR.

13 Q. Did FairPoint consider using or purchasing the existing Verizon back-office

14   support systems?

15 A. (By Mr. Kurtze) In most instances we did not, for several reasons. One is that

16   some of the systems are licensed to Verizon. Another reason relates to the age

17   and the functionality of Verizon's systems. (By Mr. Haga) Many of Verizon's

18   systems operate on mainframes with a COBOL programming language, and the

19   universe of people that are familiar with the hardware platforms and the software

1   platforms is becoming limited. This is one reason why FairPoint did not elect to

2   utilize some of these applications. Another reason is these applications were built

3   for a specific business function, and FairPoint does not intend to organize its

4   business in the same manner that Verizon has organized its business. For

5   example, Verizon utilizes an order system for local phone service and utilizes a

6   separate ordering service for Internet, and still a separate ordering system for

7   long-distance service. FairPoint plans to utilize a single system that can order any

8   product and service that FairPoint provides. Verizon developed its systems as its

9   business evolved. FairPoint has the opportunity to replace those systems with

10   other systems that will better provision those services and potentially new

11   services.

12 Q. What are the benefits to starting over with entirely new systems as opposed to

13   adopting the Verizon back-office systems?

14 A. (By Mr. Kurtze) On the purely technical side, the benefits include more current

15   IT technology, current languages running in distributed environments, and taking

16   advantage of continuing technical advances. New systems also contemplate the

17   broader range of products and contemplate complete integration. Some of the

18   products are pre-integrated as compared to evolving individual applications. The

19   new systems are less expensive to own and operate on the IT side and have

20   combined functionality. This leads to fewer transfers of data within the overall

21   system architecture.

1 Q. Is FairPoint planning to replace existing gateways provided by Verizon?

2 A. (By Mr. Haga) Yes. Verizon currently uses four systems known as EB, VTAG,

3   TAXI and Access for the external IXC, which is inter-exchange carrier for

4   wholesale access.

5   In addition, Verizon's gateway for wholesale CLEC access utilizes three systems,

6   known as RETAS, TAXI Local and TADI.

7 Q. What type of gateway does FairPoint plan to utilize?

8 A. (By Mr. Haga) FairPoint plans to utilize a single gateway known as Wisor.

9   Many of the IXCs and CLECs currently use this particular interface with other

10   carriers.

11 Q. Are there any future development steps in connection with having the Wisor

12   system implemented?

13 A. (By Mr. Haga) Yes. There are two means by which Wisor provides access for

14   IXCs and CLECs. One means is via a web interface, also commonly referred to

15   as a WebGUI. For any of the IXCs or CLECs today using a web interface, there

16   is no impact other than learning how to use this particular web interface versus

17   Verizon's web interface. The second option is referred to as "E-bonded",

18   meaning that the carriers at issue have an electronic gateway either presently to

19   Verizon or in the future to us. The carriers now use a standard EDI format.

1   Wisor also uses a standard EDI format. The technology is consistent in that it

2   utilizes XML as the means to structure other communication between companies.

3   From a planning standpoint, FairPoint representatives will meet with each of the

4   CLECs that presently utilize an E-bonded interface with Verizon to evaluate the

5   communication mechanism between the two companies, in order to determine

6   whether any development is required.

7   Q.   What is the time frame to do that?

8   A.   (By Mr. Haga) Mr. Brian Lippold, the Vice President of Wholesale Services,

9   started this dialogue and continues in his discussions with CLECs. FairPoint

10   hopes and expects to complete these meetings during September, 2007.

11 Q.   Haven't many of the CLEC Intervenors in this docket raised concerns about this

12   new gateway?

13 A.   (By Mr. Haga) Yes, but as noted previously in my testimony, there will be very

14   little to no impact on the CLECs which currently utilize Verizon's Web enabled

15   systems other than learning to use the Wisor interface. This should amount to

16   little more than the CLEC employees becoming comfortable with a computer

17   screen somewhat different than the screen which they utilize for the Verizon

18   gateway.

19 Q.   Has FairPoint followed through on its promise to demonstrate the Wisor system in

20   an attempt to alleviate CLEC concerns?

1   A.   (By the Panel) Yes. FairPoint and Capgemini had agreed to schedule an on-line,

2   web based demonstration of the Wisor gateway. Mr. Lippold had contacted

3   CLEC Intervenor representatives to arrange for their participation in this

4   presentation. Mr. Lippold has contacted CLEC representatives in-person, via

5   conference calls and via e-mail communications. In fact, Mr. Lippold notified

6   CLEC representatives on August 10, 2007, of the scheduling of the Wisor

7   demonstration. FairPoint, Capgemini and Wisor hosted the demonstration on

8   Monday, August 27, 2007. Representatives of FairPoint, Capgemini and Wisor

9   provided the demonstration and answered multiple questions during the

10   presentation. Approximately thirty-five (35) CLEC representatives participated.

11   In addition, Mr. Lippold sent an e-mail to the CLEC representatives after the

12   demonstration to thank them for their participation and to invite follow-up

13   questions.

14   Q.   Did the Wisor demonstration allow CLEC personnel to view an order flow

15   through the WebGUI?

16   A.   Yes. CLEC representatives saw a demonstration concerning the submission of

17   access orders, local service orders and trouble tickets. In addition, an "incorrect"

18   or "incomplete" order intentionally was keyed into the system. The CLEC

19   representatives viewed how the Wisor system provides notice of order rejection.

20   The Microsoft PowerPoint presentation slides are attached to this testimony as

1   Exhibit H/K-21 in order to provide the Commission and other Intervenors with

2   the topic areas reviewed and demonstrated during the WebEx.

