

**TELEPORT COMMUNICATIONS, BOSTON
("AT&T")**

D.T.E. 03-74

**REPLY TESTIMONY OF
AT&T PANEL**

PANEL MEMBERS:

LORRAINE MANN

PETER MARCINKOWSKI

JOHN McAULIFFE

ROBERT FALCONE

December 19, 2003

1 **I. Introduction:**
2

3 **Q. MS. MANN, PLEASE STATE YOUR NAME, TITLE, BUSINESS**
4 **ADDRESS AND DESCRIBE YOUR CURRENT RESPONSIBILITIES AS**
5 **WELL AS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE**
6 **IN THE TELECOMMUNICATIONS INDUSTRY.**
7

8 **A.** My name is Lorraine Mann. I am employed by AT&T as a Manager in
9 Local Network Services. I work in one of several Local Services
10 provisioning centers. My business address is 7630 S. Chester,
11 Englewood, CO 80112. I have a Bachelor of Arts in
12 Economics/Management and English from Albion College in 1987. I have
13 been a presenter and discussant at several customer conferences. I have
14 been in the telecommunications industry for over 15 years. I have worked
15 for several fortune 500 companies, always within the
16 telecommunication/information technology organizations. My experience
17 includes long distance, customer premise equipment, call centers and
18 local services. I have worked for AT&T for over five years, four years in
19 the Local Services Provisioning Center. We have the responsibility for the
20 switch translations, porting of customers (both directions), testing of
21 network facilities (both ILEC and AT&T's) and circuit routing. I have held
22 multiple positions in local services, of which all have been line
23 management.

24 **Q. MR. MARCINKOWSKI, PLEASE STATE YOUR NAME, TITLE,**
25 **BUSINESS ADDRESS AND DESCRIBE YOUR CURRENT**
26 **RESPONSIBILITIES AS WELL AS YOUR EDUCATIONAL**
27 **BACKGROUND AND EXPERIENCE IN THE TELECOMMUNICATIONS**
28 **INDUSTRY.**
29

1 A. My name is Peter Marcinkowski. I am employed by AT&T as Manager of
2 the LNP Tier II Trouble Support Team. My business address is 7630
3 South Chester Street, Englewood, Colorado. I have a Bachelor of Science
4 degree in Electronic Engineering Technology from DeVry University, and a
5 Masters of Business Administration degree from the University of Denver.
6 My current responsibilities include managing Tier II Trouble Support for
7 Local Number Portability and Emergency 911. I have over 13 years of
8 experience in the telecommunications industry and have held a variety of
9 positions in Maintenance and Provisioning. For the past five years I have
10 managed provisioning teams responsible for transferring customers and
11 their telephone numbers to and away from AT&T.

12 **Q. MR. McAULIFFE, PLEASE DESCRIBE YOUR CURRENT**
13 **RESPONSIBILITIES AS WELL AS YOUR EDUCATIONAL**
14 **BACKGROUND AND EXPERIENCE IN THE TELECOMMUNICATIONS**
15 **INDUSTRY.**

16
17 A. I have been in the telecommunications industry for over eight years with
18 experience in the field of Product Management, Sales, Offer Management,
19 and City Operations, as well as Network and Design Engineering. My
20 Product Management functions have included managing the Prime Family
21 of Products consisting of DS1 switched connectivity, including developing
22 new Product Designs and their tariff needs including Voice over Internet
23 Protocol. I have also developed and designed billing systems for City
24 Operations as well as the Network design and architecture of the fiber
25 network for the State of New Jersey. The team of professionals for which

1 I am Product Manager plays an active part in the design of processes for
2 Customer Transfer Charges.

3 **Q. MR. FALCONE, PLEASE STATE YOUR NAME, TITLE, BUSINESS**
4 **ADDRESS AND DESCRIBE YOUR CURRENT RESPONSIBILITIES AS**
5 **WELL AS YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE**
6 **IN THE TELECOMMUNICATIONS INDUSTRY.**

7
8 **A.** My name is Robert V. Falcone. I am a self-employed consultant under
9 contract with AT&T. My business address is 9 Ashwood Trail, Long
10 Valley, NJ 07853. I hold a B.S. in Business Administration from Adelphi
11 University, Garden City, New York. Additionally, I attended a number of
12 technical and business related courses offered by the AT&T School of
13 Business when I was employed by AT&T on a full time basis. My career
14 with AT&T began in 1970, working in a large central office in New York
15 City. In my first assignment, I worked as a switchman in a central office,
16 performing switch provisioning and maintenance activities. In 1978, I was
17 promoted to a first level manager responsible for the software
18 administration of the New York City 4ESS switching complexes. As a first
19 level manager I subsequently held various assignments in AT&T's
20 operations and engineering departments. In 1986, I was promoted to a
21 second level manager responsible for AT&T's access engineering in the
22 Northeast. I also held assignments as a product implementation manager
23 in Bell Laboratories, project manager for the implementation of a new
24 circuit switched network in Canada in a joint venture with Unitel of Canada
25 and implementation manager for AT&T's conversion of its access network
26 to SS7 out-of-band signaling. In 1994, I was promoted to a District

1 Manager responsible for headquarters support of AT&T's local market
2 network implementation. In 1997, I was promoted to a Division Manager
3 responsible for supporting the AT&T regions with local market entry
4 initiatives. I retired from AT&T in June of 1998. After retiring from AT&T, I
5 have worked as a self-employed consultant for numerous clients including
6 AT&T, CompTel and BearingPoint (formerly KPMG Consulting).

