**Exhibit No. \_\_\_ HCT (RTW-1HCT)**

**Docket UT-090842**

**Witness: Robert T. Williamson**

**REDACTED VERSION**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| --- | --- |
| **In the Matter of the Joint Application of****FRONTIER COMMUNICATION CORPORATION AND VERIZON COMMUNICATIONS, INC.****for Approval of Indirect Transfer of Control of Verizon Northwest, Inc.** | **DOCKET UT-090842** |

**TESTIMONY**

**OF**

**ROBERT T. WILLIAMSON**

**STAFF OF**

**WASHINGTON UTILITIES AND**

**TRANSPORTATION COMMISSION**

**November 3, 2009**

**REDACTED VERSION**

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Exhibit No. \_\_\_ (RTW-2) Qualifications

1. **INTRODUCTION**

**Q. Please state your name and business address.**

A. My name is Robert Williamson, and my business address is 1300 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia, Washington, 98504-7250. My business e-mail address is bwilliam@utc.wa.gov.

**Q. By whom are you employed and in what capacity?**

A. I am employed by the Washington Utilities and Transportation Commission as a Utility Engineer in the Telecommunications Section.

**Q. Please state your qualifications to provide testimony in this proceeding.**

A. I have provided a description of my qualifications as Exhibit No. \_\_\_\_ (RTW-2).

**Q. Have you presented testimony before this Commission in other cases?**

A. Yes I have. I testified in docket UT-011439 concerning a petition for a line extension waiver, docket UT-030614 concerning a petition by Qwest for competitive classification of business services, docket UT-031472 concerning a case referred to the Commission from the U.S. District court in regards to a IP-in-the-middle telecommunications company bypassing Access Charges, and docket UT-063038 concerning Inter-Carrier Compensation for ISP bound traffic.

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

A. On behalf of the Commission Staff, I address issues surrounding the conversion of operations support systems (“OSS” or “systems”) that will occur as a result of the transfer of control of Verizon Northwest, Inc. from Verizon Communications, Inc. (“Verizon”) to Frontier Communications Corporation (“Frontier”). I will first provide a general explanation of what OSS are and what they are used for. I will then compare the systems conversions that are expected to occur as a result of the current transaction, with the systems conversions made necessary by Verizon’s sale of its Hawaiian Tel properties to the Carlyle Group, and then by the Verizon sale of its properties in Maine, New Hampshire, and Vermont to FairPoint Communications. I further discuss the risks associated with Verizon’s plan to make a copy of its systems prior to close of the transaction, and Frontier’s plan to migrate customer and organizational data from those copied Verizon systems to its own systems sometime after the transaction is completed. Finally, I provide recommendations on limiting possible negative effects of both conversions.

1. **OVERVIEW OF OPERATIONS SUPPORT SYSTEMS**

**Q. What are operations support systems (OSS)?**

A. Operations support systems are generally the computer hardware and software that perform management, ordering, inventory, engineering, planning, repair, and billing functions for telecommunications service providers. Originally, most OSSs were manual systems that were replaced with main-frame based, stand-alone systems designed to support telephone company staff. These systems were designed to make manual processes, through which a telephone network was operated, more efficient. Today’s service providers are required to manage a much more complex set of services and network technologies, and in most cases the providers use information technology like routers and servers to host the systems.

 Failures associated with OSSs can have a direct negative effect on customer service as seen in the cases in Hawaii and the New England states which I will discuss in more detail below.

**Q. What are some of the systems that make up a telecommunication’s company’s operations support systems?**

A. What follows is a partial list of general systems that can make up a company’s OSS:

 Management - Overall management of the systems is normally provided by some type of “workflow engine” that manages the flow of information from system to system and checks off tasks with other processes as it goes.

 Ordering - Ordering systems contain all the information necessary for the company to provide service in response to a customer’s order. The services range from basic residential telephone service to complex services like channelized T1s, Integrated Subscriber Digital Network (ISDN), Digital Subscriber Line (DSL), and many others. Most ordering systems utilize some type of graphical user interface that assists the company’s sales people through the ordering process. Once the sales representative enters the order into the system, the ordering system generates specific tasks that must be completed to activate service on the network. This system passes those tasks on to other systems where required, which in turn updates the ordering system as those tasks are completed. The work flow engine generally supervises those tasks and ensures completion.

