

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition for Arbitration
of an Interconnection Agreement between

CHARTER FIBERLINK WA-CCVII, LLC

and

QWEST CORPORATION

Pursuant to 47 U.S.C. Section 252.

DOCKET NO. UT-083041

**DIRECT TESTIMONY
OF
ALLISON COSWAY
ON BEHALF OF
CHARTER FIBERLINK WA-CCVII, LLC**

October 8, 2008

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I. INTRODUCTION

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Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Allison Cosway. My business address is 12405 Powerscourt Drive, St. Louis, Missouri, 63131. I am filing this testimony on behalf of Charter.

Q. BY WHOM ARE YOU EMPLOYED, AND WHAT IS YOUR POSITION WITHIN THE COMPANY?

A. I am Director of Risk Management, and I am responsible for maintaining insurance programs and managing the Insurance Claims Department at Charter Communications, Inc., and its subsidiary Charter Fiberlink, LLC, the petitioner in this case (collectively “Charter”).

Q. WHAT ARE YOUR DUTIES AT CHARTER?

A. In my duties at Charter I plan and direct the development of risk management programs that provide maximum protection of Charter’s assets at the most economical rates. I also determine the amount of insurance coverage required by Charter and review and analyze required data to devise and implement Charter risk management programs. In addition, I oversee claims analysis and reporting, identify risk areas, conduct evaluations and provide the associated recommended actions.

Q. PLEASE DISCUSS YOUR RELEVANT WORK EXPERIENCE AND EDUCATION.

A. I have 15 years experience in many aspects of the insurance industry working for Chub Insurance, Travelers Insurance, and the now liquidated Reliance Insurance.

1 This experience includes underwriting and marketing related to multiple lines of
2 business for large multi-national insurance companies, marketing of insurance
3 coverage in a large national insurance agency, and providing risk management
4 services for insurance clients.

5 I have a BS/BA in Business Administration with a minor in Quantitative Business
6 Analysis from Robert Morris University. I also have an MBA with an emphasis
7 in financial analysis from the University of Missouri- St. Louis.

8

9 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE ANY STATE**
10 **REGULATORY COMMISSION?**

11

12 A. No, I have not.

13

14 **II. PURPOSE AND SUMMARY OF TESTIMONY**

15

16 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

17 A. This testimony is offered to explain Charter's position on disputed issue number 4
18 of this arbitration proceeding.

19

20 **Q. DO YOU OFFER TESTIMONY ON OTHER DISPUTED ISSUES?**

21 A. No. My colleagues and experts from QSI Consulting will be submitting separate
22 testimony on other issues.

23

24 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

25

26 A. My testimony explains why Charter's proposed language concerning insurance
27 coverage requirements is preferable to Qwest's proposed language. As I explain

1 in greater detail below, Charter's language provides sufficient protections for both
2 parties, while at the same time reflecting the relatively limited risks arising from
3 the parties' respective interconnection and traffic exchange arrangements.

4
5 **III. DISCUSSION**

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7 **ISSUE 4: Should Qwest be able to dictate the insurers that Charter must utilize, in**
8 **part by requiring that such insurer maintain a specific "ratings" or standard?**

9
10 **Q. PLEASE DESCRIBE THE DISAGREEMENT THAT EXISTS BETWEEN**
11 **THE COMPANIES SURROUNDING ISSUE 4.**

12
13 A. This issue presents the question of whether Qwest should be able to dictate the
14 insurance carrier that Charter uses by requiring that the insurer maintain a specific
15 industry rating determined by Qwest. Charter believes that the agreement should
16 not have that type of limitation, and that the agreement should simply ensure that
17 the insurer used by Charter is an insurance carrier in good standing. Qwest
18 proposes that the insurance carrier may not be any carrier that does not maintain
19 the insurance company rating of A-VII by the rating company known as A.M.
20 Best Company.

