

**FairPoint Cutover Monitoring
Status Report
The Liberty Consulting Group
July 11, 2008**

Overview of Monitoring Activities

During the past month, in addition to its normal weekly activities (observation of the Tuesday Capgemini and FairPoint project status calls, holding Wednesday conference calls with FairPoint to discuss status, and holding Thursday briefing calls with representatives from the three state regulatory staffs), the Liberty Consulting Group (“Liberty”) attended the FairPoint Wholesale User Forum held on June 25 in Portland, ME; observed the Wholesale Cutover Planning Collaborative web-based meetings held on June 11 and July 9, and the in-person meeting held on June 25 in Portland; and observed and participated in Maine E911 project status meetings.

On June 17, FairPoint announced a delay in the projected cutover date from September to November. With this new date, FairPoint must demonstrate compliance with the cutover readiness criteria by September. In fact, as noted below, Liberty will need to see evidence of cutover readiness by early September in order to provide an assessment of FairPoint’s cutover readiness in sufficient time to provide input to the regulatory review process in Maine, New Hampshire, and Vermont during September.

Overview of Status

1. Operational Support System Testing.

To assess the current status of compliance with cutover readiness criteria for operational support systems, Liberty is continuing to track four components of operational support system testing: functional testing, user acceptance testing, CLEC testing, and performance testing.

a. Functional Testing.

The principal focus of functional testing is on the system test cases, which involve tests of linked systems including test cases for end-to-end system processes. Liberty is also monitoring the status of the lower-level product and integration test cases. The acceptance criteria for system testing are as follows:

- 100 percent of tests are executed.
- There are no open severity 1 defects and no open severity 2 defects without acceptable business workarounds.

- The cumulative effect of defects (for all severity levels) across all testing (system, UAT, CLEC) resulting in necessary workarounds must be quantified and not exceed 50 incremental headcount.
- All open defects have been assigned target fix dates.
- Required workarounds are subsequently tracked under method and procedure development.

The following tables show the status for system test cases as of July 8. This status shows changes in the number of test cases since Liberty's last report in early June resulting from additions to and refinements in the test cases by Capgemini since that time. This also has included the elimination of some redundant or inapplicable test cases. Liberty understands that there will be a few additional changes before the test case suite is complete. Notably, Capgemini is still completing development of test cases associated with performance reporting.

***System Test Execution Status
(As of July 8)***

Functional Domain	Planned Test Cases	Executed Test Cases	Passed Test Cases	Failed Test Cases
Billing and Collection	101	101 (100%)	101	0
Retail Ordering and Service Fulfillment (less complex)	304	304 (100%)	271	13
Retail Ordering and Service Fulfillment (more complex)	31	31 (100%)	28	3
Wholesale Ordering and Service Fulfillment	538	538 (100%)	317	82
Plant and Construction	62	62 (100%)	62	0
Service Assurance (Maintenance and Repair)	112	112 (100%)	112	0
Support Systems (Finance, Human Resources, Supply Chain Management)	14	14 (100%)	14	0
Total	1162	1162 (100%)	905	98

The system tests have uncovered defects as follows:

***Defect Status from System Testing
(As of July 8)***

Open Severity 1 Defects	Open Severity 2 Defects	Total Open Defects (All Severity Levels)	Open Defects without Assigned Fix Dates
0	12	251	6

This status represents a substantial advance in the system testing status since early June. All the current system test cases have now been executed at least once and in most of the system domains the test cases have passed successfully. The overall pass rate is close to 80 percent. The only test case failures are in the ordering and provisioning (service fulfillment) domain, for both retail and wholesale services. It should be noted that some ordering and provisioning test cases are in neither a “passed” or “failed” status. Capgemini has identified these test cases as “passed with exception;” that is, the testers identified defects in the execution but were able to complete the tests, sometimes through bypassing test steps.

Liberty notes that in addition to the improvement in the system test status, Capgemini has also made substantial progress in the lower-level product and integration testing. As of July 8, Capgemini had executed all of these test cases at least once with close to a 99 percent pass rate.

FairPoint and Capgemini have not yet discussed the need for any manual workarounds for any defects that might still exist at the time of cutover. However, FairPoint plans to begin reviewing the existing system defects during the week of July 21 and considering whether any manual workarounds need to be planned for.

b. User Acceptance Testing.