3 Q.   Are there any other systems to update?

4 A.   (By Mr. Haga) Yes. Verizon employs two systems that address billing

5   mediation, AMA and STARMEM. Billing mediation systems perform the

6   transformation of usage inputs from various sources into a standard format

7   required by a billing system. These will be replaced by Comverse's Kenan Data

8   Mediation.

9 Q.   Please discuss the inventory provisioning and activation systems.

10 A.   (By Mr. Kurtze) Verizon utilizes six systems. The systems are: PAWS, SOAC,

11   MARCH, SWITCH, TIRKS and eWPTS.

12   (By Mr. Haga) The primary application that is going to replace much of the

13   functionality with respect to the above-listed systems is METASOLV. In

14   addition, we may implement the MARCH system, which is a Telecordia software

15   product.

16   (By Mr. Kurtze) Another Verizon system to be replaced by METASOLV is

17   known as LFACS. This also relates to the broad category of inventory,

18   provisioning and activation.

1   Q.   So, the one system that remains out of that grouping is MARCH. And you are

2   evaluating the alternatives which could include purchasing the Verizon system?

3   A.   (By Mr. Kurtze) Yes.

4   Q.   Are there any other categories?

5   A.   (By Mr. Haga) Network planning and design.

6   (By Mr. Kurtze) Verizon utilizes four systems: FEPS, ECRIS, FACS and

7   Foresight.

8   Q.   What are the replacements for these systems?

9   A.   (By Mr. Kurtze) There are two systems – one is still subject to contract

10   negotiations and will be identified upon completion of those negotiations with the

11   vendor and contract execution and the other is Business Objects.

12   Q.   Are there any other systems at issue?

13   A.   (By Mr. Haga) Yes. The next function is network engineering, which consists of

14   four applications, known as: Backstop, Opera, CCP, and COEP.

15   In this particular case, we are reviewing COEP, in order to determine whether

16   COEP can be an application that FairPoint would utilize. The engineering tools

17   that we will have on our system blueprint will include two systems that are still

1   subject to contract negotiations and will be identified upon completion of

2   negotiations with the vendor and contract execution.

3 Q.   What's the time frame for deciding on which system to adopt?

4 A.   (By Mr. Kurtze) We have recently reviewed pricing information from Verizon on

5   certain aspects of those systems. A final decision should be made within the next

6   month.

7 Q.   And for those systems that you are looking at from Verizon, if for some reason

8   you determine not to go forward with those, are there other systems available to

9   you that would perform those functions?

10 A.   (By Mr. Kurtze) Yes. There are systems available from companies like

11   Telecordia, and some of the major equipment manufacturers also have systems

12   available which we could consider.

13 Q.   Please go on.

14 A.   (By Mr. Haga) The next process is Fault Management. Verizon has two

15   applications. One is Delphi, and the second is REACT. FairPoint has selected

16   IBM's Netcool system to replace these Verizon systems.

17 Q.   Why did you select that application from IBM?

1   A.   (By Mr. Kurtze) Netcool is a product that has been out for several years. In

2   addition, Netcool is a product that many companies utilize, and we know this

3   system has experience in the marketplace and will be straightforward to integrate

4   into the system.

5   Q.   To the extent FairPoint plans to replace a Verizon system, does FairPoint intend

6   to acquire the most current version that the software provider has issued?

7   A.   (By Mr. Haga) FairPoint plans to utilize the most current, generally available

8   version.

9   This means FairPoint does not want the most current version of a system if it is in

10   beta or early release stage.

11   The next system relates to security management, and Verizon utilizes a system

12   known as IFAS and Access Guardian. FairPoint is reviewing Access Guardian.

13   Q.   Any further systems?

14   A.   (By Mr. Haga) Work-force management. Verizon utilizes three systems known

15   as Dispatch, WFA and CBSCNE.

16   We intend to implement a system that has similar functionality to the Verizon

17   systems known as Advantex produced by Ventyx.

18   Q.   Why did you decide on the Advantex work-force management platform?

1   A.   (By Mr. Kurtze) Well, again, it's one of several commercially available

2   workforce management systems that are in use with various companies in the U.S.

3   and around the world. Many utility companies utilize Ventyx application. We

4   found that the Advantex platform had the best performance package at a

5   reasonable price and offers an opportunity to introduce some new functionality at

6   a later date.

7   Q.   Do you have any more systems to discuss?

8   A.   (By Mr. Haga and Mr. Kurtze) One more. Performance and service-level

9   agreement monitoring.

10   Verizon utilizes two systems known as NMA and NMP.

11   FairPoint will utilize IBM Netcool and another system that is under negotiation.

12   These systems will measure quality of service and related issues.

13   Q.   Is it true that FairPoint must replace 600 Verizon systems in order to effectuate

14   the cutover to a new FairPoint system architecture?

15   A.   (By Mr. Kurtze) No. The definition of "system" is not precise. Many of the so-

16   called "600 systems" in fact really are sub-systems integrated over a period of

17   time and constitute a component of an entire system. In other words, Verizon has

18   identified its incumbent "systems" and has acknowledged the existence of various

19   sub-systems underneath the layer of these incumbent systems. Through this

1   testimony, we have endeavored to provide an overview of the major system

2   applications FairPoint is examining or intends to utilize to operate the business.

3   **CUTOVER-RELATED ISSUES**

4   Q.   With regard to the cutover and transition process, who are the parties who will

5   participate in that process?