 Inventory - A telecommunications carrier stores all of its information regarding the facilities and equipment available in its network in an inventory system. The inventory system must be queried by the ordering system to determine whether the requested service can be applied. The inventory system must contain a real time accounting of what equipment is available to be used, or what must be ordered and installed to provide all types of services.

 Engineering, Circuit Design and Provisioning - These systems manage and track equipment and circuits that physically provide service and that are to be assigned for *eventual* use. The engineering and provisioning systems are used to make sure that future capacity is available to provide service. The design portion involves specifying which equipment and network routes a given service will utilize. As an example, if a T1 service is requested, channels, ports, cards, and circuits must be assigned on any combination of multiplexers, digital cross-connect systems, T3 facility circuits, or synchronous optical network (SONET) channels and network routes connecting network locations to the users.

 Element management, Activation and Field Management - These systems activate services on the network. If new equipment or lines must be installed, or if equipment or lines must be configured manually, the systems will notify the field service management system so that technicians can be dispatched. Some service providers use a flow-through provisioning and activation system, combining provisioning and activation, to automatically activate service on network elements such as a switch, multiplexer, or cross connect system. Element management systems are two-way systems that activate service and provide status back to the engineering and provisioning systems as well as billing.

 Billing - The billing system requires input from a number of other OSS functions. Ordering, inventory, circuit design, provisioning, and others must come together through the management system to bill line type (e.g. business or residential) and features (e.g., voice mail, caller identification) for each line. Automatic message accounting also collects records of long distance calls including the time, length and carrier used through the management function to create billing records. Taxes and fees are added depending on the state, county and city in which the customer lives. The network and trouble management functions may pass along outage information for reduction of billing in some locations. Installation charges may be added to the billing system for new services. Customer information may be stored and available to each customer on the web. Billing systems are the end product of OSSs and as such, require information from many of the other systems. The improper functioning of billing systems has been a major problem in past OSS replacements.

 Network and Trouble Management - OSSs must go beyond service activation and billing. Network and trouble management systems are two of the most critical elements of the OSS. These two systems are responsible for the overall supervision of a network. They monitor traffic, collect statistics regarding network performance, and send traffic data to the engineering system. These systems are also responsible for spotting trouble on a network, or particular network elements, and identifying the cause. Company employees monitor graphical displays that are part of the network management systems at a facility called a Network Operations Center. If the Network Management system identifies trouble on a system (such as a service outage), it passes information on to the Trouble Management system that logs the problem, along with customer complaints, and issues a trouble ticket that begins the repair process. A trouble management system in an integrated OSS environment can send commands to appropriate systems such as field service management, to dispatch technicians.

 Each of these systems requires some degree of employee training, which can be very intense and in-depth, as a well-written set of business practices. Whatever their design and sophistication, OSSs make up an incredibly complex web of mostly inter-connecting, very specialized systems.

**Q. How are competitive local exchange carriers (CLECs) that interconnect with and obtain network elements from an incumbent local exchange carrier (ILEC) connected with the ILEC’s systems?**

A. A significant amount of the effort involved in implementing the Telecommunications Act of 1996 dealt with OSS interconnection. Regulations require the ILECs to allow competitors limited access to their customer databases and various OSS functions such as pre-ordering, ordering, and provisioning. Each of the ILECs has built interfaces into which a CLEC can connect its own systems. Most of the larger ILECs, like Verizon, have built sophisticated interfaces allowing CLECs to access their OSSs in a manner similar to the way the ILEC’s own personnel access their OSSs. Many of the smaller more rural ILECs, like Frontier, allow interconnection to their systems in less sophisticated ways, which may be much more manually driven and time consuming.

1. **HISTORICAL VERIZON SPIN-OFFS**

**Q. Please explain what has happened with the last two Verizon sales of access lines.**

A. There have been two previous major spin offs of subscriber lines from Verizon in recent history. Verizon sold off its Hawaii wireline business to the Carlyle Group (Hawaiian Telecom) in 2005 and then spun-off its wireline assets in Maine, New Hampshire, and Vermont to FairPoint Communications in 2008. Both have turned out to be disasters for the states and customers involved due to the failure to successfully convert the legacy Verizon OSSs to the purchasing companies’ new systems.

