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Witness: Pam Hankins
Sponsoring Party: CenturyTel of Missouri, LLC
Type of Exhibit: Direct Testimony
Case No.: TO-2009-0037
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CENTURYTEL OF MISSOURI, LLC

DIRECT TESTIMONY

OF

PAM HANKINS

CASE NO. TO-2009-0037

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1 **DIRECT TESTIMONY**

2 **OF**

3 **PAM HANKINS**

4 **CASE NO. TO-2009-0037**

5 **BACKGROUND INFORMATION**

6 **Q. Please state your name and business address.**

7 A. My name is Pam Hankins. My business address is 100 CenturyTel Drive, Monroe,
8 Louisiana 71203.

9 **Q. By whom are you currently employed and in what capacity?**

10 A. I am employed by CenturyTel Service Group, LLC as Manager, Corporate Carrier
11 Relations. I have held this position since May of 2003.

12 **Q. On whose behalf are you testifying?**

13 A. CenturyTel of Missouri, LLC (hereinafter referred to as "CenturyTel")¹

14 **Q. What is the relationship between CenturyTel Service Group, LLC and CenturyTel?**

15 A. CenturyTel Service Group, LLC and CenturyTel are both subsidiaries of CenturyTel, Inc.

16 **Q. In your capacity as Manager, Corporate Carrier Relations with CenturyTel Service
17 Group, what are your primary responsibilities?**

18 A. As a manager in the Carrier Relations Department, I provide support to all CenturyTel,
19 Inc. telephone company subsidiaries. In this capacity, and among my other duties, I
20 oversee the implementation of interconnection agreements, coordinate the development

¹ The Parties have continued to negotiate since the filing of the Petition and it is anticipated that the Parties will continue negotiations following the filing of the Revised Statement of Unresolved Issues on September 2, 2008. If there are any discrepancies between this testimony and CenturyTel's Disputed Points List filed in this Docket on August 25, 2008 (the "CenturyTel DPL"), this testimony is intended to be controlling as it represents the most current state of CenturyTel's position thereunder. In an effort to assist the Panel with the status of the proceeding, CenturyTel retains the right to file an updated and current interconnection agreement and DPL prior to submission of this matter for decision.

1 and documentation of implementation processes and procedures, and oversee collections
2 of past due accounts from carriers, both interexchange carriers and competitive local
3 exchange carriers ("CLECs").

4 **Q. Please summarize your educational and work background, including your**
5 **experience in the telecommunications industry.**

6 A. I am a licensed CPA, and I have been employed by CenturyTel, Inc. for over twenty (20)
7 years. I first worked as an analyst in CenturyTel, Inc.'s Cost Separations Department,
8 performing accounting, plant and traffic analysis, as well as completing cost separations
9 studies and forecasts. From this position, I was promoted to Supervisor, then Manager of
10 that Department. As Supervisor and Manager, I was responsible for overseeing the
11 preparation of any financial analyses performed in the Department for outside agencies
12 and for internal management, and for coordinating financial report preparation with other
13 departments. I also represented CenturyTel, Inc. on several industry committees. In July
14 1996, I moved to CenturyTel, Inc.'s Regulatory Department, where I was manager of
15 Regulatory Finance for seven years. My primary responsibilities included preparing
16 financial analyses for management, as well as financial reports and data request responses
17 for state public service commissions. I also was responsible for coordinating the
18 preparation and filing of several rate cases in the States of Wisconsin and Arkansas
19 during my tenure in the Regulatory Department. After working in this position for seven
20 years, I obtained my current title and position of Manager, Corporate Carrier Relations.