6   A.   (By Mr. Kurtze) In the first part of the planning of the cutover and transition, that

7   is an activity that is jointly run by FairPoint and Verizon. Capgemini is the

8   principal support component for FairPoint.

9   Q.   How do these parties interact?

10   A.   (By Mr. Kurtze) The parties have created a joint Cutover Planning Committee.

11   There are now two representatives on that committee from Verizon, and two

12   representatives on that committee from FairPoint. FairPoint chose to appoint one

13   individual from FairPoint -- Mr. Haga -- and also chose to appoint a senior person

14   from the Capgemini team -- Mr. Venkata Achanti.

15   Q.   Who has Verizon designated as its representatives to the Cutover Committee?

16   A.   (By Mr. Haga) Mr. James Brophy and Mr. Hassan Hye.

17   Q.   Have you received the Verizon Cutover Plan and did you furnish the revised

18   FairPoint Cutover Task List?

1   A.   (By Mr. Haga) Both. FairPoint has provided to Verizon the FairPoint Cutover

2   Task List. Verizon has provided to FairPoint a revised Cutover Plan. Both

3   documents have been filed in this proceeding.

4   Q.   For clarity, what is the difference between the Cutover Plan and the Cutover Task

5   List?

6   A.   (By Mr. Haga) The Cutover Plan is Verizon's plan. The Cutover Task List is

7   FairPoint's document. The appropriate milestones are consistent in both

8   documents. A significant portion of the Verizon Cutover Plan concerns tasks to

9   prepare for services to be provided under the TSA as well as for preparation for

10   and activities associated with conversion off the TSA and the Verizon systems.

11   There would be no indication of any kind of system activity from a new FairPoint

12   system standpoint within the Cutover Plan.

13   The FairPoint Task List details the steps to be undertaken through and beyond the

14   conversion from the TSA. As of this time, the FairPoint/Capgemini team has a

15   firm understanding of all items which need to be addressed with respect to the

16   cutover.

17   Q.   Does the Task List contain a significant number of discrete tasks required for the

18   cutover?

19   A.   (By Mr. Kurtze) Yes. As the parties coordinate the activities and details of the

20   Verizon Cutover Plan and the FairPoint Task List, additional levels of detail will

1   be added so that the Cutover Committee can produce a finite checklist to be

2   implemented at key times during the transition. There are several extensive and

3   major components that are involved in the data systems cutover. Likewise, there

4   are the business-transition type activities, in terms of how functions will get

5   migrated. There is also a set of activities around the actual network itself. All of

6   those will be "broken down" to a high level of detail so that the activities can be

7   executed appropriately and in the correct sequence.

8   (By Mr. Haga) In addition, there are milestones in the Task List, which basically

9   dictate the need for further details in the plan. But the key dates have been set and

10   we have started the process to become more and more detailed with respect to the

11   cutover as called for in the plan.

12 Q.   Please explain.

13 A.   (By Mr. Haga) The business integration over the course of the next six months

14   will take various steps as the discussions progress with our Verizon counterparts

15   to further understand the work level within the organization today and what work

16   is occurring within the three states, as well as what work is occurring outside of

17   those three states. Through those meetings, we will determine the next steps that

18   need to be taken – whether it is retraining or whether it is hiring to finally develop

19   that final staffing level. We will continue to develop and detail staffing plans and

20   continue to monitor Verizon's staffing adjustments, as this is a business that

21   continues to run on a daily basis. So the process necessarily is very fluid. Every

1   month we have established a process to get a "true-up file" from Verizon so that

2   FairPoint can monitor changes in the existing staff to ensure that Verizon transfers

3   to FairPoint a company that is working business as usual.

4   (By Mr. Kurtze) Please refer to Exhibit H/K-22. The exhibit is labeled

5   Nor'Easter Weekly Program Status, 09/04/07 (Program Status). In that exhibit,

6   please refer to the Nor'Easter Program Schedule, specifically the Scope

7   Definition Process appearing under Launch Release. The document detailing the

8   final requirements for all application functionality were due in July after the

9   completion of Build 1 and just prior to the start of Build 2. This document was

10   delivered on schedule. That is a key milestone because it defines the functionality

11   of all systems and all interfaces as well as the listing for system configuration

12   data. We will use change control processes to implement any changes to the

13   system configurations or functions.

14   Q.   What do you mean by the term "builds?

15   A.   (By Mr. Haga) Build 1, Build 2, Build 3, Build 4 are listed within the Program

16   Status. Basically, these reflect the design and "build" of all applications

17   necessary for the business. By way of example, Build 1 contains certain

18   processes that will support functions like add an account, add local service to an

19   account, add long-distance service to an account. This is basic service order

20   activity. These will flow through all the systems, because these systems are

21   integrated. With Build 1 complete, we are able to create an account and watch the

1   account flow from Siebel down to the Kenan BP application. We can review the

2   account, add basic services to the account and then run through a bill cycle. Each

3   "build" will add more services and functionality to the overall systems. The

4   Program Status then progresses with the overview through the "builds", the test

5   data extracts, cutover and the conclusion of the TSA services.

6 Q.   Does the Cutover Plan favor Verizon more so than FairPoint?

7 A.   (By Mr. Kurtze) No. The Cutover Plan does not place FairPoint at a

8   disadvantage before or during the transition period. The Verizon Cutover Plan

9   and the FairPoint Cutover Task List need to be read together to get a full picture,

10   and read that way, they are fair and balanced.