7 **II. Summary of Testimony:**

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

9 **A.** In our testimony we will explain why we believe AT&T is entitled to bill
10 Verizon for a Customer Transfer Charge (CTC) and some of the history
11 that lead up the development of this charge. We will also refute the
12 claims made by Verizon in its November 14, 2003, panel testimony
13 regarding AT&T's CTC. We will demonstrate how the work activities that
14 are associated with the CTC are performed at the request of Verizon for
15 the benefit of Verizon and its new end user customer. We will show that
16 the activities that AT&T performs benefit Verizon both directly and
17 indirectly by making it easier for the end user to move his or her service to
18 Verizon. We will also refute Verizon's claim that it does not bill the CLECs
19 for identical customer transfer activities when a CLEC wins a customer
20 through the use of a Verizon unbundled loop. Additionally, we will explain
21 why the work activities for which AT&T seeks to be compensated are
22 necessary to accomplish a seamless transfer of the customer's account

1 and what the consequence to Verizon and/or the end user will be if these
2 activities were not done.

3 **III. Justification for AT&T's Customer Transfer Charge:**

4 **Q. WHY DOES AT&T BELIEVE THAT IT IS ENTITLED TO ITS CTC?**

5 **A.** AT&T is seeking to do nothing more than what Verizon does when a
6 competitive carrier issues Verizon a Local Service Request (LSR); and
7 that is to recover its costs for processing that order on behalf of the issuing
8 carrier who is the cost causer.

9 **Q. DOES AT&T'S CTC RECOVER ALL THE SAME COST ELEMENTS**
10 **THAT VERIZON RECOVERS WHEN VERIZON LOSES A CUSTOMER**
11 **TO A CLEC THAT PURCHASES AN UNBUNDLED LOOP FROM**
12 **VERIZON?**

13
14 **A.** No. As AT&T will demonstrate throughout this testimony, AT&T's CTC is
15 based only on those work activities that AT&T actually performs on behalf
16 of Verizon and its new end user customer at the request of Verizon. For
17 example, AT&T does not incur central office wiring costs, and does not
18 seek to charge for such costs in connection with a customer transfer.

19 **Q. DOES AT&T'S CTC RECOVER ALL OF THE COSTS AT&T INCURS**
20 **WHEN IT TRANSFERS A CUSTOMER TO VERIZON?**

21
22 **A.** No. AT&T's CTC only partially recovers its costs for accomplishing these
23 transfers.

24 **Q. YOU STATED THAT VERIZON REQUESTS THAT THESE ACTIVITIES**
25 **BE PERFORMED BY AT&T; IN WHAT FORM DOES AT&T RECEIVE**
26 **THESE REQUESTS FROM VERIZON?**

27
28 **A.** Verizon initiates the AT&T customer transfer process by issuing to AT&T a
29 service request in the form of an LSR. Additional work activities are

1 triggered by Verizon any time it issues a Supplemental order to either
2 change some aspect of the original LSR (e.g. a change to the customer
3 transfer due date, add a telephone number to the order or delete a
4 telephone number from the order), to correct an error on the original LSR
5 (e.g. incorrect telephone number) or to cancel the original order.

6 **Q. OTHER THAN THE LSRs AND THE SUPPLEMENTAL ORDERS, ARE**
7 **THERE ANY OTHER CTC RELATED WORK ACTIVITIES THAT**
8 **VERIZON INITIATES TO AT&T?**
9

10 **A.** Yes. Verizon will sometimes call to seek the status of a particular order or
11 to notify AT&T of a delay to an order. Verizon will also seek to expedite
12 orders requesting a transfer in an interval that is shorter than AT&T's
13 standard interval for such requests.

14 **Q. DID AT&T HAVE TO ESTABLISH DISTINCT WORK GROUPS AND**
15 **PROCESSES TO ACCOMMODATE THESE CUSTOMER TRANSFER**
16 **REQUESTS FROM VERIZON AND OTHER CARRIERS?**
17

18 **A.** Yes. In the 1998/99 timeframe, as it became recognized that departing
19 customers transferring to other carriers presented different needs and
20 requirements than customers simply terminating service, AT&T
21 established an office to handle customer service transfers and the
22 associated systems and processes needed by this group to support
23 customer service transfer activity. This organization provides the other
24 carriers with a single point of contact (SPOC) within AT&T to accomplish a
25 seamless transfer of customer service. This SPOC requirement was
26 designed to fix the problems that end users were experiencing with the
27 transfer process.

1 **Q. CAN YOU EXPLAIN WHAT YOU MEAN BY “THE PROBLEMS THAT**
2 **END USERS WERE EXPERIENCING WITH THE TRANSFER**
3 **PROCESS”?**
4

5 **A.** Prior to the establishment of this organization, and its associated
6 processes for managing and coordinating customer transfers, when a
7 carrier, such as Verizon, implemented a transfer without notifying AT&T,
8 the carrier inevitably would have to subsequently call AT&T because its
9 new customer was not receiving expected phone calls. Correcting these
10 problems post-transfer is more difficult and more costly for AT&T and is
11 certainly detrimental to the carrier winning the customer and to the service
12 provided to that customer. Such uncoordinated transfers of service are
13 obviously not the optimum way to run the business from a customer
14 service quality and satisfaction standpoint.

15 **Q. DID AT&T EVER EXPERIENCE THESE POST CONVERSION**
16 **TROUBLE CALLS FROM VERIZON BEFORE THE ESTABLISHMENT**
17 **OF ITS CUSTOMER TRANSFER OFFICE?**
18

19 **A.** Yes.
20

21 **Q. DOES AT&T GET ANY OF THESE CALLS TODAY TO INVESTIGATE A**
22 **CUSTOMER PROBLEM?**
23

24 **A.** Typically no. Because of the quality processes that AT&T has put into
25 place to coordinate customer transfer activity with the winning LEC
26 problems such as these are now the exception rather than the rule.