The User Acceptance Testing (UAT) is based on a subset of the test cases used in the functional testing, but the test cases are executed by FairPoint users rather than by the Capgemini testing team. The test cases planned for UAT must be successfully executed in functional testing before they can be applied to UAT. There are two forms of UAT: “silo” UAT, which tests individual applications, and integrated UAT, which tests linkages between applications. Silo UAT is complete, and integrated UAT is in progress. FairPoint elected to slow the execution of integrated UAT at the end of June until system testing had made further progress. Now that system testing is well advanced, Capgemini and FairPoint are moving ahead with integrated UAT.

UAT has the same acceptance criteria as system testing:

- 100 percent of tests are executed.
- There are no open severity 1 defects and no open severity 2 defects without acceptable business workarounds.

- The cumulative effect of defects (for all severity levels) across all testing (system, UAT, CLEC) resulting in necessary workarounds must be quantified and not exceed 50 incremental headcount.
- All open defects have been assigned target fix dates.
- Required workarounds are subsequently tracked under method and procedure development.

The tables below show the status of UAT as of July 8.

***User Acceptance Test Execution Status
(As of July 8)***

Functional Domain	Planned Test Cases	Executed Test Cases	Passed Test Cases	Failed Test Cases
Billing and Collection	18	8 (44%)	5	1
Pre-Ordering and Standalone Ordering	36	28 (78%)	22	3
Ordering and Service Fulfillment	252	54 (21%)	22	26
Plant and Construction	60	60 (100%)	60	0
Service Assurance (Maintenance and Repair)	40	40 (100%)	40	0
Total	406	190 (47%)	149	30

As with the system tests, some of the executed UAT test cases have “passed with exception,” which explains the difference between the number of executed test cases and the sum of the passed and failed test cases. There has also been a significant increase in the number of planned UAT test cases since Liberty’s June 6 report. The user acceptance tests have uncovered defects as follows:

***Defect Status from User Acceptance Testing
(As of July 8)***

Open Severity 1 Defects	Open Severity 2 Defects	Total Open Defects (All Severity Levels)	Open Defects without Assigned Fix Dates
0	3	30	10

Liberty believes FairPoint made a wise decision in halting UAT at the end of June until system testing had made further progress. This should facilitate progress with UAT. Nevertheless, much work remains to be completed with UAT, as the tables

above indicate. Cutover readiness in some other areas is dependent on the successful completion of UAT, notably the final development of the employee training materials for the new systems and business process simulation testing.

c. CLEC Testing.

CLEC testing has three phases: Phase 1, internal Capgemini testing; Phase 2, limited external testing with FairPoint employees testing the webGUI functionality (Phase 2A) and a single volunteer external participant, NeuStar, testing the electronic bonding functionality for pre-order and order test scenarios (Phase 2B); and Phase 3, testing open to all CLECs desiring to participate. Phase 3 testing began in the middle of June with volunteer CLECs testing the webGUI functionality (Phase 3A). Carriers and vendors other than NeuStar that are interested in using the electronic bonding functionality have elected to delay their testing and certification process given the anticipated implementation of the updated industry standard ASOG and LSOG business rules (ASOG 37 and LSOG 9.10) later this year.

CLEC testing has the same acceptance criteria as system testing and UAT:

- 100 percent of tests are executed.
- There are no open severity 1 defects and no open severity 2 defects without acceptable business workarounds.
- The cumulative effect of defects (for all severity levels) across all testing (system, UAT, CLEC) resulting in necessary workarounds must be quantified and not exceed 50 incremental headcount.
- All open defects have been assigned target fix dates.
- Required workarounds are subsequently tracked under method and procedure development.