11   (By Mr. Haga) I agree with that assessment. In addition, FairPoint has reviewed

12   the initial Verizon Cutover Plan and made suggestions for revisions and

13   improvements. Likewise, Verizon has reviewed the initial FairPoint List and

14   made revisions and improvements. The cutover teams have been and remain in

15   constant communication to develop the revised documents. Both teams will

16   continue the communication to develop more details to implement the respective

17   plans and reduce risks associated with the cutover process.

18 Q.   What do you mean by the reference to "more details"?

19 A.   (By Mr. Haga) A good example concerns the cutover process. FairPoint must

20   secure data from several different Verizon based systems. For some of these

1   systems, the data is going to be so large, that a transfer of the data cannot be

2   accomplished electronically; we have to download the information on a tape.

3   That tape has to be delivered to the location containing new FairPoint systems.

4   When FairPoint receives data from a significant number of systems, we must

5   develop a level of detail down to precisely what time of night the data will be

6   produced, how long it takes to actually produce the data, and the length of time

7   for the transport of the data from Verizon's data center to FairPoint's data center.

8   In addition, we must map that entire process out so that we can track and assure

9   that the cutover process goes through those steps successfully. As such, the Task

10   List will become more detailed as the systems architecture and cutover process

11   develops.

12 Q.   To date, have all of the deliverables listed within Exhibits H/K-16 through H/K 19

13   been submitted in a timely manner?

14 A.   (By Mr. Kurtze) Yes. Deliverables are due on the 15th of the month. Capgemini

15   has met its obligations through August 2007, and, as of the filing of this testimony

16   in Docket 07-011, I have no reason to believe that the September deliverable will

17   be delayed.

18 Q.   Overall, is the transition and cutover project on schedule for a late May 2008

19   cutover?

20 A.   (The Panel) Yes, it is.

1   Q.   What steps are being taken to protect customer data?

2   A.   (By Mr. Kurtze) We want to reiterate, as we said throughout the proceedings in

3   all three states, that Verizon is cognizant of its obligations to protect the data.

4   During the testing process, while working with the Verizon data, FairPoint and

5   Capgemini are complying with all of the Verizon data security requirements. A

6   subset of that process is the special requirements for CPNI -- customer proprietary

7   network information. We will comply with those requirements, while the data

8   remains the property of Verizon, and will continue to comply after cutover.

9   Q.   The cutover is being structured as a "flash" cutover rather than a cutover in

10   several stages. Please describe (A) how the cutover has been organized; and (B)

11   whether other alternatives were considered?

12 A.   (By Mr. Kurtze) The flash cut was selected because it presents the least risk for

13   issues to arise. We considered and rejected a staging of various applications --

14   that is, cutover the billing system, and at some later time cutover the network

15   systems, and then at some later time cutover the ordering system. The other

16   staging would be a geographically based staging -- that is, cutover New

17   Hampshire first, then Maine, and then Vermont. This was also rejected for

18   reasons noted below.

19   (By Mr. Haga) As part of an extended series of discussions with Verizon, those

20   were two of the alternative cutover processes that were discussed. They were

1   rejected because each effort to reduce cutover risk levels actually raised other

2   issues which created additional (unacceptable) risk factors, particularly with

3   respect to carving out the three states into a state-by-state systems cutover. In

4   order to successfully cutover in stages, current applications would have to be set

5   up to recognize and split out that data by the three states. The call centers that

6   support all three states would then be working with two applications. This would

7   create both a training issue, and an operational issue of trying to work two sets of

8   applications.

9   Testing would become overly cumbersome and complicated as well. In addition

10   to systems-based testing, Verizon and FairPoint would also need to test the ability

11   to extract data at a state level and then re-test for each of the states. For example,

12   Verizon would extract data at the state level and send us a file. That data would

13   then be tested. The reverse process would need to occur, i.e., FairPoint would

14   send test responses back to Verizon, and Verizon then would have to go back into

15   their systems and do that same type of reverse engineering of splitting out the

16   states. Overall, the state option was not feasible. The amount of development

17   that would have had to take place within those applications, as well as within their

18   conversion programs, was just too significant.

19   To try to break out the cutover by systems – on a system-by-system basis – also

20   would be overly cumbersome and difficult. The Verizon systems are highly

21   integrated and the data that flows between these systems is very time-sensitive.

1   The systems do not allow for a billing cutover at one point in time followed by a

2   service order cutover, and later a network inventories conversion. This process

3   cannot be completed in any feasible manner and would have created more risk for

4   error in comparison to the three-state flash cut. All avenues were considered and

5   were evaluated. From a cost, risk and time standpoint, the flash cut is the best

6   avenue and, in my opinion, remains the only viable alternative.

7   Q.   What do you mean by "risk"?

8   A.   (By Mr. Haga) At the conclusion of the actual conversion, risk refers to the

9   chance of having inaccurate information in the new FairPoint systems that were

10   created primarily from and due to the processes being used.

11   Q.   Does FairPoint have any contingency plans to address potential risks associated

12   with either technical difficulties or some sort of failures in terms of the conversion

13   process or cutover process?

14   A.   (By Mr. Haga) We are in the process of developing contingency plans. With any

15   conversion, a risk of error exists. However, we plan to use the first two data

16   extract processes to obtain an understanding of the type of manual efforts that will

17   have to be in place for correcting information (if the need arises) and for adding

18   information which requires manual input. (See the Rebuttal Testimony of

19   Stephen E. Smith on behalf of Verizon for further explanation of the data extract).

20   With respect to the August 31 (2007) and January 30 (2008) data extracts, the

1 plan is to identify the amount of additional support that will be needed once the

2 conversion occurs. This will help us to again mitigate the risk post-conversion in

3 the event any issues develop.