**Q. Describe the sale of Verizon’s Hawaii Telecom.**

A.Hawaiian Telephone Company was a wholly owned subsidiary of General Telephone & Electronics (GTE) until Verizon acquired GTE in the 1990s, including GTE’s Hawaiian assets. In 2004, Verizon sought approval to sell its Hawaiian assets to the Carlyle Group, a private equity firm that previously had acquired DEX yellow pages from Qwest. The Carlyle Group asked to provide the state of Hawaii with local exchange services similar to those provided by GTE through the newly formed Hawaiian Telecom (HT). The Public Utilities Commission of Hawaii (HPUC) approved the transfer subject to conditions in 2005.[[1]](#footnote-1)

 Although the parties had a detailed plan to convert the company’s critical back-office systems, or OSS, the systems lacked sufficient functionality, and significant problems occurred. Massive failures of automated systems created problems for both retail and wholesale customers. Because so many customers experienced service problems, regional call centers (repair, business office, etc.) could not handle the additional volume and customers experienced dropped calls, long call answering times and long holding times. Billing issues were prevalent but customers couldn’t reach business offices to complain. The problems were so pervasive that HT couldn’t track repair and installation times to compute reports required by HPUC. The total back-office disaster also created major problems for HT’s wholesale customers as well as its retail customers. Wholesale customer Time Warner Telecom for Hawaii summarized the problem: “HT’s conversion to its new back office systems was a failure by any measure. Immediately following cut-over, virtually none of the wholesale back office systems were functioning. Today, 19 months after cut-over, they are still not functioning at the same level as the Verizon systems.”[[2]](#footnote-2)

HT filed for Chapter 11 bankruptcy protection on December 1, 2008.[[3]](#footnote-3) The cost of lost customers resulting from poor service quality and additional costs from its attempt to reconstitute a working OSS most likely contributed to the company’s failure.

**Q. Please describe the sale of Verizon’s New England assets to FairPoint Communications.**

A.Formed in 1984 as a result of the Bell System Divestiture, NYNEX served New York and the New England states as a newly created Regional Bell Operating Company. In 1997 Bell Atlantic acquired NYNEX and on June 30, 2000, Bell Atlantic acquired GTE, forming Verizon Communications. On March 31, 2008, Verizon sold off the former NYNEX wireline and related operations in Maine, New Hampshire, and Vermont to FairPoint Communications, a relatively small company that, until that time, had only 330,000 access lines. The transaction added approximately 1.6 million phone lines to FairPoint’s existing properties. As a result of financial and systems conversions problems associated with the Verizon transaction, FairPoint announced a restructuring[[4]](#footnote-4)  plan on September 28, 2009, and subsequently filed for Chapter 11 protection.[[5]](#footnote-5)

Many serious problems have plagued FairPoint’s New England subscribers since the acquisition. According to the Maine PUC, the ongoing FairPoint service issues produced “the highest level of calls involving a single utility the consumer assistance division has seen.”[[6]](#footnote-6) Thousands of serious recurring billing errors, poor customer service, delays in installation and repair, slow and inadequate response to consumer complaints and service issues occurred following the conversion to FairPoint’s new OSS from Verizon’s legacy systems approximately one year after closing.

Wholesale customers experienced major problems as well. As one CLEC noted: Wholesale customers have experienced numerous problems, including the following: (1) difficulties in creating orders; (2) inconsistencies in processing orders; (3) failures of many pre-ordering transactions, such as requests for customer service records and loop qualifications; (4) unreliable and inaccurate notification messages about order status; (5) problems with format and consistent content of Daily Usage Feed files; (6) low response times after notification of transaction problems; (7) poor customer service; (8) billing errors.[[7]](#footnote-7)

 As recent as August 5, 2009, FairPoint admitted that “a number of the key back-office systems, such as order entry, order management and billing, experienced certain functionality issues.”[[8]](#footnote-8) The problems were so pervasive that on September 16, 2009,

Public Service representatives, state utility commissioners and lawmakers from Maine, New Hampshire and Vermont convened an unusual joint hearing with FairPoint executives demanding answers for the multitude of issues following FairPoint’s acquisition and subsequent conversion of their OSS.