21 **Q. Have you ever testified in other cases?**

22 A. Yes. I have provided both written and oral testimony in several other jurisdictions
23 concerning various issues. Most recently, I testified earlier this year before this

Commission in a case involving Charter regarding disputed charges. Last year, I testified before an American Arbitration Association arbitrator in an arbitration case against Charter in Wisconsin. I also provided testimony in an interconnection arbitration proceeding in Missouri in 2006, and provided testimony prior to that time regarding collections complaints by certain CenturyTel, Inc. subsidiaries against CLECs in Mississippi and Alabama. While serving as Manager, Regulatory Finance, I testified in several rate case proceedings in Wisconsin and Arkansas. During this time I also testified on behalf of CenturyTel, Inc.'s specific telephone company subsidiaries before the state commissions in Alabama, New Mexico and South Carolina regarding certification and name changes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony to address Issues 6, 8(b), 25, and 30 that concern or had concerned disputed language between the Parties. The resolution of these issues and thus adoption of the language will then allow the Parties to finalize the Agreement. (As used in this testimony, I note that the term "Agreement" refers to the interconnection agreement being negotiated/arbitrated by the Parties.)

DISCUSSION OF THE ISSUES

Issue 6 Under what conditions should CenturyTel be permitted to require a deposit or assurance of payment from Charter?

Q. Can you explain the reasons that CenturyTel seeks terms for a security deposit or the need for an assurance of payment?

A. For purposes of this proceeding, I want to first note that CenturyTel's terms for deposit or assurance of payment are based on typical standards in any commercial setting -- a carrier's payment history and credit rankings. In general, CenturyTel seeks proper

1 deposit terms to help ensure that, in the context of an interconnection agreement as is at
2 issue in this proceeding, CenturyTel (and, ultimately, its end users) will not be left
3 “holding the bag” in the event that the interconnecting CLEC cannot pay or does not pay
4 for the services it receives from CenturyTel. Thus, the concept of a security deposit is
5 nothing different than what any regulated LEC is able to require of an end user if that end
6 user’s ability to pay does not meet proper credit standards.

7 **Q. Does CenturyTel believe there is a need for this type of provision in the**
8 **interconnection agreement with Charter?**

9 A. Yes. Our experience with Charter over the past three or four years has resulted in a
10 situation where we at CenturyTel see a need for a firm set of business rules between
11 CenturyTel and Charter with respect to payments and the use of security deposits to
12 ensure proper payments. And, I note, CenturyTel’s concern with respect to the need for
13 proper deposit language in this case is not speculative.

14 **Q. What basis does CenturyTel have regarding Charter’s ability to pay invoices?**

15 A. At least with respect to its parent company – Charter Communications Holding Capital
16 Corp (“CC Holdco”), other creditors have apparently expressed concerns with the ability
17 for CC Holdco to pay its debts. It is my understanding that CC Holdco is the parent
18 company of Charter. Schedule PH-1 contains excerpts from recent CC Holdco SEC
19 forms which are filed with the Securities and Exchange Commission (“SEC”) in
20 Washington, D.C. These forms can be located on Charter Communication’s web page at:
21 <http://phx.corporate-ir.net/phoenix.zhtml?c=112298&p=irol-sec>
22

1 In these filings, CC Holdco discloses that its creditors and even CC Holdco have
2 concerns with respect to CC Holdco's ability to pay its debts should certain events occur.
3 In fact, these reports state that, should certain events occur, Charter may even be forced
4 to seek bankruptcy protection. I refer you specifically to Item 1A "Risk Factors". In that
5 section of both the 10-K that Charter filed in March 2008 and in the 10-Q that Charter
6 filed in August 2008, Charter discusses the size of their debt and how that future events,
7 which could trigger default of that indebtedness, may "force us [Charter] to seek the
8 protection of the bankruptcy laws."²

9 **Q. Do you have other risk assessment information that evidences that CC Holdco is**
10 **high-risk?**

11 A. Yes. I investigated CC Holdco's bond ratings based on the general website for Charter
12 Communication. Schedule PH-2 is a summary of publicly available information
13 regarding CC Holdco's bond ratings. The web page can be accessed at:

14 [http://media.corporate-](http://media.corporate-ir.net/media_files/irol/11/112298/Q22008_Earnings/FINAL_Bond_Schedule_063008.pdf)
15 [ir.net/media_files/irol/11/112298/Q22008_Earnings/FINAL_Bond_Schedule_063008.pdf](http://media.corporate-ir.net/media_files/irol/11/112298/Q22008_Earnings/FINAL_Bond_Schedule_063008.pdf)