27
28 **Q. DOES AT&T’S OFFICE FOR CUSTOMER TRANSFERS PERFORM**
29 **ANY FUNCTION OTHER THAN PROCESS OTHER CARRIER**
30 **REQUESTS FOR CUSTOMER TRANSFERS; WORK SUCH AS THE**
31 **DISCONNECT OF A RETAIL LOCAL CUSTOMER’S SERVICE?**
32

33 **A.** No, it does not.

1 **IV. Responses to Verizon's Assumptions and Claims:**

2 **Q. WITH RESPECT TO THE WORK TASKS AT&T PERFORMS TO**
3 **ACCOMPLISH A CUSTOMER TRANSFER, ON PAGE 3, LINES 12**
4 **THROUGH 14 OF VERIZON'S PANEL TESTIMONY VERIZON**
5 **GENERALLY STATES THAT THE MAJORITY OF THE WORK STEPS**
6 **THAT AT&T PERFORMS ARE FOR ACTIVITIES THAT VERIZON**
7 **NEITHER REQUESTED NOR HAS A NEED FOR. WHAT IS YOUR**
8 **REACTION TO VERIZON'S OPINION ON THIS?**
9

10 **A.** As we will demonstrate in our testimony many of the activities that are
11 performed by AT&T's personnel are done on behalf of Verizon, its new
12 end user customer or both. Verizon is incorrect in its statement that these
13 actions "are not services that Verizon MA has requested or needs to
14 effectuate the customer migration." Verizon requested these activities
15 occur by issuing an LSR (or supplements to its original LSRs) to AT&T.
16 AT&T performs these actions to insure that Verizon's end user customer's
17 experience when changing carriers is a positive one and does not require
18 the customer to report a trouble, post-conversion, to Verizon to complain
19 that he/she is not receiving all of their phone calls, a problem that they did
20 not have before transferring their service to Verizon.

21 **Q. VERIZON, IN ITS PANEL TESTIMONY ON PAGE 3, LINES 20**
22 **THROUGH 24 AND PAGE 4, LINES 1 THROUGH 3, CLAIMS THAT THE**
23 **BULK OF THE WORK REFLECTED IN AT&T'S APPENDIX 2, OF ITS**
24 **RESPONSE TO THE DEPARTMENT'S DATA REQUEST 2-1, IS NOT**
25 **NEEDED TO EFFECTUATE A CUSTOMER TRANSFER TO VERIZON**
26 **AND THAT THIS WORK IS PERFORMED FOR THE BENEFIT OF AT&T**
27 **OR ITS RETAIL CUSTOMER. COULD YOU PLEASE RESPOND TO**
28 **VERIZON'S CLAIM REGARDING THE INFORMATION CONTAINED**
29 **WITHIN THIS APPENDIX?**
30

31 **A.** Upon review of AT&T's Appendix 2 to data request 2-1 for the
32 development of this responsive testimony, AT&T realized that there were

1 indeed work steps included in the Appendix that were either inappropriate
2 or somewhat misleading from the description given of the activity.
3 Therefore, AT&T has developed a revised version of the information that
4 was originally intended to be included in Appendix 2. This revised
5 document, Attachment 1 to this testimony, follows the same format as the
6 original Appendix 2, where AT&T associates each of its work steps with a
7 similar work step from Verizon's non-recurring charge cost study. In
8 addition, AT&T provides a clearer description of the activity being
9 performed and an explanation of why AT&T is entitled to bill Verizon for
10 this activity and/or the consequence to Verizon and the end user if the
11 work step is not performed. Finally, AT&T added a column to the
12 document to reflect the number of minutes that are typically needed to
13 perform each activity for CTC cost study purposes. AT&T believes that
14 this revised document will dismiss Verizon's claim that these activities
15 were neither requested by Verizon nor benefit Verizon. The Department
16 will find just the opposite; specifically all of the work steps that make-up
17 AT&T's CTC are done for Verizon or the end user customer and are
18 generally performed based on a request from Verizon in the form of an
19 order, a supplemental order and/or a phone call.

20 **Q. DID THIS REVISED VIEW OF THE WORK STEPS NEEDED TO**
21 **ACCOMPLISH A CUSTOMER TRANSFER HAVE ANY IMPACT ON**
22 **THE COST STUDY THAT AT&T SUBMITTED ON SEPTEMBER 8, 2003**
23 **IN RESPONSE TO D.T.E. DATA REQUEST 1-2?**

24 **A.** It is important to clarify that in its reply to the Department's inquiry, AT&T
25 was seeking to be responsive to the Department's request for a cost study
26

1 to support CTCs which “should include, at a minimum, **all tasks**
2 **associated with CTCs** as well as the relevant work times and labor
3 costs.” In its response AT&T also includes those activities that would be
4 involved with a disconnect of an AT&T retail customer as these actions
5 are also required when a customer is transferred to another LEC. This
6 cost study was intended to reflect AT&T’s total costs for effectuating such
7 a transfer and, to do so, these activities were included. AT&T did not
8 intend to suggest that all of these costs are included in its \$18.90 CTC.
9 As a result of the confusion that this comprehensive response may have
10 caused, AT&T has included an additional column on Attachment 1 to this
11 testimony. This additional column reflects the work minutes required for
12 each task that is uniquely associated with a customer transfer. As shown
13 in this attachment a total of 38 minutes of work time is required to insure
14 for a seamless customer transfer to Verizon. These 38 minutes represent
15 \$36.25 in fully loaded costs to AT&T, costs which are almost twice the
16 \$18.90 CTC that AT&T seeks to recover from the cost causer of these
17 costs.