1. **FRONTIER/VERIZON PLAN FOR OSS**

**Q. Please explain in general the Joint Applicants’ plan for migrating information from Verizon systems to systems that will be owned by Frontier.**

A. From the information provided through discovery, it is apparent that Verizon and Frontier are planning a two step cut-over. The OSS transition consists of one cut-over prior to closing and another sometime in the future. Verizon and Frontier have provided only very general information and are apparently still in the process of developing detailed step-by-step cut-over plans.

1. The first cut-over, and the one that must be completed before close, is Verizon Spinco’s replication of its existing systems, and the company’s migration of all data files and transaction logs onto the newly replicated systems. (Spinco is the entity within Verizon, of which Verizon Northwest is a part, which will be transferred and merged into Frontier at the close of the transaction.) Verizon indicates that all systems will be available at Verizon Spinco’s Fort Wayne, Indiana, data center in April 2010.

2. The second cut-over, which according to Frontier will not occur until at least one year following close, is the migration by Frontier from Verizon legacy systems onto the Frontier’s existing systems.

Both are areas of concern to staff.

**Q. What are some of the risks that the Frontier admits?**

A. Frontier admits that, among other things: “The acquisition of the Spinco business is the largest and most significant acquisition Frontier has undertaken. Frontier management will be required to devote a significant amount of time and attention to the process of integrating the operations … which may decrease the time they will have to serve existing customers, attract new customers and develop new services or strategies.”[[9]](#footnote-9) The company also states that “the size and complexity of the of the Spinco business and the process of using Frontier’s existing common support functions and systems to manage the Spinco business after merger, if not managed successfully by Frontier management, may result in interruptions of the business activities of the combined company that could have a material adverse effect on the combined company’s business, financial condition and results of operation.”[[10]](#footnote-10)

During the critical timeframe that the OSS replication and testing is taking place: “Frontier management will be required to devote a significant amount of time and attention before completion of the merger to the process of migrating the systems and processes supporting the operations of the Spinco business in West Virginia from systems owned and operated by Verizon to those owned by Frontier. The size, complexity and timing of this migration, if not managed successfully by Frontier management, may result in interruptions of Frontier’s business activities.”[[11]](#footnote-11)

 Indeed, no company Frontier’s size has taken on a deal as complex and large as this one – approximately 4.8 million access lines across 14 states. The largest deal that Frontier has completed was the acquisition of Rochester Telephone, where

Frontier obtained close to 800,000 lines. It took almost 7 years to convert from Rochester Telephone’s OSS to a common Frontier system. The largest deal attempted from a Verizon divestiture was the now infamous FairPoint transaction in New England of about 1.6 million lines in only three states.

Frontier is proposing to acquire 4.8 million lines from Verizon in 14 states tripling Frontier’s size. The network that Frontier is purchasing connects XXX switches and nearly XXX central offices using approximately XXXX copper miles, XXXX fiber miles and XXX fiber-to-the-premise miles of cable. All of which have to be accurately represented and stored in numerous OSSs.

According to information obtained during discovery, at the same time Verizon is working on the OSS replication, and the conversion of the West Virginia OSS, it will also be doing an incredible amount of network re-arrangements in the other 13 states, including:

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1. **FIRST CUT-OVER: FRONTIER/VERIZON OSS REPLICATION PROCESS**

**Q. What has Staff been able to learn about Frontier’s and Verizon’s Plan for Operations Support Systems Realignment prior to close?**

A. As Frontier witness Mr. McCallion explains in his direct testimony beginning on page 14, Verizon Northwest has continued to use the centralized computer systems that Verizon obtained from GTE and has modified and improved them since closing that transaction in 2000. These systems are the basis of the Verizon OSSs involved in this transaction, and are used to run essential aspects of the business, such as retail ordering and billing, CLEC ordering and billing, network monitoring and maintenance, and all customer support functions. Verizon chose to keep the GTE systems rather than merge them into the other non-GTE Verizon legacy OSSs.

 Verizon’s Spinco will utilize the existing centralized legacy GTE systems that have been used by Verizon to operate the former GTE assets that Verizon is transferring to Frontier.

 According to Frontier witness Mr. McCarthy, prior to closing, Verizon will replicate and physically separate these systems from the systems it will continue to use for its operations after close. The separate, centralized, systems will be dedicated to the operations being acquired by Frontier.

