

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of)
)
VERIZON COMMUNICATIONS INC.,)
and FRONTIER COMMUNICATIONS)
CORPORATION)
)
Joint Application for an Order Declining to)
Assert Jurisdiction, or, in the)
Alternative, to Approve the Indirect)
Transfer of Control of)
VERIZON NORTHWEST INC.)

Docket No. UT-090842

TESTIMONY IN SUPPORT OF SETTLEMENT AGREEMENT AMONG

FRONTIER COMMUNICATIONS CORPORATION,

VERIZON COMMUNICATIONS INC.

AND

COMCAST PHONE OF WASHINGTON, LLC

BY THE

PARTIES TO THE SETTLEMENT AGREEMENT

1 **Q. Who is sponsoring this testimony?**

2 A. This testimony is jointly sponsored by: Frontier Communications Corporation
3 (“Frontier”), Verizon Communications Inc. (“Verizon”) (Frontier and Verizon,
4 collectively, the “Applicants”) and Comcast Phone of Washington, LLC (“Comcast”). In
5 this Joint Testimony, the parties are referred to collectively as “the Parties.”

6
7 **Q. Please state your names.**

8 A. Our names are: Daniel McCarthy (Frontier), Timothy McCallion (Verizon) and Robert
9 Munoz (Comcast). Mr. McCarthy and Mr. McCallion have each previously filed
10 testimony in this proceeding and our qualifications are set forth in our pre-filed direct
11 testimonies dated July 6, 2009 (McCarthy and McCallion).

12
13 **Q. Mr. Munoz, please state your name, employer and business address.**

14 A. My name is Robert Munoz. I am currently a Director of Regulatory Compliance for
15 Comcast Cable Communications. My business address is One Comcast Center,
16 Philadelphia, PA 19103.

17
18 **Q. Mr. Munoz, what are your responsibilities in that position?**

19 A. My current responsibilities include negotiating interconnection and traffic exchange
20 agreements with carriers within and adjacent to Comcast’s service territory, working with
21 the Company’s business units to interpret and implement those agreements, and
22 representing the Company before state commissions on related interconnection matters.

23

1 **Q. Mr. Munoz, please describe your education and work experience.**

2 A. I hold a Bachelor of Science Degree in computer science from Bowling Green State
3 University and a Master of Business Administration from Farleigh Dickinson University.
4 I have over 20 years of experience in the telecommunications industry. I began my
5 career with the National Exchange Carrier Association in 1987 working on interstate
6 access charge rate development, tariffs and earnings management. In 1995, I accepted a
7 position with MFS Communications Company where I initially developed the company's
8 access services tariffs. After WorldCom acquired MFS, I was promoted to Director of
9 Regulatory Affairs, and I focused on negotiating interconnection agreements with
10 incumbent carriers and represented the company before state commissions in the
11 formerly U S WEST territory on matters including interconnection, intercarrier
12 compensation and access to unbundled network elements. With the acquisition of MCI, I
13 served as a regulatory and policy representative for the company in the states of
14 California, Nevada, Alaska and Hawaii on telecommunication issues, including access
15 charge reform. In 2005, I accepted the position of Regional Director Regulatory Affairs
16 with Pac-West Telecomm and was responsible for interconnection negotiations, public
17 policy and advocacy in a 15 state region. I started with Comcast in May of 2008.

18

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

20 A. Our testimony describes and supports the settlement agreement between the Parties dated
21 December 7, 2009 and filed with the Commission along with this testimony ("Comcast
22 Stipulation" or "Agreement"). Our testimony demonstrates why the Comcast Stipulation

1 satisfies the Parties' interests, will not cause any harm and is consistent with the public
2 interest.

3
4 **Q. Please briefly describe the history of this proceeding.**

5 A. On May 29, 2009, the Applicants filed the Application requesting that the Commission
6 either issue an order disclaiming jurisdiction or, in the alternative, approving the
7 transaction. Comcast filed a petition to intervene on June 10, 2009, and that intervention
8 was granted by order on July 2, 2009. The Parties filed testimony in this docket,¹ and
9 commenced settlement discussions to determine if issues raised in Comcast's testimony
10 filed on November 3, 2009 could be resolved.² On December 7, 2009, the parties
11 finalized and executed the Comcast Stipulation to resolve all issues raised by Comcast in
12 this docket. The Comcast Stipulation resolves all issues in dispute among the Parties in
13 this docket. In particular, the settlement includes two primary components: (i) systems
14 issues and (ii) Frontier's post-closing obligations.

