

CASE: UM 1431  
WITNESS: Wolodymyr Birko

**PUBLIC UTILITY COMMISSION  
OF  
OREGON**

**STAFF EXHIBIT 500**

**Direct Testimony**

**November 2, 2009**

1 **Q. PLEASE STATE YOUR NAME, OCCUPATION, AND BUSINESS**  
2 **ADDRESS.**

3 A. My name is Wolodymyr Birko. I am a Senior Telecommunications Engineer for  
4 the Public Utility Commission of Oregon (Commission). My business address  
5 is 550 Capitol Street NE Suite 215, Salem, Oregon 97301-2551.

6 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND WORK**  
7 **EXPERIENCE.**

8 A. I hold a degree of Bachelor of Science in Electrical Engineering from Wayne  
9 State University in Detroit MI.

10 I worked as a Telephone Engineer at the Michigan Bell Telephone Company  
11 as a central office, PBX and Teletype engineer from 1968 to 1974.

12  
13 I worked as a Telecommunications Engineer with the Michigan Public Service  
14 Commission dealing primarily with Quality of Service issues from 1974 to  
15 1979.

16  
17 I have been working as a Senior Telecommunications Engineer with the  
18 Public Utility Commission of Oregon from 1979 to the present.

19  
20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

21 A. My testimony analyzes the quality of voice telecommunications service (POTS)  
22 currently provided by Frontier and Verizon and evaluates the service-quality  
23 related testimony of the Frontier and Verizon witnesses. I also present my  
24 analysis on the impact this merger will have on the quality of voice  
25 telecommunications service to be provided by the two "incumbent local  
26 exchange carrier" (ILEC) entities created by the merger of Verizon and  
27 Frontier: (1) the former Verizon will become Frontier Northwest (FNW) and (2)  
28 Citizens Telecommunications Company of Oregon CTCO.

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**Q. HOW IS YOUR TESTIMONY ORGANIZED?**

A. My testimony is organized as follows:

Issue 1, -----Conclusions and recommendations ..... 2  
 Issue 2, -----Consequences of unmet service quality standards ..... 6

**ISSUE 1, CONCLUSIONS AND RECOMMENDATION**

**Q. WHAT ARE YOUR SERVICE QUALITY CONCLUSIONS AND RECOMMENDATIONS BASED UPON?**

A. My conclusions and recommendation are based upon statements Frontier makes in its opening testimony about the proposed transaction. In particular, Frontier testifies that all necessary Verizon network support personnel and operational support systems will be kept after the merger so that the FNW service quality levels should be maintained or improve. This is described in FTR/100, McCarthy 48-50.

**Q. WHAT SERVICE QUALITY MEASUREMENTS MUST BE REPORTED BY FNW)?**

A. The FNW entity will be a "large" ILEC subject to ORS 759.450 and OAR 860-0023-0055. As such, FNW must report the following service quality measures:

- Repair Service Center Answer Time-Standard: Average speed of answer 50 seconds or 80% within 20 seconds per month;
- Business Office Center Answer Time-Standard: Average speed of answer 50 seconds or 80% within 20 seconds per month;
- Commitments for service-Provisioning-Standard: 90%;

- 1           • Repair cleared within 48 hours-Standard by repair center: 95%; and
- 2           • Monthly trouble report rate by wire center-Standard: greater than 1000
- 3           lines-2 per 100 working access lines; less than 1000 lines- 3 per 100
- 4           working access lines. If a wire center exceeds these numbers for four
- 5           out of twelve months, it is deemed out of standard.

6           **Q. WHAT SERVICE QUALITY MEASUREMENTS MUST BE REPORTED BY**

7           **CTCO?**

- 8           A. Pursuant to ORS 759.040, CTCO is a "small" ILEC that is subject to the service
- 9           quality standards and reporting requirements set forth in OAR 860-034-0390.
- 10          As such, CTCO must report Commitments met-provisioning, Repair Cleared
- 11          within 48 hours, and Monthly Trouble Report rates by wire center. CTCO is not
- 12          required to report Business Office or Repair Service center answer times in
- 13          accordance with ORS 759.450 (9).

14          Neither FNW nor CTCO may change the form of the reports after the merger

15          without Staff concurrence. Further, FNW and CTCO should report service

16          quality measurements on a monthly basis so Commission Staff (Staff) can

17          ensure that service quality levels are being maintained.