 Essentially, Frontier will use copies of those existing systems that Verizon uses today to support customers in the State of Washington (as well as 12 of the other states included in the transaction, excluding West Virginia). Frontier will pay

Verizon an annual fee of $94 million dollars for system support for at least one year, but as long as five years after close. It has not been explained which of Verizon’s X third party vendor “system modules” will be retained by Frontier or what the annual fees and contracts may entail to retain those systems, however it would appear that the annual cost for the use of existing Verizon systems will be something greater than $94 million.

According to Verizon, the maintenance services are a negotiated commercial arrangement whereby Frontier has the flexibility after the first year of a five-year agreement to purchase full, partial or no maintenance services that include:

* Services provided: New releases, updates to source code, patches, and bug fixes
* Optional services: Systems training, changes requested by Frontier.

Frontier states that it has not developed a plan or timeline for completing the conversion of Verizon systems to Frontier systems and no conversion will occur in the first year.

**Q. How will the replication process work?**

A. The replication process will create totally separate OSS software copies hosted on new hardware. Verizon will install additional hardware at the existing Verizon Fort Wayne, Indiana, Data Center (which will become a Frontier Data Center at close). According to materials obtained through discovery, hardware installation and systems configuration will be ongoing through the end of 2009. System end-to-end and operational readiness testing will be completed in the January-February 2010

time frame. Data migration (a complete copy of all data incorporated in the OSS, e.g., billing records, outside plant, and central office translations for all the states involved in the transaction except for West Virginia) will be completed by March 31, 2010. On April 1, 2010, Verizon states that it will use and operate the replicated systems to serve retail and wholesale customers for 60 days prior to close. According to Verizon, during that period the replicated systems will be used for the following functions using Verizon employees that are expected to continue employment with Frontier:

* Ordering: After April 1, 2010, new customer orders will be taken by Verizon representatives that are expected to continue employment with Frontier and the orders will be placed in the replicated Spinco ordering systems.
* Provisioning: After April 1, 2010, new customer orders will be provisioned from the replicated Spinco provisioning systems. Verizon’s technicians that are expected to continue employment with Frontier will provision the service.
* Customer Care: After April 1, 2010, calls to retail care centers will be fielded by a Verizon representative that is expected to continue employment with Frontier. The representative will pull up the customer’s account on the replicated systems, use the replicated system to answer the customer’s questions, and make any service changes using the replicated system.
* Repair: After April 1, 2010, service outages will be taken by Verizon representatives that are expected to continue with Frontier, who will enter repair tickets that are tracked and dispatched from replicated ticketing and dispatch systems to repair technicians who are expected to transfer with the transaction.
* Billing: After April 1, 2010, customers will receive bills generated from the replicated billing systems. Bill inquiries will be handled by Verizon representatives that are expected to continue with Frontier, and be processed in the replicated systems.

**Q. How will Frontier verify that the newly replicated systems are functioning correctly?**

A. Verizon indicates that it will test the replicated systems prior to April 1, 2010, and share those tests with Frontier. Frontier will then test the systems using its own procedures for the next 60 days during the same time period that Verizon is actually using and operating the systems to serve retail and wholesale customers. In response to data requests, Frontier explains that it will make a determination prior to closing that all systems are functioning correctly.

No test plan exists today but Frontier has stated that its test plan for confirmation and validation will be separated into two sections. The first section will focus on those customer/carrier facing systems that allow service to be provisioned and have been replicated and are in production prior to close. That set of tests will be primarily exception testing and testing for any activity that is not being processed properly. The second set of testing will cover the smaller number of downstream systems (e.g., payroll, accounts payable) that will be put into production at close and will involve various standard tests for functionality, including testing end-to-end process flows.

The latest information obtained from Verizon is that CLECs will have an opportunity to test replicated systems prior to April 2010.

