

**STATE OF NEW HAMPSHIRE
BEFORE THE
PUBLIC UTILITIES COMMISSION
DT 10-219**

Petition to Amend CLEC Authority

**TESTIMONY OF
ED TISDALE
ON BEHALF OF CRC COMMUNICATIONS OF MAINE, INC.**

October 6, 2010

1 **I. Introduction**

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

3 A. My name is Ed Tisdale. My business address is 56 Campus Drive, New Gloucester,
4 Maine 04260.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by Otelco, Inc. as Senior Vice President.

8
9 **Q. Please summarize your educational and professional background.**

10 A. I graduated from the University of Maine with a Business Administration degree with a
11 major in accounting. I joined The Pine Tree Telephone & Telegraph Company in
12 February 1996 as General Manager. From October 2001 to October of 2008 I was Vice
13 President of Regulatory, Legal, Risk Management, and Customer Service of Country
14 Road Communications and Chief Financial Officer of all the operating companies of the
15 parent company, including CRC Communications of Maine, Inc. (CRC). I assumed my
16 current role with Otelco in April 2009.

17
18 **Q. What are your duties and responsibilities at CRC?**

19 A. I am responsible for directing staff and operations in the following areas:

20 Accounting
21 Revenue Assurance
22 Retail and Carrier Billing
23 Carrier and External Relations
24 Internal Business Solutions
25 State Legislative and Regulatory

26

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

2 A. My testimony provides the necessary factual support for the Commission to find that
3 CRC's petition to expand its certification to Northland Telephone Company of Maine,
4 Inc.'s (Northland) New Hampshire territory meets the requirements of RSA 374:22-g.
5 Specifically, I will show why granting CRC's petition is in the public good when
6 consideration is given to the interests of competition as well as fairness, economic
7 efficiency, universal service, carrier of last resort obligations, the incumbent utility's
8 opportunity to realize a reasonable return on its investment, and the recovery from
9 competitive providers of expenses incurred by the incumbent utility to benefit
10 competitive providers.

11

12 **I. BACKGROUND**

13 **Q. Please describe the business operations of CRC.**

14 A. CRC is a competitive local exchange carrier in Maine and New Hampshire. CRC serves
15 business and residential customers throughout Maine and New Hampshire using a
16 combination of its own facilities and network and FairPoint unbundled network elements.
17 We began offering retail and wholesale service in New Hampshire in 2009.

18

19 **Q. What authority does CRC seek in its petition?**

20 A. CRC seeks authority to amend the authorizations granted by the Commission in
21 Authorization Nos. C-01-001-09 and IXC-01-001-09, both issued on January 21, 2009, to

1 include the territories of Northland so that it and its wholesale partners may offer service
2 to customers in that geographic area of New Hampshire.

3 **Q. Has the Commission previously found that CRC meets the requirements for**
4 **financial resources, managerial qualifications, and technical competence set forth in**
5 **PUC 1304.01(a)(2)?**

6 A. Yes. Implicit in the Commission's previously issued authorizations is its finding that
7 CRC meets the requirements for financial resources, managerial qualifications, and
8 technical competence set forth in PUC 1304.01(a)(2).

9

10 **Q. Does CRC have an interconnection agreement with Northland?**

11 A. Yes. On April 21, 2010, Northland and CRC jointly filed a *voluntarily negotiated*
12 interconnection agreement with the Commission seeking approval pursuant to 47 U.S.C.
13 § 252 (e). (*See* Docket No. DT 10-112). On June 2, 2010, the Commission issued a
14 Secretarial Letter indicating that it would not take any action on the request and, thus, by
15 operation of law the agreement would become effective 90 days from the date of its filing
16 – July 20, 2010.

17

18 **Q. Has Northland indicated that it will oppose CRC's petition to expand its**
19 **certification?**

20 A. No, Northland has indicated that it does not oppose CRC's request for expanded
21 authority.

22

1 **II. CRC'S APPLICATION MEETS THE STATUTORY REQUIREMENTS**

2 **Q. What is the statute that governs the Commission's decision in this matter?**

3 A. RSA 374:22-g states as follows:

4 To the extent consistent with federal law and notwithstanding any
5 other provision of law to the contrary, all telephone franchise areas
6 served by a telephone utility that provides local exchange service,
7 subject to the jurisdiction of the commission, shall be
8 nonexclusive. The commission, upon petition or on its own
9 motion, shall have the authority to authorize the providing of
10 telecommunications services, including local exchange services,
11 and any other telecommunications services, by more than one
12 provider, in any service territory, when the commission finds and
13 determines that it is consistent with the public good unless
14 prohibited by federal law.