18          **Q. WHY SHOULD BOTH OPERATING COMPANIES BE REQUIRED TO**

19          **REPORT SERVICE QUALITY LEVELS?**

- 20          A. The current service quality levels as of May, 2009, indicate that both FNW and
- 21          CTCO are providing adequate levels of voice telecommunications service.
- 22          However, I should point out that service quality levels for both entities may
- 23          degrade to the minimum acceptable service levels as described in the two

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1 administrative rules before Staff would take actions related to inadequate  
2 service.

3 **Q. WHAT DO YOU CONCLUDE WITH RESPECT TO FNW'S ABILITY TO**  
4 **PROVIDE ADEQUATE INTRASTATE VOICE TELECOMMUNICATIONS**  
5 **SERVICE?**

6 FNW is capable of providing adequate service as a large telecommunications  
7 utility.

8 **Q. HOW DID YOU ARRIVE AT THIS CONCLUSION?**

9 I arrived at this conclusion based on the current service quality measures for  
10 Verizon and by examining a list of major cities throughout the country that  
11 Frontier currently serves. Some of these cities and their populations are:

- 12 • Rochester, NY – 231,636
- 13 • Elk Grove, CA – 17,483
- 14 • South Minneapolis/ St. Paul Metro, MN - 119,362
- 15 • Dallas/Wilkes-Barre /Scranton, PA – 131,895
- 16 • Lake Havasu City, AZ – 24,363
- 17 • Bullhead City, AZ – 21,951

18 This latter examination assuaged my concern that Frontier is too small to take  
19 over the Verizon customer base, especially in the economically sensitive areas  
20 surrounding the Portland/Beaverton metro area. Additionally, I called the  
21 regulatory commissions in New York and Minnesota to ask about Frontiers'  
22 service quality. The regulatory commissions made favorable comments  
23 regarding Frontiers' service.

1 **Q. WHAT DOES YOUR REVIEW OF SERVICE QUALITY LEVELS FOR BOTH**  
2 **VERIZON AND CTCO SHOW?**

3 A. My review of 12 months of Verizon service quality results indicates that  
4 Verizon is currently providing adequate service. PUC Order No. 07-500  
5 relieved Frontier from reporting service quality results because Frontier met all  
6 service standards for 12 consecutive months in all of their wire centers. I  
7 obtained 12 months of service data from Frontier as a result of Staff Data  
8 Request No. 47. My evaluation of those results is that they exceed minimum  
9 acceptable standards.

10 **Q. IN YOUR OPINION, WHAT WILL HAPPEN TO THE VOICE SERVICE**  
11 **QUALITY OF FNW (VERIZON) AND CTCO AFTER THE MERGER?**

12 A. I do not expect any degradation of service provided by FNW or CTCO. That  
13 service should stay about the same, assuming all the necessary Verizon  
14 maintenance personnel and Operational Support Systems are kept after the  
15 merger.

16 **Q, WHAT SHOULD FNW REPORT TO THE COMMISSION CONCERNING**  
17 **TELECOMMUNICATIONS SERVICE QUALITY?**

18 A. FNW should report the following items monthly:  
19       • Repair Service Center Answer Times  
20       • Business Office Service Center Answer Times  
21       • Commitments Met for Provisioning  
22       • Repair Cleared Within 48 Hours  
23       • Monthly Trouble Reports by Wire Center

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1 **Q. WHAT SHOULD CTCO REPORT TO THE COMMISSION CONCERNING**  
2 **TELECOMMUNICATIONS SERVICE QUALITY?**

3 A. CTCO should report the following items monthly:

- 4 • Commitments Met for Provisioning
- 5 • Repair Cleared Within 48 Hours
- 6 • Monthly trouble Reports by Wire center

7 **Q. WHY SHOULD THESE REPORTS BE SUBMITTED MONTHLY?**

8 A. Both the FNW (55) wire centers and the CTCO (Frontier (10)) wire centers  
9 should be reported. The Commission should rescind Order No 07-500 granting  
10 Frontier exclusion from filing service quality reports, not as an indication of poor  
11 service, as that order states, but to allow the Commission to monitor service  
12 quality trends post merger for the two entities.