It is important to note that Verizon Spinco will be using the replicated systems for its everyday business, utilizing personnel that will become Frontier employees at close, for at least 60 days. It is also important to note that Frontier can, and should, refuse to close the transaction if Verizon fails to achieve its obligation to provide “functionality substantially similar to, but no less favorable to the Spinco Business than, that which the Spinco Business received from Verizon and its Affiliates.”[[12]](#footnote-12)

**Q. How does the replication plan compare to the cut-overs in Hawaii and New England?**

A. In both Hawaii and New England the purchasers developed new OSS from scratch and then cut those systems into service. In both cases the systems were cut-over lacking sufficient functionality. In this case, Verizon itself is providing Frontier with exact copies of systems that Verizon has been using for operational support for many years. The complexity lies in the replication of the software onto newly installed hardware and the downloading of all customer data into the new systems. Done correctly, the operation support systems will essentially be the same as before cut-over. The use of replicated systems should prove to be less risky than a cut-over to new untried systems as in Hawaii and the New England States. In this case, Verizon will actually use the newly replicated systems for daily business for a minimum of 60 days before the transaction closes, giving Frontier time to complete its systems testing.

Even so, this is a complex transition and the companies should be held to rigid standards and reporting requirements, as set forth later in my testimony, to prevent the kinds of problems seen in Hawaii and New England (e.g., billing errors, missed installation appointments, missed repair appointments, lost records, long answer and hold time for order and repair centers, as well as the inability of wholesale customers to accurately access needed ordering software).

**Q. What would you propose to mitigate risks associated with the replication of Verizon’s OSS?**

A.If the Commission decides to approve the transaction, Staff would recommend a number of conditions to mitigate the risks associated with the cut-over to the Verizon replicated systems:

a. Verizon/Spinco should use the replicated OSSs for all customer transactions, retail and wholesale, for a period not less than *ninety days*, thirty days longer than specified in the companies’ agreement. This will allow for at least one complete billing cycle and for three months of service quality reports to be gathered and evaluated.

b. Within ninety days following the completion of the replication process, but prior to closing, Frontier must complete system testing and validate that the OSS are operational in accordance with the terms of the merger agreement and notify the Commission in writing of such validation.

c. For ninety days before close, following completion of the replication process, Verizon Spinco must meet the retail service quality standards as set forth in Staff witness Kristen Russell’s testimony on pages 25 and 28. Wholesale quality of service should not show substantial degradation under the JPSA reporting structure referred to in Staff witness Rick Applegate’s testimony.

d. Due to the complexity and movement of large amounts of customer records and network data, Verizon should create an archive of all data transferred to the replicated systems. The archived record must contain all network, repair, and customer billing and payment records for the twelve months prior to the transfer of customers to Frontier. The archive should be maintained by a third party at Verizon’s expense for a period of 12 months following closing of the merger. Both Frontier and Verizon should have access to the archived records when needed to repair missing or corrupted records, if any.

e. Frontier should be required, for a period of four years following closing, to submit quarterly reports on the integration of business and repair office operations and billing systems to the Commission. The reports would continue through the second cut-over (described in the next section of my testimony) if that conversion happens within four years following close.

f. Frontier should be required, for a period of four years following closing, to submit quarterly reports on any consolidation of network operations and staffing levels associated with network operations in Washington. The reports would continue through the second cut-over if that conversion happens within four years following close.

1. **SECOND CUT-OVER: CONVERSION OF THE REPLICATED VERIZON SYSTEMS TO FRONTIER LEGACY SYSTEMS POST CLOSE**

**Q. Does Frontier have a plan to convert systems again after close?**

A.During discovery Frontier stated it has not developed a plan or timeline for completing the conversion from Verizon systems to its own systems. It also stated that no OSS conversion will occur in the first year following closing. Given the $94 million Verizon system maintenance fee, however, Frontier will be under some financial pressure to begin converting at least some of its systems to achieve part of its expected $500 million in synergies. Verizon and Frontier state that “Frontier will initially use separate instances of Verizon’s OSS in 13 of the 14 states involved” and that “over time Frontier expects to migrate customers from those systems onto a single integrated platform.”[[13]](#footnote-13) Thus, Frontier postpones OSS integration issues until sometime after closing, yet provides no details of its integration methods. The failure to provide any specific integration method, timeline or information on staffing of the transition, fails to provide confidence in Frontier’s ability to complete a trouble free OSS conversion in the future.