16 Based on CC Holdco's document, Moody's, Standard and Poor's, and Fitch ratings are as
17 follows:

18 Moody's - **Caa1**;

19 Standard and Poor's - **B-**; and

20 Fitch – **CCC**.

² Charter Communications Holdings Capital Corp Form 10-K filed March 21, 2008, Part I, Item 1A, Risk Factors, page 6; Charter Communications Holdings Capital Corp Form 10-Q filed August 8, 2008, Part II, Item 1A, Risk Factors, page 49

1 **Q. Can you explain what these mean?**

2 A. Certainly. In order to help me do that, I have attached Schedule PH-3 which is a table
3 that I extracted from the web site of The Securities Industry and Financial Markets
4 Association, Investinginbonds.com. The information in that table describes the three
5 bond rating agencies' rating systems. Note that both Moody's and Fitch's ratings for
6 Charter of "Caa1" and "CCC" respectively are in the range of "Poor Quality (may
7 default)". The B- rating by Standard and Poor's is actually lower than the "Low Grade
8 (speculative)". These ratings are all in line with the information filed by Charter in their
9 SEC reports.

10 **Q. Are you suggesting that Charter cannot pay?**

11 A. I will leave that determination to CC Holdco, Charter and its financial advisors.
12 However, what I can tell you is that CenturyTel's experience and the facts reflected in
13 Schedule PH-1 (SEC Reports), and Schedule PH-2 (Charter Bond Rating Document) and
14 Schedule PH-3 (Bond Ratings Explanation) demonstrate that CenturyTel's concerns with
15 respect to the need for proper deposit language are not speculative.

16 **Q. What would occur if Charter did not pay its invoice to CenturyTel?**

17 A. First of all, it is not just an issue of whether Charter pays an invoice; it is also an issue of
18 the delay as to when Charter pays. A delay in payment affects cash flow, and while the
19 magnitude of a delayed payment here and there may not seem like much, it does increase
20 the carrying cost to CenturyTel of that receivable. Essentially, if Charter does not pay its
21 charges from CenturyTel, CenturyTel incurs a bad debt, the bad debt would ultimately be
22 borne by CenturyTel's customers through the rates they pay, and Charter would have,
23 effectively, been provided "free" service. In my view, none of these results is appropriate

1 or consistent with rational public policy because our customers should not subsidize
2 Charter and common sense dictates that a carrier which receives service should pay for
3 that service (just as we, non-carrier consumers, must do). Based on these facts, it is no
4 wonder that, as discussed by other CenturyTel witnesses, Charter improperly seeks
5 language that could be viewed as allowing it to obtain free service from CenturyTel or
6 that it may improperly seek to set rates for service at “zero” (\$0.00).

7 **Q. Have you reviewed the provisions that are at issue in this proceeding regarding**
8 **deposits and assurance of payments?**

9 A. Yes. The sections are Section 6.1.1, Section 6.1.2, Section 6.2, and Section 6.3.

10 **Q. Does CenturyTel agree with Charter’s proposed revisions to Section 6.1.1?**

11 A. No. Under Charter’s proposed language under Section 6.1.1, CenturyTel could not
12 require Charter to make a deposit until after Charter has failed to pay or when Charter
13 commences or is thrown into bankruptcy. Why Charter should be able to avoid payment
14 of a deposit until it has failed to pay a charge runs contrary to the general reasons I have
15 discussed above regarding the need for the deposit and/or assurance of payment in the
16 first instance, the SEC filings that Charter has made, and the credit rating that Charter has
17 received. CenturyTel should be able to require a deposit when its view of the credit
18 application and other relevant information suggests that a deposit is warranted. This is
19 the same concept already incorporated by Charter in Sections 1.7.2.1 and Section 1.7.6
20 (Advanced Payment, subparagraph 1) of Charter Fiberlink-Missouri, LLC Local
21 Exchange Tariff P.S.C. MO-No. 1, which I have attached as Schedule PH-4. It is in the
22 public interest that CenturyTel (and ultimately its rate payers) should not be left holding

1 the bag at any time with respect to CenturyTel's ability to apply a deposit to outstanding
2 charges.