4 (By Mr. Kurtze) The primary mitigation technique is effective testing before

5 cutover and we will have a very comprehensive test strategy. Years of data will

6 work its way through the testing. Testing will occur at the level of individual

7 applications as well as at the level of groups of applications. End-to-end testing

8 and then load testing will follow. Finally, critical user acceptance testing will

9 occur.

10 Q. Do you believe Verizon's systems must be retained as a backstop for retail and

11 wholesale and retail system performance for as long as it takes until FairPoint can

12 demonstrate its systems are fully functional?

13 A. (By Mr. Kurtze) No. As Mr. Haga and I noted above, it is not practical—given

14 both the integrated nature of the systems involved and highly dynamic nature of

15 the underlying data—to proceed with anything other than a flash cutover. For the

16 same reasons—again, because of the highly integrated nature of both the

17 incumbent Verizon suite of systems and the new FairPoint suite of systems—it is

18 also not practical to operate the Verizon systems in some sort of parallel or

19 "primary backup" mode. The best course of action is to rigorously test and

20 exercise the new systems and then cutover when fully ready. As part of that

21 process, FairPoint is willing to review with the Commission staff the testing

1   strategy, the test plans and the results. And, as I said above, FairPoint and

2   Capgemini will develop contingency plans to deal with some system fallout.

3 Q. Do you believe that FairPoint has retained consulting or other staff with skills to

4   evaluate system integrity and usability during the transition period?

5 A. (By Mr. Haga) Yes. A thorough review of (i) the team that we have in place, (ii)

6   the FairPoint Cutover Task List, (iii) Verizon's Cutover Plan, and (iv) the test

7   strategy (test cases, expected results, actual results and the acceptance criteria)

8   will demonstrate that we will be prepared for a successful cutover. We will

9   provide a detailed testing strategy document as well as regular updates on the test

10   results.

11 A. (By Mr. Kurtze) An appropriate evaluation of the present team would contain

12   multiple criteria segregated into elements of work. For example, one of the

13   criteria measured should include migrating large amounts of data for multiple

14   millions of access lines. Capgemini has successfully accomplished such a project

15   in the past. Another criteria should measure the ability to implement a new suite

16   of systems for a telecom operator. Capgemini has participated in such projects in

17   the past and I personally have been in charge of such a project execution. With

18   regard to the business-integration process of designing new processes and training

19   people, Capgemini has extensive experience in this regard. Capgemini has

20   experience with start-up data centers and addressing the networking and the

21   technical issues for other customers, and continues to do that both for customers

1   directly and as a business process outsourcer. Overall, the combined experiences

2   that Capgemini provides this process are more than adequate to the task.

3   Q.   In your opinion, please explain why the Hawaiian Telecom transaction is not a

4   good transaction to analogize to the FairPoint/Verizon transaction.

5   A.   (By Mr. Kurtze) Capgemini was not involved in the Hawaiian Telecom

6   transition. Capgemini nonetheless has assessed the Hawaiian Telecom transition

7   from discussions with present and former Verizon representatives, and reading the

8   public reports filed with the Securities and Exchange Commission and

9   information from the Hawaiian Public Utilities Commission.

10   Hawaiian Telecom encountered customer service problems that caused substantial

11   delays and a lot of manual work after cutover. This is indicative of systems that

12   did not flow through on an end-to-end basis. Yet, this is one of the criteria that is

13   very important in the FairPoint/Capgemini testing criteria.

14   It must also be remembered that most of the systems that were present in Hawaii

15   at the time of the extraction are not present in the Northeast. Hawaii-Verizon

16   originally was a property affiliated with GTE, with which Bell Atlantic merged in

17   2000. Many of the systems within the old GTE properties are different from the

18   systems used in the Northeast. Hence, there are differences which make the

19   transactions quite different.

1   Q.   Are there apparent differences related to the planning for the cutover between the

2   present transaction and the Hawaiian Telecom transaction?

3   A.   (By Mr. Kurtze) Yes. From a systems integration point-of-view, it is critical to

4   have a knowledgeable client. In the Hawaiian Telecom transaction, the buyer was

5   a private equity firm with no existing telephone operations. According to the

6   Hawaiian Telecom S-4, while the transaction was signed in May 2005, most of

7   the senior management team had not been retained until December 2005. With

8   the present transaction, however, FairPoint is an operating telephone company

9   with a very experienced senior management team. In fact, in February 2007, just

10   three weeks after the Capgemini/FairPoint agreement was signed, the parties had

11   an initial requirements session attended by multiple FairPoint personnel.

12   Within 3 months thereafter, FairPoint and Capgemini completed an IT Domain

13   Charter, or formal plan describing the scope back-office development and related

14   platform selections. Many members of the Capgemini team participating on this

15   project have worked together previously, on other Capgemini engagements or in

16   prior work experiences. All members of the Capgemini team clearly have the

17   domain and Telecom expertise required to perform the work that they have been

18   assigned. The same is true for relevant experience and expertise on the FairPoint

19   executive team. Each FairPoint executive is active in both the business side of the

20   effort, as well as participating actively with their Capgemini IT counterparts.

1   Q.   Are there any other differences that you know of between the Hawaiian Telecom

2   transition and the transition planned for FairPoint?