The tables below show the status of CLEC testing:

***Status of CLEC Testing
(As of July 8)***

	Planned Test Cases	Executed Test Cases	Passed Test Cases
Phase 1 Pre-Ordering	21	21 (100%)	15
Phase 1 Ordering	41	41 (100%)	29
Phase 1 Trouble Administration	23	23 (100%)	23
Phase 2A Pre-Ordering	21	21 (100%)	19
Phase 2A Ordering	41	40 (98%)	14
Phase 2A Trouble Administration	23	23 (100%)	23
Phase 2B Pre-Ordering	15	15 (100%)	4
Phase 2B Ordering	40	40 (100%)	17

***Defect Status from CLEC Testing
(As of July 8)***

Open Severity 1 Defects	Open Severity 2 Defects	Total Open Defects (All Severity Levels)	Open Defects without Assigned Fix Dates
2	43	51	9

The Phase 1 and 2 CLEC testing has made relatively little progress since Liberty's last report on June 6. Liberty notes in particular that a large percentage of the pre-ordering and ordering test cases are failing for the external testing of the e-bonded interface with NeuStar (Phase 2B). Capgemini recently suspended the Phase 2B testing to address the causes for these failures, but expects the Phase 2B testing to resume again by the week of July 14.

Of the 11 CLECs that have begun Phase 3A webGUI testing, nine have provided results to FairPoint. These nine CLECs have generally attempted to execute a small number of the available scenarios, and have achieved a passing rate of 69 percent. FairPoint attributes all but one of the failures to errors in the test deck documentation or user input errors. However, one of the errors resulted in identification of a defect.

Liberty notes that, in addition to the limited progress in the CLEC testing, the wholesale ordering and provisioning domain is the one with the largest remaining failures in the internal systems functional tests. Thus, much work remains in the wholesale testing area in order for FairPoint to be able to demonstrate its compliance with the cutover acceptance criteria by early September.

d. Performance Testing.

As with UAT, there are two forms of performance testing: (a) Application Performance Testing (APT), which tests the performance under load conditions of individual system applications, and (b) Integrated Performance Testing (IPT), which tests the performance of linked applications. APT is complete with 100 percent of the tests executed and IPT is underway. Capgemini is retesting for defects remaining after completion of APT in IPT.

Performance testing has the following acceptance criteria:

- 100 percent of tests are executed.
- There are no open severity 1 defects and no open severity 2 defects without acceptable business workarounds.
- All open defects have been assigned target fix dates.

The following tables summarize the performance testing status:

***Status of Performance Testing
(As of July 8)***

Planned IPT Test Cases	Executed IPT Test Cases	Passed Test Cases	Failed Test Cases
219	219 (100%)	84	135

***Defect Status from Performance Testing
(As of July 8)***

Open Severity 1 Defects	Open Severity 2 Defects	Total Open Defects (All Severity Levels)	Open Defects without Assigned Fix Dates
0	1	18	11

Liberty notes that there has been a significant increase in the number of performance test cases since its June 6 report. The execution rate of the performance test cases is very good. However, a substantial number of test cases are failing.

2. Data Conversion.

Data conversion testing involves the testing of automated procedures for converting the data extracts from Verizon's source systems into the new FairPoint systems. The Verizon data extract that is being used for this testing was received by FairPoint on February 29. FairPoint has completed the creation of the last version of this data extract, Mock 8, and is incorporating it into its testing going forward.

Data conversion has the following acceptance criteria:

- 100 percent of tests are executed.
- There are no open severity 1 or severity 2 defects without acceptable automated or manual data correction tasks defined.
- Required manual data correction tasks are subsequently tracked under method and procedure development.
- Target systems capacity not to exceed 70 percent as measured after loading converted data.

The following tables show the status of data conversion testing:

***Status of Data Conversion Testing
(As of July 8)***

Planned Test Cases	Executed Test Cases	Failed Test Cases	Open Severity 1 Defects	Open Severity 2 Defects
302	302 (100%)	5	1	9

Data conversion testing is proceeding well, with all test cases successfully executed and less than two percent failing. The five currently failed test cases are related to billing and customer relationship management data. Liberty notes that as part of the data conversion testing and also of the bill generation software, Capgemini is generating customer bills to compare with actual bills being produced through the Verizon systems. Liberty agrees that this is an important additional test.

One issue that remains open between FairPoint and Verizon concerns the Verizon data extraction process. FairPoint has asked Verizon to provide a description of the controls it has in place to assure the integrity of the data it will extract from its internal systems at cutover. Liberty agrees with FairPoint that this is an important issue to resolve between the two parties, but the scope of Liberty's cutover monitoring does not extend to a review of Verizon's internal operations. Therefore, Liberty will not be reviewing any of Verizon's internal data extraction controls.