15
16 **Q. How does the Comcast Stipulation address systems issues?**

17 A. One threshold aspect of the proposed transaction is Verizon's replication of its existing
18 operations support systems ("OSS") (the "Replicated System(s)") and the order testing
19 necessary to ensure that, post-closing, ordering under the Replicated System will operate
20 substantially similar to how it did pre-transaction. In Section I ("OSS Testing") of the

¹ On November 19, 2009, Mr. McCarthy, Mr. David Whitehouse, Ms. Kim Czak and Mr. Wayne Lafferty filed rebuttal testimony on behalf of Frontier. On November 19th, Mr. McCallion and Mr. Stephen Smith also filed rebuttal testimony on behalf of Verizon.

² On November 3, 2009, Mr. William Solis and Mr. Michael D. Pelcovits filed reply testimony on behalf of Comcast.

1 Comcast Stipulation, the Parties have addressed “Functional Testing of Replicated
2 Systems,” which will occur prior to the closing of the proposed transaction. Frontier and
3 Verizon have agreed that Comcast will be able to conduct order testing on the Replicated
4 System in a testing environment to submit particular types of test orders during a window
5 from February 15, 2010 through March 12, 2010. The Comcast Stipulation also calls for
6 the results from this order testing to be included in a testing report that will be issued
7 prior to use of the Replicated Systems in a production environment to serve customers.
8 Prior to the use of the Replicated Systems in a production environment, the report will
9 need to show that the functional performance of the Replicated Systems is at least equal
10 to the functionality of Verizon’s current systems. The Agreement spells out in detail how
11 the order testing will work, and how Verizon and Comcast will work together to resolve
12 concerns associated with any testing results. The Parties also agreed to work
13 cooperatively in accordance with industry standard practices for the transition of E-911
14 functionality or databases systems.

15
16 **Q. Does the Comcast Stipulation address subsequent migration off of the replicated**
17 **OSS?**

18 A. Yes. The Agreement specifies that Frontier will utilize the Replicated Systems for at
19 least one year post-closing, and will provide Comcast with a transition plan at least 180
20 days before transitioning from the Replicated Systems to replacement systems. The
21 Agreement requires that any new systems that Frontier may implement to replace the
22 Replicated Systems will be electronically bonded and generally maintain the functionality
23 of the Replicated System. The Agreement also provides for Comcast and Frontier to

1 work together to develop and implement a test plan to allow Comcast to test subsequent
2 changes to the OSS.
3

4 **Q. How does the Comcast Stipulation address other post-closing obligations of**
5 **Frontier?**

6 A. In Section II of the Agreement entitled “Other Frontier Obligations Post-Closing,”
7 Frontier agreed to a number of substantive conditions to apply after the closing of the
8 transaction. The substantive conditions in Section II (conditions “a” through “n”) are
9 consistent with the conditions included in the Joint CLEC Stipulation also filed in this
10 proceeding. Conditions “o” through “q” in Section II vary from the Joint CLEC
11 Stipulation in that they are intended to address procedural issues in four states where
12 Comcast has intervened in the Frontier/Verizon transaction proceeding. These conditions
13 include, *inter alia*, commitments by Frontier to: (i) continue to offer wholesale services
14 and provide certain wholesale reporting, and not recover costs associated with this
15 transaction from wholesale carriers; (ii) honor existing wholesale agreements and not
16 raise rates in such agreements for at least twenty-four months; (iii) allow Comcast to
17 extend its existing interconnection agreements for up to thirty months from the closing
18 date; (iv) not seek to avoid its ILEC obligations under the Communications Act of 1934
19 (“Act”) by claiming a rural exemption under Sections 251(f)(1) and (2); (v) not seek to
20 reclassify as “non-impaired” any wire centers in Washington for purposes of Section 251
21 of the Act for one year post-closing; and (vi) continue various existing, wholesale
22 processes of Verizon, such as the “Change Management Process.” The provisions
23 included in both stipulations provide assurance to the Commission that Comcast’s

1 wholesale customers, and potentially other similarly situated carriers, will not be harmed
2 as a result of the transaction.

3
4 **Q. What is Frontier's view of the Comcast Stipulation?**

5 A. With the Agreement, the issues raised by Comcast in this proceeding have been
6 addressed. Frontier will use replicated versions of Verizon's existing wholesale
7 operational support systems and resources, which Frontier will take over as part of the
8 closing of this transaction. Following the transaction, CLEC orders (including those of
9 Comcast) will be processed in the same manner as they are today, using the systems
10 employed by Verizon today and drawing from the experience of current Verizon
11 employees. The wholesale support systems that will be acquired by Frontier from
12 Verizon will have been in full commercial operation for not less than 60 days prior to
13 closing. The Agreement is in the public interest in that it provides specific commitments
14 and conditions associated with the availability of operations support systems utilized by
15 Comcast and other competitive carriers to ensure that the systems that are replicated and
16 transferred to Frontier as part of this transaction are tested and fully functional both
17 before the replicated system are used to provide services and before the proposed
18 transaction closes. In short, as part of the proposed transaction, Frontier and Verizon
19 have undertaken genuine efforts to ensure that the wholesale services provided to CLECs
20 are not disrupted, and that Comcast will continue to place service orders and otherwise
21 interact with Frontier in the same manner as they interact with Verizon today and
22 immediately prior to the close of this transaction. These commitments provide public
23 interest benefits in that the transaction will not close unless Frontier validates and

1 Verizon delivers OSS that are fully-functional and capable of continuing to accept and
2 provision competitive carrier orders.