**Q. How would that compare to the OSS conversions in Hawaii and New England?**

A.Staff is very concerned about the second conversion. It is disconcerting that Frontier has no plan or apparently any idea what the costs would be to convert to its legacy systems, and there is no guarantee that Verizon will maintain support for the OSS after five years. If the Frontier’s decision is to convert the legacy Verizon systems to Frontier’s legacy systems as stated earlier, then the process will in some ways be similar to the Hawaii and New England conversions, but with the difference being that Frontier is already using its legacy systems and it will not have to create new systems from scratch. Even though Frontier is obviously already familiar with its own systems, it will most likely have to rely on its OSS vendor Verizon, at some additional cost, to accurately port customer and network data to its legacy systems. Some danger exists in the capacity of those existing systems to absorb three times as much data as the company stores today, in the incredibly complex movement of largeamounts of data, and in the need to train former Verizon employees on the use and maintenance of the legacy Frontier systems.

Because the second conversion is such a critical step and the outcome is in some doubt, reasonable steps should be taken to mitigate that uncertainty and apply some assurance to the process.

**Q. What types of mitigation would you propose in addition to those above?**

A.As I said earlier, systems integration is a complex process, subject to errors that include billing errors, missed installation appointments, missed repair appointments, lost records, as well as the inability of wholesale customers to accurately access needed ordering software and subsequent damage to their ability to provide competitive services to their customers. Failed system integration can also lead to poor answering times at business and repair office facilities (a secondary problem as a result of actual bad service). As seen in Hawaii and New England, these failures can lead to catastrophic business failure as well.

If the Commission approves this transaction, the Commission should require Frontier to comply with these additional conditions to protect against the types of failures that may be associated with the second cut-over:

1. If the transition to Frontier operation support systems begins within three years following close, Frontier must engage a third-party to audit the operations support systems used to provide wholesale and retail service. The third-party will issue reports on the status for all systems that impact customer retail and wholesale service. The third-party will also assess whether the operations support systems are capable of a seamless and transparent transfer of customer and related records, as well as network, maintenance and engineering records. The third-party will also assess the impact of the transfer on call center staffing.
2. At least 60 days prior to the scheduled cut-over date of any operations support system, Frontier must provide notice to CLECs of any changes, detailing the specific functionality and providing any necessary information to enable e-bonding (e-bonding is a software interface that enables a CLEC’s internal systems to generate service orders, order status checks, trouble reporting, and inventory management transactions, which are then automatically entered directly into Verizon’s proprietary system). Frontier will subsequently hold collaborative meetings with CLECs to discuss such changes and address CLEC issues or concerns.
3. Post transaction, Frontier Northwest must maintain OSS functionality, performance and e-bonding in the legacy Verizon service territory that is at least equal to that which Verizon provides in the territory pre-transaction.

**Q. Does that conclude your testimony?**

A. Yes.

1. HPUC Docket No. 04-0140, Decision and Order No. 21696, March 16, 2005. [↑](#footnote-ref-1)
2. Time Warner of Hawaii, d/b/a Oceanic’s Post-hearing Brief, HPUC Docket No. 2006-0400, p. 2 (November 9, 2007). [↑](#footnote-ref-2)
3. Hawaiian Telecom Communications, Inc., Securities and Exchange Commission Form

8-K filed December 1, 2008. [↑](#footnote-ref-3)
4. [http://biz.yahoo.com/e/090928/frp8-k.html](http://biz.yahoo.com/e/090928/frp8-k.html%29%2A%2A%2A%2A). [↑](#footnote-ref-4)
5. http://news.yahoo.com/s/ap/20091026/ap\_on\_bi\_ge/us\_fairpoint\_communications\_bankruptcy. [↑](#footnote-ref-5)
6. Tux Turkel, “FairPoint Besieged by Complaints,” *Kennebec journal Morning Sentinel,* March 22, 2009. [↑](#footnote-ref-6)
7. *Petition to Deny of TW Telecom Inc., One Communications Corp., Integra Telecom, Inc., and CBeyond, Inc.*,FCC WC Docket No. 09-95 (filed September 21, 2009). [↑](#footnote-ref-7)
8. FairPoint Communications, Inc., Quarterly Report for the Period ending June 30, 2009 (Form 10-Q), at 40 (filed August 5, 2009). [↑](#footnote-ref-8)
9. Frontier Communications SEC Form S-4 Registration Statement, p. 25 (filed July 24, 2009). [↑](#footnote-ref-9)
10. Id. [↑](#footnote-ref-10)
11. Id. [↑](#footnote-ref-11)
12. Merger Agreement at 7.24(c). [↑](#footnote-ref-12)
13. Application, pp. 4, 21. [↑](#footnote-ref-13)