13 **Q. FOR HOW LONG SHOULD THESE REPORTS BE SUBMITTED?**

14 The reporting should be maintained for a minimum of three years. After three  
15 years, the companies should be able to petition for an exception.

16 **ISSUE 2. CONSEQUENCES OF UNMET SERVICE QUALITY STANDARDS**

17 **Q. WHAT WILL HAPPEN IF FNW OR CTCO DO NOT MEET THE CURRENT**  
18 **VOICE SERVICE STANDARDS?**

19 A. Staff will review the FNW and CTCO reports monthly. If the reported  
20 measurements degrade, Staff may apply the procedures and remedies found  
21 in ORS 759.450 and OAR 860-0023-0055 and OAR 860-034-0390. These

1 procedures can also include seeking fines in accordance with ORS 759.450  
2 and 759.990.

3 **Q. PLEASE PROVIDE AN EXAMPLE OF HOW YOU MIGHT APPLY THESE**  
4 **PROCEDURES IN THE CASE OF INADQUATE VOICE SERVICE**  
5 **QUALITY.**

6 A. As stated in ORS 759.450 (5), the Commission could require either CTCO or  
7 FNW (or both) to file a plan for improving performance to meet the standards in  
8 the relevant Commission rules that were not met. The Commission, at a public  
9 meeting, would review the plan and either approve or disapprove of it. If the  
10 carrier does not meet the goals of its improvement plan within six months or if  
11 the Commission disapproves the plan, penalties may be assessed against the  
12 offending entity. Penalties would be assessed in accordance with the  
13 provisions of ORS 759.990 (6). The total annual penalties are not to exceed  
14 two percent of Frontier's and Verizon's gross intrastate revenue from the sale  
15 of Commission-regulated voice telecommunications services for the calendar  
16 year proceeding the year in which the penalties are assessed.

17 **Q. WHAT IF THESE PROCEDURES AND REMEDIES ARE NOT**  
18 **SUCCESSFUL IN RESTORING SERVICE TO A LEVEL MEETING THE**  
19 **GOALS OF THE PERFORMANCE PLAN?**

20 A. If, after applying these procedures and remedies, Staff determines that FNW,  
21 CTCO, or both, are not substantially complying with the Commission's retail  
22 service standards, then Staff may offer testimony in a future rate case  
23 recommending the use of the lowest rate of return until there is substantial



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1 compliance with the Commission's retail service quality standards as set forth  
2 in the performance improvement plan.

3 **Q. WHAT REQUIREMENTS DO YOU RECOMMEND THE COMMISSION**  
4 **ORDER IF IT APPROVES THE ACQUISITION?**

5 **A.** I recommend

- 6 • Frontier (CTCO) be ordered to resume reporting service quality results  
7 monthly by rescinding order No. 07-500 and ordering such reporting.  
8 This is not indicative of substandard service. CTCO may not change  
9 the format of the reports without Staff concurrence. This is covered by  
10 condition 18 below.
- 11 • Verizon (FNW) should continue to report service quality results  
12 monthly. The format of the reports may not change without Staff  
13 concurrence. This is covered by condition 18 below.
- 14 • The Commission order FNW to execute the maintenance personnel  
15 transition described in Frontier witness McCarthy's testimony to include  
16 all necessary maintenance personnel and their management  
17 personnel, and operational support systems. This is covered by  
18 conditions 19 and 20 below.

19 These recommendations are presented as the following Staff recommended  
20 ordering conditions:

21 18 Immediately after the close of this transaction, Citizens  
22 Telecommunications Company of Oregon (CTCO) will resume  
23 reporting service quality results monthly. Frontier Northwest will  
24 continue to report service quality results monthly.  
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- 1                    19. Frontier Northwest will implement an organizational structure  
2                    described in FTR/100, McCarthy/48-49.  
3
- 4                    20. Frontier Northwest will implement the employee integration  
5                    described in FTR/100, McCarthy/49-50.  
6
- 7                    21. Frontier Northwest will maintain current Commission's minimum  
8                    service quality standards as are currently being reported in  
9                    Verizon's monthly service quality reports to the Commission. If  
10                   Frontier fails to maintain the current service quality levels, it will  
11                   be liable for penalties as set forth in ORS 759.450.  
12
- 13                   **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**
- 14                   A. Yes.