21
22 **Q. WHAT LANGUAGE HAS CHARTER PROPOSED FOR THE ISSUE OF**
23 **DEFINING THE REQUIREMENTS FOR A QUALIFIED INSURER**
24 **UNDER THE AGREEMENT?**

25 A. Charter's proposed language for Section 5.6.1 is as follows:

26 Each Party shall at all times during the term of this Agreement, at its own cost
27 and expense, carry and maintain the insurance coverage listed below with
28 insurers **in good standing** with respect to liability arising from that Party's
29 operations for which that Party has assumed legal responsibility in this
30 Agreement. If either Party or its parent company has assets equal to or exceeding
31 ten billion dollars (\$10,000,000,000), that Party may utilize an Affiliate captive
32 insurance company in lieu of a "Best's" rated insurer. To the extent that the

1 parent company of a Party is relied upon to meet the ten billion dollar
2 (\$10,000,000,000) asset threshold, such parent shall be responsible for the
3 insurance obligations contained in this Section 5.6.1, to the extent its affiliated
4 Party fails to meet such obligations.
5

6 **Q. WHAT LANGUAGE HAS QWEST PROPOSED FOR THIS ISSUE?**

7 A. Qwest's proposed language for Section 5.6.1 is as follows:

8 Each Party shall at all times during the term of this Agreement, at its own cost
9 and expense, carry and maintain the insurance coverage listed below with
10 insurers having a "Best's" rating of A-VII with respect to liability arising from
11 that Party's operations for which that Party has assumed legal responsibility in
12 this Agreement. If either Party or its parent company has assets equal to or
13 exceeding ten billion dollars (\$10,000,000,000), that Party may utilize an
14 Affiliate captive insurance company in lieu of a "Best's" rated insurer. To the
15 extent that the parent company of a Party is relied upon to meet the ten billion
16 dollar (\$10,000,000,000) asset threshold, such parent shall be responsible for the
17 insurance obligations contained in this Section 5.6.1, to the extent its affiliated
18 Party fails to meet such obligations.
19

20 **Q. WHAT IS CHARTER'S POSITION ON THIS ISSUE?**

21 A. Charter's view is that the parties should be prepared to provide the other party
22 proof of adequate insurance coverage. However, there is no need to specify
23 insurance requirements in the detail which Qwest proposes, including the
24 commercial "ratings" of each party's insurance carrier. Charter has every
25 incentive to maintain adequate insurance, and its freedom to choose among
26 different insurance providers should not be unreasonably constrained by Qwest.
27 Qwest's pre-determined, and unilaterally chosen, requirements are not needed as a
28 predicate to establishing appropriate insurance coverage requirements.
29

30 **Q. WHAT IS QWEST'S POSITION ON THIS ISSUE?**

31 A. Qwest has argued that if Charter interconnects and/or collocates with Qwest then
32 Qwest has a greater risk of damage to its equipment and network facilities. It

1 asserts the “right” to require minimum levels of acceptable coverage, including
2 the right to set the standards for types of insurers. Qwest suggests that Charter
3 may not have the proper incentives to ensure that any insurance policy is provided
4 by a company with the ability to cover any potential claims.

5

6 **Q. DO YOU AGREE WITH QWEST ON THIS POINT?**

7 A. No, absolutely not. First, Qwest and Charter will primarily be interconnecting
8 solely for the exchange of traffic. Because Charter is facilities based CLEC, there
9 will be no leasing of unbundled network elements, or resale of Qwest facilities.
10 There is no reason to think that the simple interconnection of networks for the
11 exchange of traffic creates substantial risk for either party, or that any risk is
12 disproportionately borne by Qwest. Second, while there could be a limited
13 situation where Charter collocates in a Qwest office, this is much less likely to
14 occur under our arrangement than Qwest’s arrangement with a typical CLEC.
15 Third, given the various controls that Qwest places on collocation in its
16 interconnection agreements with CLECs that utilize unbundled networks and
17 resold services to provide service to their end user customers, I expect that
18 Qwest’s worries about potential damages are overblown. Fourth, Charter is not
19 suggesting that it have no insurance at all, merely that Qwest not be permitted to
20 unreasonably restrict Charter’s choice of insurance carrier. Charter has every
21 incentive to do business with reputable insurers, however, Qwest should not be
22 able to insist that Charter only do business with the “best of the best.” Doing so

1 will likely lead to increased insurance costs and less flexibility in Charter's choice
2 of insurers.

3

4 **Q. WHAT IS YOUR RECOMMENDATION RELATED TO ISSUE 4?**

5 A. Charter is asking the Commission to accept its proposed language on this topic,
6 which would allow Charter to select its preferred insurance carrier, provided that
7 the insurance carrier is in good standing. For the reasons set forth above, I
8 recommend that the Commission adopt Charter's proposed language for Section
9 5.6.1.

10

IV. CONCLUSION

11

12 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

13 A. Yes.

14