3   A.   (By Mr. Kurtze) Yes. It appears that the Hawaiian Telecom transition and the

4   effort to develop the new operating systems was scheduled for a nine-month

5   period and later extended to eleven-months. Originally, the FairPoint transition

6   was scheduled for fifteen months. The overall systems design and transition has

7   been extended to a seventeen-month period. This time-frame difference is

8   significant. Capgemini needs to develop and implement approximately the same

9   number of systems as required for the Hawaiian Telecom transaction. The

10   additional time allows for a more deliberate systems build and testing process.

11   With respect to the FairPoint transition, given the extensive level of business

12   planning and system design and review, FairPoint only should require TSA

13   services for a four-month period. Nonetheless, FairPoint has secured an

14   additional four months of TSA services at a reduced cost. Finally, there is no end

15   date for the TSA in this transaction.

16   (By Mr. Haga) I want to point out that FairPoint has no intention of issuing the

17   Notice of Readiness until and unless the systems test criteria have been met. The

18   proposal noted below will assure FairPoint adheres to this commitment.

19   Q.   Will customer payment options need to change due to the new system architecture

20   being designed by Capgemini?

1   A.   (By Mr. Haga) No. All payment options that Verizon provides at closing will be

2   available through FairPoint. In addition, FairPoint plans to continue the business

3   relationships with payment agents retained by Verizon.

4   **POTENTIAL CONDITIONS OF CLOSING & WITNESS CONCERNS**

5   Q.   It has been suggested that FairPoint engage an independent monitor for system

6   development and conversion process. Please address the concerns raised by these

7   suggestions.

8   A.   (By Mr. Kurtze) Capgemini does not believe an independent monitor is necessary

9   with respect to system development. The system design and development is too

10   far along for any meaningful review. Capgemini and FairPoint are prepared to be

11   open in the reporting of status, plan development and testing. Capgemini reports

12   to FairPoint on a regular basis. Capgemini and FairPoint are prepared to share

13   status reports with the Commission.

14   (By Mr. Haga) I agree. Issues are circulated. Issues are documented. The

15   Verizon and Capgemini/FairPoint teams then resolve the issues. Reporting to an

16   independent monitor would inhibit the process, delay progress, and delay the

17   transaction. Alternatively, allowing the Commission to review information

18   necessary to assess the various plans and the process would permit the process to

19   continue and afford the Commission an opportunity to make informed decisions.

1   However, FairPoint recognizes the concerns of this Commission and the

2   Intervenors. The concerns exist in the States of Maine and Vermont as well.

3   FairPoint and Capgemini therefore have developed a proposed plan of action to

4   address these concerns. FairPoint wants the test process and the results thereof to

5   be transparent and available for commission review.

6   Q.   How could this be accomplished?

7   A.   (By the Panel) FairPoint understands that the Maine Public Utilities Commission

8   (MEPUC) and this Commission each have a consulting firm retained for these

9   proceedings which have experts on staff qualified to participate in the test review

10   process. FairPoint and Capgemini would propose that the Vermont Public

11   Service Board (PSB), this Commission and the ME PUC retain one of the current

12   consulting firms (Consultant) as a single expert to review the FairPoint Test

13   Strategy document. Such documentation includes:

14   •   Test Strategy definitions and objectives;
15   •   Test defect classifications and guidelines;
16   •   System test entry and exit criteria;
17   •   Testing metrics; and
18   •   Notice of readiness (cutover) criteria.

19   The joint expert could then comment on and ask questions concerning this

20   material. Subsequently, test defect severity level classifications will be

21   established in order for the PSB, ME PUC and this Commission to be comfortable

22   with the testing approach and gain assurance that the defect classifications have

23   been analyzed and agreed upon by the Consultant.

1   The Consultant would report to all three commissions/boards and the related staff.

2   FairPoint proposes that the commissions and their staff have direct access to the

3   Consultant. In addition, the Consultant would view the test cases and the test

4   results. FairPoint's analysis of the test results then could be verified. This means

5   the Consultant would have access to the test data and all results. Questions could

6   be asked and answered, and all concerns fully addressed prior to FairPoint issuing

7   the Notice of Readiness. The objective of this process would be to achieve an

8   objective set of criteria that FairPoint and the consulting firm agree will be

9   indicative of readiness for cutover. When those criteria have been achieved, the

10   decision to cutover will then be automatic.

11   Q.   Why does FairPoint and Capgemini propose only one expert consulting firm,

12   versus a separate expert for each of the three states affected by this transaction?

13   A.   (By the Panel) We believe injecting multiple parties in this process would cause

14   too much confusion and could lead to deadlock. For example, consider what

15   would happen if two of the experts disagreed and could not resolve their

16   differences. Delays caused by such deadlock could lead to protracted negotiations

17   among differing experts and the various authoritative commissions. This would

18   delay the cutover for no reason. Any issues which arise among the experts could

19   cause undue delay and could cause FairPoint to incur significant (and

20   unnecessary) costs. In addition, FairPoint plans to pay for the costs of the

21   Consultant. Retaining multiple consulting firms would be immensely expensive.

1   We therefore believe the better approach involves one, highly qualified consulting

2   firm to act on behalf of the three jurisdictions. This firm would report to the three

3   jurisdictions as desired and assist with the development and review of the testing

4   report process. Each of the PSB, ME PUC and this Commission could be assured

5   of FairPoint's systems readiness at cutover.

6   Q.   Is FairPoint willing to share all of this test criteria, test strategy and related

7   information with the CLECs or other Intervenors?