3 Also, with respect to interconnection agreements and arrangements, there will be
4 no adverse impact on Comcast or other competitive carriers. Under the Agreement,
5 Frontier is committed to honor, assume or take assignment of all obligations under
6 Verizon's existing interconnection agreements ("ICAs") and other wholesale commercial
7 arrangements in place in the Washington service area. Specifically, Frontier has agreed
8 to abide by the rates, terms, conditions, reporting requirements, and operating procedures
9 (including OSS functionality, performance and e-bonding) related to Verizon's wholesale
10 agreements. Frontier is providing wholesale customers with these protections for the
11 unexpired term of existing ICAs or for thirty months from closing, whichever is later.
12 All Verizon wholesale intrastate services in effect at closing will remain available to
13 customers for at least one year after closing. Extensions of these arrangements will
14 further assure an uninterrupted changeover from Verizon to Frontier and provides a
15 balanced and reasonable added assurance to the Commission.

16
17 **Q. What is Verizon's view of the Comcast Stipulation?**

18 A. Verizon agrees with Frontier that the Agreement is in the public interest, as it resolves the
19 issues presented by Comcast in this docket. In response to concerns expressed by
20 Comcast, Verizon is willing to work with Comcast through the process negotiated in the
21 Agreement to allow test orders to be placed on wholesale systems before they are put in
22 production. Accordingly, Verizon believes the Agreement to be in public interest for

1 resolving such issues and concerns, and respectfully requests that the Commission
2 approve the Agreement.

3
4 **Q. What is Comcast's view of the Agreement?**

5 A. With the Agreement, Comcast's concerns regarding the proposed transaction have been
6 addressed. Specifically, the Parties have agreed to important conditions that ensure that
7 the ordering process on the replicated OSS, which will be used by Comcast for the order
8 types specified in the Agreement, is tested before the replicated systems are put into
9 production and that the transaction will not close unless Verizon delivers a replicated
10 OSS that are fully-functional and capable of continuing to accept and provision orders as
11 Verizon's OSS currently does. Also, in the Agreement, Frontier commits to use the
12 Replicated Systems for at least one year after close and to not replace those systems
13 without providing 180 days notice. In addition, Frontier will provide a plan and seek
14 input regarding the "2nd Transition" to its own OSS, if and when such a transition occurs.
15 As a result of the agreed-upon procedures, Comcast believes that there are sufficient
16 controls in place designed to ensure that the replicated OSS operate sufficiently for the
17 Comcast order types before any conversion occurs,

18 Finally, under the Agreement, Frontier is committed to honor, assume or take
19 assignment of all obligations under Verizon's existing ICA with Comcast. Specifically,
20 Frontier has agreed to abide by the rates, terms, conditions, reporting requirements, and
21 operating procedures (including OSS functionality, performance and e-bonding) related
22 to Verizon's wholesale agreements. Frontier is providing Comcast with these protections
23 for the unexpired term of existing ICAs or for thirty months from closing, if requested.

1 All Verizon wholesale intrastate services in effect at closing will remain available to
2 customers for at least one year after closing. In addition to providing transparent
3 wholesale services with functionality consistent with Verizon's, Frontier pledges timely
4 resolution of problems consistent at least with Verizon's performance. These wholesale
5 service protections, coupled with Frontier's commitments related to the transition of
6 wholesale OSS and other provisions included in the Agreement provide what Comcast
7 believes are the appropriate assurances that it, as a wholesale customer, will not be
8 harmed as a result of the transaction.

9
10 **Q. Will the terms of the Comcast Stipulation be available to other carriers in**
11 **Washington?**

12 A. Yes. The terms of the Comcast Stipulation will benefit not just Comcast. Because the
13 stipulation involves prospective interconnection obligations governed by Section 251 of
14 the Act, these substantive interconnection terms in the stipulation will be incorporated
15 into an interconnection agreement amendment filed with the Commission and will be
16 governed by the non-discrimination protections of the Act (including section 252(i)). In
17 other words, other carriers in Washington will be able to receive the same benefits.

18
19 **Q. What do the Parties conclude regarding the Comcast Stipulation?**

20 A. With the Agreement, the Parties acknowledge that the Applicants' application will satisfy
21 the "no harm" standard applicable to telecommunications property transfers in
22 Washington. The Parties request that the Commission issue an order approving the
23 Comcast Stipulation.

1

2 **Q. Does this conclude the Parties' testimony in support of the Comcast Stipulation?**

3 **A. Yes.**