18 **Q. ON PAGE 4, LINES 11 THROUGH 13, OF ITS PANEL TESTIMONY**
19 **VERIZON CLAIMS THAT IT DOES NOT CHARGE AT&T FOR THESE**
20 **MIGRATION SERVICES IN THE ANALOGOUS SITUATION WHERE**
21 **VERIZON MA LOSES A CUSTOMER TO AT&T. IS THIS AN**
22 **ACCURATE STATEMENT?**

23
24 **A.** No. All of the costs reflected in AT&T’s cost study (see Attachment 1) are
25 for comparable activities that Verizon includes in its “hot cut” cost studies
26 for the development of the non-recurring charge that Verizon bills to AT&T

1 or other CLEC when Verizon loses a customer to that CLEC. As we will
2 show below, Verizon recovers the management and administrative costs
3 of coordination involved in a customer transfer as part of its hot cut
4 charge.

5 **Q. DOES AT&T'S REVISED COST STUDY REFLECT ONLY ACTIVITIES**
6 **THAT ARE UNIQUE TO THE TRANSFER OF A CUSTOMER TO**
7 **ANOTHER CARRIER?**

8
9 **A.** Yes. As we mentioned earlier, Attachment 1 to this testimony reflects only
10 those activities that are performed at the request of Verizon or are
11 performed to insure for a seamless transfer of the customer's service from
12 AT&T to Verizon.

13 **Q. IN ITS PANEL TESTIMONY ON PAGES 4 & 5, LINES 14 THROUGH 23**
14 **AND LINES 1 THROUGH 4, VERIZON SUGGESTS THAT AT&T'S**
15 **ENTIRE CASE IS BASED ON AN ASSUMPTION ON THE PART OF**
16 **AT&T THAT BECAUSE VERIZON BILLS AT&T A "HOT CUT"**
17 **CHARGE WHEN A CUSTOMER LEAVES VERIZON FOR AT&T, AT&T**
18 **SHOULD BE ALLOWED TO CHARGE VERIZON A SIMILAR AMOUNT**
19 **WHEN THE CUSTOMER MIGRATES BACK TO VERIZON. DO YOU**
20 **AGREE WITH VERIZON'S CLAIM THAT AT&T IS EQUATING ITS CTC**
21 **TO THE ACTIVITIES ASSOCIATED WITH A HOT CUT?**

22
23 **A.** No. Verizon is being very disingenuous in its depiction of its non-recurring
24 charge for the transfer of a customer associated with the purchase of an
25 unbundled loop. From the language in its testimony Verizon would lead
26 the Department to believe that this non-recurring charge (NRC) is based
27 solely on the physical frame work necessary to accomplish the "hot-cut"
28 transfer of the loop. This is not the case whatsoever. Simply because
29 Verizon refers to its cost study as "two-wire hot cut initial" does not mean
30 that all of the costs reflected in the cost study are related to the actual hot

1 cut. In fact, the hot cut and the physical work associated with it are only a
2 fraction of the cost elements that go into Verizon's NRC rates for a
3 customer transfer associated with an unbundled loop. As AT&T indicated
4 in its August 7, 2003 response to the Complaint of Verizon MA, "the CTC
5 functions are, in fact comparable to over 90% of Verizon hot cut functions,
6 with as much manual processing as reflected in the Verizon hot cut cost
7 study and with a higher AT&T fall-out rate than Verizon reflected in its cost
8 study."¹ There Verizon non-wiring "hot cut" functions are activities that
9 Verizon is undertaking to coordinate the seamless transfer of both
10 customer service and the loop. AT&T acknowledges that a customer
11 transfer from Verizon involving the purchase of an unbundled loop entails
12 work activities that AT&T does not have to do when it loses an existing
13 UNE-loop customer to Verizon. This does not negate the fact that AT&T
14 incurs other costs that it undertakes on behalf of Verizon and the customer
15 and that it should be compensated for by the cost causer, which in this
16 case is Verizon.

17 **Q. WITH RESPECT TO VERIZON'S WINBACK PROCESS DESCRIBED**
18 **ON PAGE 5, LINES 15 & 16, VERIZON STATES THAT AT&T'S**
19 **REFERENCE TO THIS PROCESS AS A "REVERSE HOT CUT," IS A**
20 **MISNOMER. DO YOU AGREE WITH VERIZON THAT AT&T'S**
21 **REPRESENTATION OF THIS ACTIVITY AS A "REVERSE HOT CUT" IS**
22 **A MISNOMER AND THAT COORDINATION OF THE SERVICE**
23 **TRANSFER IS NOT NECESSARY AS INDICATED BY VERIZON?**
24

25 **A.** No, neither we, nor apparently Verizon, agree that calling this activity a
26 reverse hot cut is a misnomer. In fact, in Verizon's recent panel testimony

¹ In fact AT&T's "fall-out rate" is 100% as all of AT&T's LSR processing requires manual intervention by its service reps.

1 filed in New York, Verizon states; “For purposes of this testimony, we will
2 refer to a cutover that occurs as part of a winback as a “reverse” hot cut”.²
3 Additionally, Verizon’s representation that it “does not need to coordinate
4 with the CLEC to cross-connect Verizon’s loop to Verizon’s switch” is
5 misleading. While Verizon is correct that it does not need to coordinate
6 with the CLEC to make the connection of the customer’s loop to its switch,
7 it does need to coordinate this activity with the CLEC to make sure that
8 this act has no impact on the customer’s service. If Verizon were correct
9 in its statement that no coordination is required, there would be no need
10 for Verizon to issue an LSR or supplemental orders to the CLEC in the
11 first place. It would simply make this connection without the participation
12 of the CLEC as Verizon implies it can do.