3 I also note that CenturyTel's proposed language also allows us access to updated
4 information regarding Charter's credit worthiness. This requirement is important in order
5 to allow CenturyTel to monitor and assure itself that the need for and level of the deposit
6 is and remains appropriate. And, as to this point, the fact that this is even an issue
7 indicates that CenturyTel's concern for the need for proper deposit is well grounded.

8 **Q. Does CenturyTel agree that Charter should not be required to provide a deposit**
9 **until it enters voluntarily or involuntarily a bankruptcy proceeding?**

10 A. No. Charter's suggested addition to Section 6.1.1 that a deposit cannot be required until
11 Charter declares or is in bankruptcy is backwards -- the ability to pay the debt should
12 logically be established before the concrete fact of bankruptcy since a bankruptcy filing
13 is, from a practical perspective, a statement that one cannot pay its debts. At that time --
14 when one cannot pay its debt -- the concept of a deposit will only address the going-
15 forward need, not the retrospective need for a deposit. Moreover, if the bankruptcy
16 results in the debt being forgiven or reduced, Charter received free service or at least
17 some reduced price for that service. These ramifications, in turn, are the very reason for
18 the need for a deposit in the first instance.

19 **Q. Do you agree with Charter's proposed revision to Section 6.1.2?**

20 A. No. In effect, Charter simply wants to buy time by requiring the Parties to engage in
21 formal dispute resolution if there is a dispute over the amount of the initial deposit. In
22 contrast, CenturyTel's language would require Charter to file a petition with the
23 Commission to resolve this matter.

1 **Q. Is dispute resolution necessary in this instance as Charter suggests?**

2 A. No. Since the Parties would have already disagreed with respect to the level of the
3 deposit, there is no need to go through the Section 20 dispute resolution process since, I
4 would hope, Charter would have already had decision makers involved in the process of
5 establishing the deposit amount like I know CenturyTel will have involved. Thus, there
6 is no need to escalate the disagreement and discuss it for another 30 days through the
7 Section 20 process as stated in Article II of the Agreement. In addition, if there is a
8 dispute on the deposit amount, Charter's proposed language would require CenturyTel to
9 continue to provide additional new service to Charter. That is not reasonable, especially
10 in light of Charter's proposed language in Section 6.1.1 that CenturyTel could not require
11 a deposit until after Charter has failed to pay or when Charter commences or is thrown
12 into bankruptcy. CenturyTel would be placed in a position of continuing to provide
13 services to a company that has, through its actions, demonstrated an unwillingness to
14 provide the assurance with respect to the payment for services it receives. If there is a
15 need for a deposit in the first instance, why would one be permitted to increase the
16 amount of service that would be subject to the deposit when that increased level of
17 service would result in the need to increase the deposit above the amount that is already
18 in dispute? That result is illogical.

19 **Q. Does CenturyTel's language avoid these results?**

20 A. Yes. CenturyTel's language avoids this illogical result by requiring the filing of a petition
21 with the Commission on an already fully vetted dispute.

22 **Q. What other action does CenturyTel's proposed language allow CenturyTel to take?**

1 A. CenturyTel's proposed language also makes clear that a failure to file a petition with the
2 Commission or pay the disputed amount within 30 days of a request for an additional
3 deposit would allow CenturyTel to terminate service and apply the Charter deposit on
4 hand to any outstanding service charges owed by Charter to CenturyTel.

5 **Q. Is the ability to engage in this additional action reasonable?**

6 A. Yes. It provides the incentive for Charter to resolve the deposit issue informally or to
7 seek Commission guidance to resolve it. Thus, the additional actions permitted under
8 CenturyTel's language provides for closure to the issue of deposit levels or a reduction of
9 the financial exposure to CenturyTel and its customers associated with Charter's refusal
10 to do so. Again, based on its position, Charter apparently believes that, regardless of its
11 credit history and ability to pay, any risk should be placed on the doorstep of CenturyTel
12 to either forego CenturyTel's right to payment or to incur the cost of a petition to the
13 Commission. Charter is ordering service from CenturyTel and not vice versa. Charter
14 needs CenturyTel's service. Therefore, Charter should take the steps necessary to
15 demonstrate its ability to pay CenturyTel and not require CenturyTel to prove otherwise.