15
16 In determining the public good, the commission shall consider the
17 interests of competition with other factors including, but not
18 limited to, fairness; economic efficiency; universal service; carrier
19 of last resort obligations; the incumbent utility's opportunity to
20 realize a reasonable return on its investment; and the recovery from
21 competitive providers of expenses incurred by the incumbent
22 utility to benefit competitive providers, taking into account the
23 proportionate benefit or savings, if any, derived by the incumbent
24 as a result of incurring such expenses.
25

26 **Q. With regard to the first criteria, please explain how granting CRC's petition will**
27 **bring competitive benefits to customers in Northland's territory.**

28 A. By granting CRC's petition, the Commission will provide an additional competitive
29 alternative to the customers in Northland's territory. Specifically, granting CRC's
30 petition will allow CRC to provide wholesale telecommunications services to its partner,
31 Time Warner Cable Information Services (NH) ("TWC"), which will in turn offer its
32 Digital Phone and Business Class products in Northland's territory. Customers will have

1 the option of choosing a facilities-based VOIP provider that provides services and
2 features not currently offered by Northland or other competitors in that area.

3
4 **Q. What are the specific benefits of competition that consumers will enjoy?**

5 A. It is widely understood that competition promotes the public good by compelling
6 companies to produce the goods and services that customers want to purchase as
7 efficiently as possible. As the New Hampshire Legislature itself has declared,
8 “Competitive markets generally encourage greater efficiency, lower prices, and more
9 consumer choice.” 1995 N.H. Laws 147:1. Further, and specifically addressing the issue
10 of competition in the telecommunications markets, the Legislature has explicitly stated
11 that “It is the policy of the state of New Hampshire to encourage competition for all
12 telecommunications services, including local exchange services, which will promote
13 lower prices, better service, and broader consumer choice for the residents of New
14 Hampshire.” *Id.* Clearly, New Hampshire places significant value on the introduction of
15 competitive telecommunications services to New Hampshire consumers. Granting
16 CRC’s application will meet those objectives by providing a competitive alternative to
17 existing local and interexchange telephone services – services which have been provided
18 for decades by a regulated monopoly telephone company. In addition, consumers will
19 also have access to a “triple play” bundle of phone, Internet, and video services from a
20 single provider.

21

1 **Q. Turning to the second criterion, fairness, can you explain why granting CRC's**
2 **petition would be fair?**

3 A. Yes. Currently, a number of providers who are not regulated by the Commission provide
4 service that competes with Northland's services. These include cellular carriers and
5 over-the-top non-facilities-based VoIP providers. Given the pro-competitive policies of
6 the State of New Hampshire and the Commission itself, allowing additional competitors,
7 such as CRC and its wholesale partner, TWC, to enter the market is the "fair" thing to do.
8 Indeed, excluding CRC and TWC would be patently unfair given the presence of these
9 other competitors.

10

11 **Q. The next criterion is economic efficiency. How will CRC's entry into the market**
12 **impact economic efficiency?**

13 A. As discussed above, competitive markets push each of the individual competitors to
14 operate as efficiently as possible, i.e. to drive down costs in order to be able to offer
15 goods and services that consumers want to purchase at prices they are willing to pay.
16 The presence of CRC and TWC in Northland's market will likely push Northland to
17 examine the efficiency of its operations as well as the quality and pricing of its products.
18 To the extent that Northland finds areas for improvement and makes those changes,
19 consumers will be better off – whether they purchase their services from Northland or
20 CRC/TWC.