13 **Q. WHEN DESCRIBING THE ACTIVITIES THAT AT&T MUST PERFORM**
14 **TO ALLOW FOR A SEAMLESS TRANSFER OF THE CUSTOMER’S**
15 **SERVICE FROM AT&T TO VERIZON, VERIZON SEEMS TO STATE ON**
16 **PAGE 7, LINES 15 THROUGH 17 OF ITS PANEL TESTIMONY THAT**
17 **NONE OF THE TASKS REQUIRES A HIGH LEVEL OF**
18 **COORDINATION. WHY DOES AT&T BELIEVE THAT COORDINATION**
19 **IS NECESSARY?**

20
21 **A.** There are a number of factors that drive coordination between the two
22 companies to insure that the customer’s experience in changing carriers is
23 accomplished without any interruptions to service. As opposed to the
24 software based PIC change process used in the competitive long distance
25 market, a change of local carriers from one facility based provider to
26 another requires the coordination of two separate groups of activities: the

² See page 14 of the initial panel testimony of Verizon New York Inc. filed on October 24, 2003, in case 02-C-1425

1 physical work to move the customer's line from the losing carrier's switch
2 to the new carrier's switch must be coordinated with a set of software
3 changes that take place in Verizon's switch, AT&T's switch and several
4 databases, including E911 and NPAC, to insure continuity of service to
5 that customer. The sheer volume of supplements that Verizon issues to
6 its original LSRs (which we discuss below) gives proof that Verizon also
7 recognizes this need for coordination.

8 **Q. YOU HAVE FREQUENTLY USED THE TERM "SUPPLEMENTS" IN**
9 **THIS TESTIMONY. PLEASE EXPLAIN WHAT YOU MEAN BY THIS.**

10
11 **A.** A supplement or SUPP, is essentially a revised request issued against an
12 existing order (LSR) already submitted by the carrier that is winning the
13 customer's account, in this case Verizon.

14 **Q. WHY DOES A CARRIER ISSUE A SUPP?**

15 **A.** There are various reasons why a carrier will issue a SUPP on an existing
16 purchase order number (PON).³ These include, but are not limited to;
17 correcting an error on the original PON that prevented it from being
18 processed, changing the due date on the original PON, adding a
19 telephone number to the PON or deleting a telephone number from the
20 PON and canceling the original PON.

21 **Q. YOU STATED EARLIER THAT THE SHEER VOLUME OF SUPPs THAT**
22 **VERIZON ISSUES IS PROOF THAT VERIZON RECOGNIZES THIS**
23 **NEED FOR COORDINATION. WHY IS THAT?**

24
25 **A.** Simply stated if Verizon truly believed it could accomplish its winback in a
26 seamless fashion without the participation of AT&T then there would be no

³ A PON is a unique alpha/numeric identifier that distinguishes one LSR from another. Each LSR issued must have a unique PON. A SUPP is another updated version of that same PON.

1 need for Verizon to issue AT&T a supplemental order to inform it that
2 there has been a change to the original order. Verizon would just move
3 forward with its conversion without coordinating this activity with AT&T.

4

5 **Q. WHAT PERCENTAGE OF VERIZON'S LSRs HAVE SUPPLEMENTAL**
6 **ORDERS ISSUED AGAINST THEM?**

7

8 **A.** Based on a study conducted between January 1 through August 7 of
9 2003, of 5,555 Verizon orders issued to AT&T, AT&T found that 40.5% of
10 Verizon's original LSRs had supplemental orders issued against them.⁴

11 **Q. DO ANY OF THESE ORDERS EVER HAVE MULTIPLE**
12 **SUPPLEMENTAL ORDERS CHANGING SOME ASPECT OF THE**
13 **ORIGINAL ORDER OR OF THE SUPPLEMENTAL ORDER?**

14

15 **A.** Yes. If a SUPP is issued to change some aspect of the original order, and
16 for some reason something must subsequently be changed/corrected on
17 the supplemental order, a subsequent SUPP is issued. There is no limit to
18 the number of SUPPs that can be issued against a pending PON.

19 Based on this same study of 5,555 Verizon orders, AT&T found that of the
20 40.5% of the LSRs that resulted in a SUPP, nearly half involved multiple
21 SUPPs. Following is a breakdown by the number of supplemental orders
22 received:

23 24.4% involved one SUPP
24 9.3% involved two SUPPs
25 3.6% involved three SUPPs and;
26 3.2% involved > three SUPPs

27

28 **Q. ARE THESE SUPPLEMENTAL ORDERS ISSUED BY VERIZON ON**
29 **BEHALF OF AT&T?**

⁴ This study was conducted on all of Verizon's orders and was not state specific. However, AT&T has no reason to believe that the percentage of orders that are supped will vary by state.

1
2 **A.** No. Verizon will typically issues these orders based either on a change in
3 requirements requested by its new customer or to correct an error in the
4 original LSR issued by Verizon.

5 **Q. DOES THIS VOLUME OF SUPPLEMENTAL ORDERS CREATE**
6 **ADDITIONAL WORK FOR AT&T?**
7

8 **A.** Yes. As AT&T pointed out in footnote 2 of its August 7, 2003 answer to
9 the Verizon CTC complaint; “because AT&T’s volumes of out-migration
10 have been low, it cannot justify the cost of automation. AT&T performs
11 most of the migration activities manually.”⁵ As AT&T indicates in its
12 Attachment 1 to this testimony, 100% of these winback LSRs and their
13 associated SUPPs must be manually processed by AT&T. This volume of
14 SUPPs issued by Verizon obviously adds work and time to an already
15 highly manual process for AT&T’s processing of winback orders, as AT&T
16 must make sure that the changed information (e.g. change in order due
17 date or cancellation of order) is entered into AT&T’s downstream
18 provisioning systems to further ensure that the customer’s service is not
19 prematurely disconnected.