8   A.   (By Mr. Haga) No. This test strategy documentation consists of some of

9   FairPoint's most proprietary trade secret information. FairPoint should not be

10   placed at risk by being required to share such data with competitors or other

11   Intervenors. Instead, and as an accommodation to the CLECs, FairPoint is willing

12   to share that portion of the test strategy document which pertains to the CLEC

13   interface. In addition, FairPoint is willing to consider well-founded revisions

14   offered by the CLECs to this portion of the test strategy. FairPoint's desire is to

15   make the cutover and transfer to FairPoint's new Wisor based system as seamless

16   and trouble-free as possible to the CLECs.

17   Q.   Is there some sort of internal audit process that Capgemini or FairPoint plans to

18   employ to ensure either data accuracy or data completeness?

19   A.   (By Mr. Kurtze) Data completeness is part of the extract and cutover process.

20   There are control records and control methodology that reflect, for example, the

1   receipt of a million records and the transfer of a million records. The controls

2   allow for verification that a million records actually upload to the new systems.

3   In the data-migration methodology, those controls will be built in from both sides.

4   This is the purpose of the data extract process. If a field is reported to be no

5   longer than 15 characters in length and all alpha character, we will test against

6   that. If the data does not match those requirements, then the systems will be

7   examined in conjunction with Verizon. This is the reason to have the first two

8   data extracts before the final cutover.

9   Q.   Please explain the proposed test review process in more detail.

10   A.   (By Mr. Haga) FairPoint and Capgemini want to ensure the process meets with

11   the satisfaction of the three jurisdictions. As currently envisioned, however, the

12   test review process would have two phases. First, FairPoint and Capgemini

13   would provide the Consultant the latest version of the Test Strategy. The

14   Consultant would have 2 to 3 weeks to review the materials and submit

15   comments/questions. FairPoint and Capgemini would then host a meeting to

16   discuss any issues and answer any questions. Within two weeks of that session

17   the parties would concur with a testing plan and the acceptance criteria. This

18   entire process would lead to an agreed on plan by the end of September or early

19   October, 2007.

1   The second phase would involve test execution and results reviews. Testing

2   results would be packaged and submitted for review. Specific reviews would be

3   made of all severity 1 and severity 2 issues. The schedule for these reviews

4   would be: integration tests by build (Build 2 – mid-October, Build 3 – mid-

5   December and Build 4 – mid-January (2008)); for systems test by wave (Wave 1

6   – January 30, 2008 and Wave 2 – mid-February 2008); for user acceptance tests –

7   mid-March 2008; and for CLEC Certification – March 30, 2008.

8   Q.   Have any tests been conducted to date?

9   A.   (By Mr. Haga) Yes. Build 1 has completed testing during the month of August,

10   with the effort yielding some 221 defects and only 12 (5.4%) were carried into

11   Build 2 due to software modifications (the remaining 94.6% were remedied

12   within the testing window established). These modifications fit well into Build 2.

13   Build 2 has just entered testing with firm dates for completion as well as dates for

14   both Build 3 and 4.

15   Q.   Can a "switch-to-bill-to-tariff" comparison be undertaken to determine the

16   accuracy of the billing records?

17   A.   (By Mr. Kurtze) A "switch-to-bill-to-tariff" comparison cannot be undertaken to

18   determine the accuracy of the billing records prior to cutover with respect to

19   Verizon customers at that time. The data will be run on an "actual basis" at the

20   time of cutover as Verizon will conduct "business as usual." During the testing

1   phase FairPoint and Capgemini will simulate such testing. The process will

2   include simulated data from a "raw" call record into the billing system. The bill

3   will be tested for accuracy in terms of the billing information, requested features

4   or services, and the proper rating. We also intend to run test bill cycles after

5   receipt of the first and second data extracts from Verizon and compare them

6   through statistically valid sampling to actual bills generated by Verizon's systems.

7   The cycles will contain all customers within the cycle, and a sample of customers

8   will be validated through a bill to bill comparison. At some point after cutover,

9   FairPoint's standard operation processes would include a "switch-to-bill" and

10   "bill-to-tariff" audit test.

11   Q.   Will the new FairPoint systems allow CLEC functionality on a level of parity

12   with FairPoint's retail operations?

13   A.   (By Mr. Haga) Yes. The only difference between wholesale or retail is the

14   gateway into the FairPoint order management systems. Once through the

15   gateway, the same systems that FairPoint retail operations will utilize to manage

16   orders, to perform the provisioning, capture the incremental billing data (if

17   required), as well as the translations and switches, will be the same systems for

18   wholesale operations. The design and functionality of the wholesale gateway will

19   minimize any changes for the CLECS. FairPoint has arranged with the major

20   switch manufacturers, Alcatel Lucent and Nortel, to have access to their test labs

21   for purposes of testing the new systems. Therefore, in advance of cutover,

1   CLECs will be able to test order placement and see how the systems handle the

2   order all the way to the implementation of the order at the switch.

3   Q. Is there a firewall between wholesale gateway and the retail gateway?

4   A. (By Mr. Kurtze) Yes. A firewall will block access at the user level so that

5   FairPoint's retail service representatives will not have access to wholesale

6   customers' information. The firewall also will prevent members of FairPoint's

7   wholesale operation teams from accessing data at the retail user level.

8   Q. Does the TSA provide FairPoint with a financial incentive to prematurely cut over

9   to its own wholesale systems because of the fee structure.

10 A. (By Mr. Kurtze) No. The TSA structure has incentives for FairPoint to terminate

11   the TSA as soon as it is ready to do so, but not on a "premature" basis, and has

12   incentives for Verizon to cooperate to enable FairPoint to cut over when it is

13   ready. FairPoint understands and fully appreciates that the potential customer

14   dissatisfaction and loss of marketing opportunities caused by systems not working

15   as they are supposed to work is substantially more significant than the potential

16   savings of TSA fees. The primary, overarching concern of FairPoint, Capgemini

17   and Verizon is a "clean" trouble free cutover process and a trouble-free transition

18   period.