3. Business Processes

The cutover readiness acceptance criterion for business processes is as follows:

- 100 percent of key policies, processes, scripts, and methods and procedures are documented, reviewed, and approved by FairPoint senior management or their designees.

FairPoint is still finalizing its key policies, processes, scripts, and methods and procedures, but has so far identified more than 300 of them. FairPoint expects to complete this activity and provide the results for Liberty to review by the middle of July. In addition, FairPoint is in the process of planning an "unscripted" form of user acceptance and business simulation testing that would follow the completion of integrated UAT and would test the interaction of the newly developed systems with the documented business processes. FairPoint expects this testing to begin in late July and continue through August.

An important specific business process is that for the E911 system in Maine, where FairPoint has replaced Verizon as the system administrator. FairPoint has not yet completed its testing plan. Once FairPoint completes this plan, it must be reviewed and accepted by the Maine Emergency Services Communication Bureau and then must be successfully executed by early September in order for FairPoint to demonstrate readiness for a November cutover. Time is getting short to accomplish all of this.

4. Staffing.

The cutover readiness acceptance criteria for staffing are as follows:

- Identify key positions that must be in place by the notice of readiness.

- Validate that service quality levels are being met and that staffing levels are not causing them to be missed.
- Validate that the staffing plans account for manual processes that might need to be in place at the time of cutover.

FairPoint provided a first draft of its designation of the key positions on June 9, specifying 172 positions as key (31 management and 141 associate positions). FairPoint is continuing to refine and Liberty is continuing to analyze this list for consistency and completeness. One important consideration will be the consistency between the key position designation and the key process designation. As noted above, the latter is still under development.

Of the 172 positions designated as key in early June, FairPoint had filled 76 by the end of June. FairPoint's staffing plan calls for all but one of the remaining positions to be filled by the end of August. As of the end of June, FairPoint's total northern New England headcount had increased by more than 200 over that at close and there were approximately 550 open positions.

5. Training.

The cutover readiness acceptance criteria for staff training are as follows:

- 100 percent of train-the-trainer courses executed and the results approved.
- Final version of training documentation delivered, reviewed and approved.
- Planned training courses are completed with 90 percent of students demonstrating proficiency.
- The remaining training courses have time allotted to absorb additional training if needed.

Liberty received an updated training plan and schedule from FairPoint on July 9. The new schedule calls for initial trialing of the training courses on FairPoint subject matter experts during August. Liberty notes that meeting this schedule is dependent on successful completion of the software system testing early enough for the training materials to be completed in time. Key to achieving this will be the successful execution of the integrated UAT.

Evaluation of Status

FairPoint's current plan is to provide an irrevocable notice of readiness in September for a cutover at the end of November. With this new schedule, Liberty must provide its assessment of FairPoint's cutover readiness by September 15 in order to provide sufficient time for the regulators to conduct a formal review process in Vermont, and in Maine and New Hampshire if FairPoint and Liberty do not agree on the status of

readiness. To meet this date, Liberty will need FairPoint to provide its evidence of cutover readiness by September 8.

FairPoint has made definite progress toward achieving cutover readiness in several areas over the last month. In particular, data conversion testing and most of the functional software system testing appear to be proceeding well. However, much work remains for the UAT testing and for the CLEC and related wholesale testing, and these aspects of the testing will need to make substantial progress over the next month in order for FairPoint to meet the September cutover readiness date.

The largest gaps that remain in meeting the cutover criteria are in those areas most directly in FairPoint's control: business processes, staffing, and training. Much remains to be defined for these cutover areas, including the final identification of the critical business processes and staffing positions and the final development and execution of the training. Many aspects of these cutover areas cannot be completed until the software testing is sufficiently complete; most notably, this is true for the development of the training courses and the execution of the unscripted UAT and business simulation tests. Finally, much still needs to be completed for one critical business process, E911, particularly in Maine, including not only the completion and acceptance of the test plans but also their execution.

Liberty concludes that although FairPoint can still demonstrate readiness by early September, substantial challenges for FairPoint remain.