20 **Q. HOW COULD THE CUSTOMER BE PREMATURELY DISCONNECTED**
21 **WHEN IT IS VERIZON THAT PERFORMS THE ACTUAL CUSTOMER**
22 **TRANSFER?**
23

24 **A.** Once the customer transfer is completed by the winning carrier, the losing
25 carrier removes the customer translations from its switch. Unlike Verizon,
26 whose process is to remove the translations from its switch at 11:59 PM of

⁵ It is important to note that this statement relates to the out-migrations associated with customers served by UNE-loops only.

1 the cutover due date, AT&T's process will coordinate this activity with the
2 actual number port to ensure service continuity for the customer.

3
4 **Q. WHY DOES AT&T PERFORM THIS COORDINATION WHEN**
5 **VERIZON'S PROCESS SIMPLY PERFORMS THIS SAME ACTIVITY AT**
6 **THE END OF THE SERVICE TRANSFER DUE DATE?**

7
8 **A.** AT&T performs this coordination with the activation of the number port for
9 three reasons. First and foremost, it is AT&T's experience that only 71%
10 of the numbers being ported away from AT&T actually get ported on the
11 due date. In these cases if AT&T simply removed the customer's
12 translations at the end of the day of the due date, AT&T would put that
13 customer out-of-service. Secondly, because of the volume of SUPPs
14 AT&T receives from Verizon and because these SUPPs are received by
15 fax or email and must be manually processed, AT&T must verify that the
16 winning carrier in fact implemented the number port to insure that it didn't
17 inadvertently miss a SUPP order that asked for a change in the migration
18 date. This is especially important in situations where the winning carrier
19 issues a SUPP shortly before the due date to postpone the cut. In these
20 cases, if this SUPP were missed by AT&T's manual process as a result of
21 the short lead time given by the winning carrier, the customer would be
22 taken out of service if AT&T were not to check NPAC for number
23 activation before taking down its switch translations. Finally, AT&T
24 performs this coordination step as a quality control step for its former end
25 user customer to insure that the transfer of the customer's service to
26 another carrier goes seamlessly and without service interruption.

1 **Q. WHAT OTHER COORDINATION ACTIVITIES DOES AT&T PERFORM**
2 **WITH VERIZON TO ALLOW VERIZON TO EFFECTUATE ITS**
3 **WINBACK PROCESS AND TRANSFER THE CUSTOMER TO**
4 **VERIZON'S FACILITIES SEAMLESSLY AND WITHOUT BURDEN TO**
5 **ITS NEW END USER?**
6
7 **A.**AT&T, after its manual analysis of the order or supplemental order(s) it
8 receives from Verizon, must inform Verizon via a reject message should
9 there be problems found on an order that will prevent it from being
10 processed. Additionally, because AT&T does not have an electronic
11 interface for the exchange of these orders and to provide status on the
12 orders, AT&T must answer Verizon phone call/email inquiries regarding
13 order status.

14 **Q. HOW DOES VERIZON GET ITS ORDERS TO AT&T WHEN AT&T**
15 **DOES NOT HAVE AN ELECTRONIC INTERFACE?**
16
17 **A.**Verizon either faxes its orders to AT&T or it emails them using an Adobe
18 LSR order form as an attachment.

19 **Q. DOES AT&T OFFER CARRIERS ANY OTHER MEANS OF ISSUING**
20 **CUSTOMER TRANSFER ORDERS TO AT&T?**
21
22 **A.**Yes. AT&T offers a "web form tool" that allows carriers to issue its LSRs
23 via the internet. This tool somewhat streamlines AT&T's internal
24 processes for handling these orders because it provides AT&T with a
25 standardized environment for the receipt of these LSRs.

26 **Q. DOES VERIZON USE THIS WEB FORM TOOL CAPABILITY?**
27 **A.**No. Verizon typically does not use AT&T's web form tool. It is AT&T's
28 understanding that Verizon does not use this order transmission vehicle

1 because use of the Adobe email attachment is a better fit for **Verizon's**
2 ordering process.

3 **Q. DOES VERIZON EVER SEEK TO EXPEDITE AT&T's PUBLISHED**
4 **STANDARD INTERVAL FOR THESE CUSTOMER TRANSFER**
5 **ORDERS?**

6
7 **A.** Yes. There are times when Verizon seeks to expedite a customer transfer
8 order.

9 **Q. DO THESE EXPEDITED ORDERS CAUSE ADDITIONAL WORK FOR**
10 **AT&T?**

11
12 **A.** Yes. AT&T's standard interval was developed based on its available work
13 force and on the time it takes AT&T to work a customer transfer order
14 through its processes. Anytime an order is worked on an expedited basis
15 AT&T is required to handle that order outside its normal process,
16 sometimes requiring overtime hours to make sure it gets provisioned
17 properly. All of this adds costs to AT&T, costs that should be paid by the
18 cost causer who requests the expedite.

19 **Q. SECTION V OF VERIZON'S PANEL TESTIMONY, LOCATED ON**
20 **PAGES 11 THROUGH 14, ADDRESSES VERIZON'S "DISCONNECT**
21 **AND PORT-OUT ONLY PROCESS." VERIZON CLAIMS THAT IT**
22 **DOES NOT CHARGE A CLEC FOR THE FUNCTIONS VERIZON**
23 **PERFORMS IN A DISCONNECT AND PORT-OUT ONLY CASE AND**
24 **EQUATES THIS PROCESS TO AT&T'S CUSTOMER TRANSFER**
25 **PROCESS.⁶ WHAT IS YOUR REACTION TO VERIZON'S CLAIM THAT**
26 **VERIZON SHOULD NOT BE CHARGED A CTC BECAUSE IT DOES**
27 **NOT CHARGE FOR IT'S DISCONNECT AND PORT-OUT ONLY**
28 **PROCESS?**