1 **Q. Please address the next three criteria – impact on universal service, carrier of last**
2 **resort obligations, and the ability to earn a reasonable rate of return.**

3 A. CRC has had an interconnection agreement with Northland’s Maine affiliate for the past
4 two years. To date, Northland has made no specific claim that CRC/TWC’s competitive
5 presence in Maine is negatively impacting Northland’s ability to offer universal service,
6 meet its carrier of last resort obligations, and earn a reasonable rate of return. Presently,
7 despite the presence of other non-regulated competitors, it appears that Northland does
8 not collect federal universal service for its New Hampshire operations¹ – an indication
9 that Northland earnings in New Hampshire are sufficient to provide service without
10 additional subsidies. Given the very limited scope of Northland’s operations in New
11 Hampshire (in 2008, it served a total of 350 customers in New Hampshire), it is unlikely
12 that the addition of competition from CRC and TWC will impair Northland’s ability to
13 meet its carrier of last resort obligations or its ability to earn a reasonable rate of return.

14

15 **Q. How will Northland recover the expenses it incurs to serve a new entrant like CRC?**

16 A. Pursuant to the voluntarily negotiated interconnection agreement between CRC and
17 Northland, CRC will compensate Northland for interconnection facilities and trunks,
18 service orders, porting, technical assistance, administrative support, and for termination
19 of traffic. (Please see the Pricing Attachment to the Interconnection Agreement – Exhibit
20 No. 1 to this testimony.) The pricing is similar to that used in Maine for the past two
21 years with no complaint from Northland.

¹ See <http://www.usac.org/hc/tools/disbursements/results.aspx>

1 **III. CONCLUSION**

2 **Q. Do you have any concluding comments for the Commission's consideration?**

3 A. Yes. I believe that the facts described above warrant granting CRC's petition and that
4 doing so will be in the public good. Consumers in Northland's territory will benefit from
5 the competitive alternatives offered by CRC and TWC – whether they purchase products
6 from CRC/TWC or not – the mere presence of an additional competitor will push all
7 market participants to offer the best array of services at the most competitive prices. I
8 would respectfully ask that the Commission give great deference to the fact that CRC and
9 FairPoint have voluntarily negotiated an interconnection agreement and that Northland
10 does not oppose CRC's petition.

11

12 **Q. Does this conclude your testimony?**

13 A. Yes.

Pricing Attachment

1. General

1.1 Direct Interconnection Facilities

1.1.1 Direct Trunk Transport Termination:

1.1.1.1	DS1	\$94.38 per termination, per month
1.1.1.2	DS3	\$525.64 per termination, per month

1.1.2 Direct Trunk Transport Facility:

1.1.2.1	DS1	\$19.14 per mile, per month
1.1.2.2	DS3	\$131.77 per mile, per month

1.1.3 Non-recurring Installation Charge: \$230.00 per order

1.2 Transit Traffic Rate: \$0.005 per minute

1.3 General Charges:

1.3.1	Service Order Charge (LSR)**	\$ 20.00 / request
1.3.2	Service Order Cancellation Charge**	10.00 / request
1.3.3	Service Order Change Charge**	10.00 / request
1.3.4	Expedited Due Date Charge**	10.00 / request
1.3.5	Technical Labor:**	

1.3.5.1 Install and Repair Technician

Basic Time (normally scheduled hours)	\$ 24.57 / ½ hr.
Overtime* (outside normally scheduled hours on scheduled work days)	36.85 / ½ hr.
Premium Time* (outside scheduled work day)	49.13 / ½ hr.

1.3.5.2 Central Office Technician

Basic Time (normally scheduled hrs.)	\$ 29.97 / ½ hr.
Overtime* (outside normally scheduled hours on scheduled work days)	44.96 / ½ hr.
Premium Time* (outside scheduled work day)	59.95 / ½ hr.

1.3.5.3 LNP Coordinator

Basic Time (normally scheduled hours)	\$ 43.32 / ½ hr.
Overtime* (outside normally scheduled hours on scheduled work days)	64.99 / ½ hr.
Premium Time* (outside scheduled work day)	86.65 / ½ hr.

1.3.5.4 Administrative Support

Basic Time (normally scheduled hours)	\$ 13.65 / ½ hr.
Overtime* (outside normally scheduled hours on scheduled work days)	20.47 / ½ hr.
Premium Time* (outside scheduled work day)	27.29 / ½ hr.