

STATE OF NEW HAMPSHIRE

Inter-Department Communication

DATE: January 18th, 2012

AT (OFFICE): NHPUC

FROM: Les Stachow



SUBJECT: **DT 09-059**, Petition of FairPoint Communications for Waiver of Certain Requirements under the Performance Assurance Plan and Carrier to Carrier Guidelines;(Specifically C2C and PAP reporting requirements and associated penalties).

DT 09-113, Petition of FairPoint Communications for Waiver of Certain Requirements under the Performance Assurance Plan and Carrier to Carrier Guidelines;(Specifically, waiver of the PAP incentive payments requirements from February to June 2009).

DT 11-061, Petition for Approval of Simplified Metrics Plan and Wholesale Performance Plan

TO: Commission
Debra Howland, Executive Director



Introduction

In its Procedural Order No. 25, 221 dated May 6, 2011 ("Procedural Order"), the Commission stated that "an audit of the Performance Assurance Plan will . . . provide a basis for determining which metrics should be retained or eliminated from any new PAP" and that "though the audit will evaluate performance from July 1, 2010 through June 30, 2011, the Commission will not apply the results of the audit to activity prior to the Effective Date of FairPoint's reorganization, (January 24, 2011).

Auditor Draft Work Plan

During October and November 2011, Liberty Consulting, ('the Auditors') met with FairPoint and Commission Staff to clarify the scope of the audit, issued initial data requests of FairPoint, and held interviews with FairPoint staff members responsible for processing metrics data and calculating performance metrics and PAP payments.

On Dec 16, 2011, the Auditors submitted their draft work plan to the Commission for review and confirmation. The Auditors preliminary investigation shed light on the availability of relevant data. While high level information may be available for the entire period of investigation that the Commission initially proposed, and so called manual metric data may also be available, reliable detailed data for assessing FairPoint's processing of automated metric data and replicating metric reports is available only

beginning in the August 2011 reporting month. Similarly reliable data for assessing and replicating FairPoint's processing of the PAP bill credits is also only available beginning in the August 2011, reporting month. In addition FairPoint uses five source systems to draw data into its Carrier Analysis Measurement Platform (CAMP) ,used to calculate bill credits and report all C2C metrics and PAP bill credits: and in the case of two of those systems, i.e. M6 and Remedy, no completely reliable historical data exists.

In light of the data availability issues, the Auditor has recommended using January 1 through December 31, 2011 for the audit period.

In support of its recommendation, the Auditor offers the following:

- The proposed period will furnish the Auditor with five months of data to perform all key aspects of the audit, including metric replication and data validation within the CAMP system, except the tracking of M6 and Remedy source data into CAMP
- It is custom and practice for audits of this nature to be performed for a calendar year, since some aspects of the PAP are annual.
- In light of FairPoint's recent reorganization, the company's liability under the PAP is restricted to the period after January 2011
- The principle focus of this audit is to assure appropriate application of the PAP in the future and the possible need for future modification of the plan.

Staff recommendation

In light of the absence of raw data covering the audit period as ordered by the Commission, and recognizing that access to reliable data is critical to the success of the audit investigation, and that despite a small adjustment to the period under investigation, it is highly probable that any issues arising from the quality of the raw data and or the way the data is processed and the bill credits determined will be captured.

There will be no repercussions either to the time line or the budget for the Auditors work arising from the proposed calendar adjustment.

Staff therefore recommends the Commission alter Order No 25,221 to adjust the audit period from July 2010 through June 30, 2011, to January 1, 2011 through December 31, 2011.