29
30 **A.** This is simply not true, as evidenced by Verizon's D.T.E. 01-20
31 Compliance Filing in Massachusetts which reflects its costs that are billed
32 to the CLECs in connection with the transfer of the customer service and

⁶ See Verizon's panel testimony, page 13, lines 7 through 12

1 the loop. A copy of the portion of Verizon's Compliance Filing reflecting
2 Verizon's "Two Wire Hotcut Initial" cost analysis is attached to this
3 testimony. As reflected in this attachment most of Verizon's work
4 associated with the transfer of a loop and a customer's service for which it
5 charges the CLEC is not physical wiring activity. The activities for which
6 Verizon charges are associated with managing, administering and keeping
7 track of an order from the winning carrier that includes both a request to
8 transfer the customer and a request to transfer the loop. Thus, when
9 Verizon charges for a "hot cut" it is also recovering the cost of coordinating
10 the transfer of the customer and his/her service. Because Verizon has
11 monopoly control over the loop, in almost all instances Verizon recovers
12 these customer transfer costs in its charge for moving the loop.
13 As AT&T indicated in its August 7, 2003, answer to the Verizon CTC
14 complaint, "Verizon is able to recover its costs of transferring the customer
15 under the label of transferring the facilities in almost all instances, because
16 it has a monopoly over loop facilities."⁷ Verizon is seeking to use its
17 control over the loop as a basis for claiming that all of the costs that it
18 incurs when a customer is associated with the transfer of the loop
19 facilities. As witnessed by Verizon's own Compliance Filing this isn't the
20 case at all. Many of the cost elements that are in the Verizon "hot cut"
21 customer transfer cost study are associated with work activities other than
22 the physical transfer of the loop facilities and are necessary to keep track

⁷ See page 3 of Answer of AT&T Communications of New England, Inc. and Teleport Communications Boston

1 of and manage an order for the coordinated transfer of a customer. These
2 are the same or similar work activities and associated costs that AT&T's
3 CTC are comprised of as shown in Attachment 1 to this testimony.
4 The Department should not be misled by Verizon's claim that it does not
5 charge for these activities. To the extent that Verizon's claim is true, it is
6 true only in the very small fraction of cases when a CLEC does not need
7 Verizon's loop, a situation so rare that the FCC found that CLECs are
8 impaired without access to the ILEC's monopoly control over the loop. To
9 base a decision on this exception to the general rule is akin to allowing the
10 tail to wag the dog.

11 **Q. CAN YOU PROVIDE SOME EXAMPLES OF WORK ACTIVITIES THAT**
12 **ARE UNRELATED TO THE PHYSICAL TRANSFER OF THE LOOP**
13 **FROM THE ATTACHED VERIZON COMPLIANCE FILING FOR WHICH**
14 **VERIZON CHARGES THE CLECs?**

15 **A.** Yes. Examples of work activities that are associated with managing,
16 administering and keeping track of an order and which are unrelated to the
17 physical transfer of the loop include, **but are not limited to**, the following
18 work steps from Verizon's Compliance Filing:
19

20 ?? TISOC step 1 – Receive LSR for the CLEC and print, review, type
21 and confirm the order request for new installation and/or account.

22 ?? TISOC step 2 - Receive LSR for the CLEC and print, review, type
23 and confirm the order request for changes in existing account.

24 ?? TISOC step 3 – Respond and/or change CLECs pending LSR.

25 ?? RCCC step 1 – Access WFA/C to begin coordination process.

26 ?? RCCC step 2 – Analyze order for work activity

1 ?? RCCC step 4 – Analyze order for related orders

2 ?? RCCC step 5 – Assign order to technician

3 ?? RCCC step 6 – Perform administrative checks

4 **Q. THROUGHOUT VERIZON'S PANEL TESTIMONY VERIZON ACCUSES**
5 **AT&T OF INCLUDING WORK STEPS IN ITS CTC THAT ARE**
6 **PERFORMED AS PART OF AT&T'S RETAIL BUSINESS.⁸ DOES**
7 **VERIZON'S COMPLIANCE FILING INDICATE THAT VERIZON IS**
8 **DOING THE VERY SAME THING THAT IT IS ACCUSING AT&T OF**
9 **DOING?**

10
11 **A.** Yes. As an initial matter, it is important to reemphasize that AT&T's CTC,
12 as demonstrated by this testimony and by Attachment 1 to this testimony,
13 is based solely on those work activities that AT&T performs for the benefit
14 of Verizon or Verizon's end user and typically at the request of Verizon
15 through its issuance of an LSR or a Supplemental order. However, based
16 on Verizon's attached Compliance Filing, it appears that Verizon does not
17 afford the CLECs the same courtesy and seeks to recover its costs for
18 cleaning up its network, costs it would incur should one of its retail
19 customers simply wish to disconnect his or her service without having it
20 transferred to another carrier.

21 **Q. CAN YOU PROVIDE AN EXAMPLE OF A RETAIL COST THAT**
22 **VERIZON INCLUDES IN ITS NON-RECURRING CHARGE TO THE**
23 **CLECS WHEN A CLEC PURCHASES AN UNBUNDLED LOOP IN**
24 **CONJUNCTION WITH A CUSTOMER TRANSFER?**
25

26 **A.** One such example is Verizon's work activity RCMAC 3; "release
27 translation change, under direction of the RCCC, into MARCH to effect
28 number portability when required with a hot cut."

⁸ See Verizon's panel testimony at page 3, lines 23 & 24 through page 4, line 1 and Section IV titled "retail costs which AT&T seeks to charge to Verizon MA".