19 Q. Will FairPoint, and Capgemini, agree to collaborate with the CLECs to test the

20   new FairPoint systems prior to cutover?

1   A.   (By Mr. Haga and Mr. Kurtze) Yes. FairPoint representatives will be requesting

2   meetings with the CLEC representatives as the progression of the Task List

3   develops and the testing procedures become more detailed. In addition, CLECs

4   will receive the information FairPoint and Capgemini share with the Commission.

5   We will be receptive to well-reasoned and well-founded suggestions with respect

6   to testing and details concerning cutover.

7   Q.   Is it feasible for the system changes to occur over weekends during specified

8   maintenance windows?

9   A.   (By Mr. Kurtze) No. Such a cutover is not practical because Verizon's systems

10   are totally integrated. This is the issue that Mr. Haga referred to earlier with

11   respect to the data getting out of sync or requiring, in essence, double interfaces

12   for everything so that information existed partly on Verizon's systems and partly

13   on FairPoint's systems. In my opinion, such a cutover process would be

14   extraordinarily complicated, prohibitively expensive, and, more importantly,

15   introduce more risk than it would solve.

16   Q.   Do you agree that it is important for FairPoint to provide competitors with well-

17   functioning, standard EDI, preferably using one of the industry standard

18   interfaces, such as ASR?

19   A.   (By Mr. Kurtze) Yes. We are committed to using industry-standard interfaces.

20   The Wisor interface does use ASRs and LSRs, industry-standard interfaces

1   recognized by the standards organization known as the Alliance for

2   Telecommunications Industry Solutions (ATIS).

3   Q.   Please describe the actual cutover process as contemplated at this time.

4   A.   (By Mr. Kurtze) The execution of the cutover itself will be the responsibility of

5   Capgemini acting for FairPoint with a sharing of that burden with Verizon. This

6   will be a joint activity. Verizon has to isolate the systems, stop the transactions

7   and then begin to extract the data. Verizon must then either physically or

8   electronically pass data to Capgemini. Capgemini (in conjunction with FairPoint)

9   will implement the reverse process of migrating the data into the new application.

10   This is a Capgemini task under W/O #1 (Exhibit H/K-16). FairPoint at that time

11   will have an IT Department. The individuals within the IT Department will be

12   monitoring that process, because after cutover, operation of the systems will be

13   done by FairPoint. FairPoint will staff the IT department in order to be prepared

14   to do that when the cutover happens.

15   Q.   Will new FairPoint employees and the Verizon employees transferring to

16   FairPoint need training for the new systems?

17   A.   (By Mr. Haga) Yes. Training itself is a task item on the Task List. Now that

18   FairPoint/Capgemini have identified the majority of the support systems, the next

19   step is to describe the system flows for the migration of data between each of the

20   systems, which then leads into the business processes. From the business

1   processes, Capgemini and FairPoint will define training. The actual delivery

2   methods for the training will be made at a later date. Contractually, Capgemini

3   will provide a trainer force with all of the system applications.

4   (By Mr. Kurtze) FairPoint has made its position clear and Capgemini understands

5   that the transition and training for the employees is one of the most important

6   transition-based activities. In the event the employees cannot utilize the new

7   system structure efficiently, then the investments FairPoint will have made in

8   technologies and process will be less than effective. As a result, Capgemini is

9   working very hard to design processes, for example, that retain existing

10   accounting codes and utilizing existing part numbers for materials. The goal is to

11   transition such that employees do not have to re-learn basic information that they

12   already know.

13 Q. To date, has FairPoint exceeded the capital expenditure budget for these new

14   systems?

15 A. (By Mr. Kurtze) No. The budget is a fixed price for hardware and software and

16   services. FairPoint remains on budget because it has a fixed price, and the

17   intervening deliverables have been delivered on time. These costs are identified

18   within the Hardware/Software Packaging Agreement that is part of the agreement

19   FairPoint has with Capgemini.

1   Q.   But does that imply that if the costs go over budget, then Capgemini is going to be

2   responsible for any overage?

3   A.   (By Mr. Kurtze) Yes, with a few exceptions for changes in requirements or

4   supplemental work. The change control process is defined in the agreement

5   between FairPoint and Capgemini. Capgemini is responsible for delivering the

6   systems and services according to the schedule and at a fixed price.

7   **CONCLUSION**

8   Q.   Have you formed an opinion as to whether or not customers in the State of New

9   Hampshire will benefit from the transition to either the new FairPoint system

10   architecture or to FairPoint overall?

11 A.   (By the Panel) Yes. The new architecture will provide FairPoint with the

12   opportunity to offer new products, as well as existing products and services in a

13   way that is as efficient or more efficient than Verizon has offered in the past.

14   More importantly, the new systems will allow easier introduction of new services

15   and new products in a very cost-efficient way. This is beneficial to the residents

16   of New Hampshire.

17 Q.   In terms of the cost efficiencies you mentioned overall, can you provide some

18   examples?

1   A.   (By the Panel) Yes. Overall, the newer systems will be less expensive to operate,

2   and maintenance costs should be lower. There are operational efficiencies based

3   upon the advances in technology in comparison to the existing Verizon systems.

4   Q.   Does this conclude your testimony?

5   A.   (By the Panel) Yes it does. Thank you.