1 **Q. WHY DO YOU THINK THAT THIS WORK STEP IS ASSOCIATED WITH**
2 **A RETAIL FUNCTION INVOLVING THE CLEAN-UP OF VERIZON'S**
3 **OWN NETWORK?**

4
5 **A.** First it is important to understand that Verizon does not “effect number
6 portability when required with a hot cut”, it is the CLEC that implements
7 the number port. Secondly, MARCH is the Verizon operations support
8 system that is used to add, modify or remove translations from the Verizon
9 switch. When translated into plain English what is occurring in this work
10 step is Verizon is removing its former customer translations from its switch
11 after the customer transfer to the CLEC has been accomplished. This is
12 truly a work activity that benefits only Verizon; yet is one that is included
13 by Verizon in its non-recurring rates to the CLECs.

14 **Q. ARE THERE ANY OTHER FACTORS THAT MAKE VERIZON'S**
15 **“DISCONNECT AND PORT-OUT ONLY” AN UNFAIR COMPARISON**
16 **TO THE WORK A CLEC MUST PERFORM WHEN IT LOSES A**
17 **CUSTOMER IN REVERSE?**

18
19 **A.** Verizon, because of its former monopoly status and the volume of LSRs it
20 receives, has the benefit of scale which justifies automated systems to
21 effectuate these non-facilities related customer transfers. Whereas the
22 low volumes of these types of orders experienced by AT&T (and probably
23 other CLECs) to date do not justify the development of automated
24 systems to process these types of requests. All of the LSRs, and the
25 many Supplements to these LSRs that AT&T receives from Verizon, must
26 be processed manually thereby costing AT&T more to process these
27 orders than Verizon because of AT&T's lack of scale.

1 Additionally, as pointed out by AT&T on page 4 of its response to the
2 Department's September 29, 2003 data request 2-1, because of its
3 manual processing of these orders from Verizon, AT&T cannot simply
4 remove the translations from its switch at 11:59 PM of the due date as
5 Verizon does. Rather, AT&T must manually coordinate this step of the
6 process with Verizon's actual number port to insure that it didn't miss a
7 late change to the order's status and, as a result, take the customer out-
8 of-service.

9 **Q. ON PAGE 15, LINES 2 THROUGH 4 OF VERIZON'S PANEL**
10 **TESTIMONY VERIZON STATES; "AT&T CLAIMS THAT THE STEPS IT**
11 **TAKES IN A WINBACK SITUATION ARE COMPARABLE TO THE**
12 **STEPS TAKEN BY VERIZON MA WHEN IT PERFORMS A HOT CUT".**
13 **IS THIS WHAT AT&T IS CLAIMING WHEN IT DEVELOPED ITS CTC?**

14 **A.** No. Verizon's continues to insist that because its cost study is called a
15 "Two Wire Hotcut Initial," there is a resultant implication that all the costs
16 associated with this activity are related solely to the performance of the
17 actual hot cut. This characterization is shameless. As AT&T has
18 continually stated, AT&T's CTC charge is based only on activities AT&T
19 performs on behalf of Verizon and the end user and are performed at the
20 request of Verizon; that request coming in the form of an LSR or as
21 Supplemental orders to original LSRs.⁹ As reflected on Attachment 1 to
22 this testimony, many of these costs are the same cost elements that go
23 into Verizon's "Two Wire Hotcut Initial" cost study and are unrelated to the
24

⁹ See page 1 of Answer of AT&T Communications of New England, Inc. and Teleport Communications Boston; "AT&T charges only for work that it performed and sets those charges at a rate that is equal or less than the costs that it incurs."

1 sole function of transferring the loop facility as Verizon would like this
2 Department to believe. The bottom-line is that the seamless transfer of
3 customer service entails more work activities than the termination of a
4 customer, and Verizon recovers the cost of these work activities in its hot
5 cut charge. CLECs, who have greater costs to perform these same
6 activities because of the completely manual processes that they must use
7 to accomplish a seamless transfer, are entitled to recover these costs just
8 as Verizon does today.

9 **Q. IS VERIZON SATISFIED WITH DENYING THE RIGHT OF CLECS TO**
10 **RECOVER COSTS IMPOSED ON THEM BY VERIZON'S "WINBACK"**
11 **ACTIVITIES?**

12 **A.** No. To add insult to injury, Verizon includes in its hot cut charge its costs
13 for processing a "disconnect order" when it wins back a customer served
14 by a CLEC on UNE-L. We are referring here to the costs that Verizon
15 claims it incurs to manage, administer and track the "disconnect order,"
16 not the cost of the physical wiring and disconnect.¹⁰ It is important to
17 remember, however, that the "disconnect order" is actually triggered by
18 Verizon's LSR to the losing CLEC. When Verizon recovers the supposed
19 costs for managing and keeping track of the "disconnect order", it is in fact
20 recovering from the CLEC its costs involved in the transfer of the customer
21 service from the CLEC back to Verizon ***initiated and caused by Verizon.***
22 So, at the same time that Verizon seeks in this case to deny CLECs the
23 right to recover their coordination costs caused by Verizon and its winback

¹⁰ Verizon recovers the physical wiring costs as well, but it is not relevant to our point here.

1 activities, Verizon is recovering **from CLECs** its own coordination costs
2 caused by its own activities.
3 Clearly, such an arrangement is anticompetitive and cannot be sustained
4 in a world in which customer are constantly moving back and forth
5 between Verizon and CLECs. CLECs will not be able to compete if they
6 must bear all of the costs of managing customer transfers, both their own
7 and Verizon's, and Verizon bears none. This is why AT&T believes that
8 the best way to handle the cost of managing customer transfers is on a
9 "bill and keep" model. However, unless and until Verizon agrees to such
10 an arrangement, AT&T is entitled to recover from Verizon the
11 management and administrative costs that Verizon imposes on AT&T
12 when it requests that AT&T undertake activities that must be timed and
13 coordinated in accordance with Verizon's requests.

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

15 **A.** Yes it does.