16 **Q. Would you please summarize Charter's proposals in Section 6.1.1 and 6.1.2 and**
17 **what the impacts of that proposed language would be to CenturyTel?**

18 A. Charter's proposed language would only allow for CenturyTel to request a deposit from
19 Charter upon Charter's failure to timely pay undisputed invoices or when Charter has
20 entered into bankruptcy proceedings. It does not provide for the use of information
21 CenturyTel has available from historical billing/payment activity or from credit rating
22 agencies to require deposits in advance of default or bankruptcy. Charter's language
23 requires dispute resolution under Section 20 be initiated, after the Parties have already

1 been in negotiation over the need for and amount of the deposit, which would only
2 prolong the discussions. But one of the major points that should also be noted is that
3 Charter's language would have CenturyTel continue to process Charter's service orders
4 and provide services despite the lack of payment or assurance of payment from Charter.
5 Charter's recommended language contains no provisions to protect CenturyTel upon
6 default by Charter. Under Charter's proposals, CenturyTel is taking all the risk with no
7 "safety net" to protect it.

8 **Q. Does CenturyTel have issues with Charter's proposed revision to Section 6.2?**

9 A. Yes. The language that Charter is proposing has two (2) major flaws. First, there is no
10 standard by which to measure Charter's proposed language regarding an amount based on
11 "2 months of CenturyTel's charges from the previous 6 month period." Or, put another
12 way, what 2 months should be used by the Parties? The lowest of 2 months (which will
13 likely be Charter's proposal) or the highest of 2 months which would otherwise be
14 reasonable based on the underlying reason for deposits – the ability to pay one's bills.
15 The lack of standard under Charter's language as to what constitutes the 2 months that
16 should be reviewed will not only increase the likelihood of additional disputes (which,
17 under Charter's Section 6.1.2 revisions, will allow Charter to delay the resolution
18 process), but also does not address the situation where Charter's service orders begin to
19 increase. In this situation, Charter's historical 2-month measurement may be much
20 lower, and thus an insufficient measure to properly establish the level of a deposit in
21 those instances where Charter's service order activity increases.

22 **Q. Are the concerns you have expressed addressed within the CenturyTel proposed**
23 **language for Section 6.2?**

1 A. Yes. Both of these flaws are avoided in CenturyTel's language. First, CenturyTel's
2 proposed language for Section 6.2 requires that the deposit amount be based on a 2-
3 month "forecast" from Charter. This allows the deposit amount to be set at a level of
4 anticipated activity, not historical activity, and thus CenturyTel's proposal provides a
5 better measure of what actual service Charter will be taking from CenturyTel in the next
6 months. If the forecast is too difficult for Charter to determine, the CenturyTel proposed
7 language provides Charter the option of paying a \$5,000 deposit. While \$5,000 may be a
8 considerable amount of money to me personally, I find it difficult to believe that the
9 amount is unreasonable for a commercial company like Charter. Thus, CenturyTel's
10 language provides a clear cut way of establishing the period of service for which a
11 deposit will be determined as well as an administratively convenient method for Charter
12 to elect should it wish, *i.e.*, the flat fee of \$5,000. Both options, in turn, should minimize
13 disputes.

14 **Q. Did Charter propose changes to Section 6.3?**

15 A. No, but CenturyTel did. While the Parties agree that an additional deposit amount can be
16 required (1) when Charter is "repeatedly delinquent" in its payments to CenturyTel or (2)
17 when there is a reconnection of Charter to the CenturyTel network after a disconnection
18 or a discontinuance of service order processing based on non-payment, CenturyTel
19 proposes a third instance when an additional deposit may be required. The third instance
20 is "when conditions otherwise justify such action based on actual billing history and/or
21 the credit rating of Charter."

22 **Q. Is CenturyTel's proposed revision to Section 6.3 reasonable?**

1 A. Yes. The additional trigger for an increased deposit from Charter allows the provision to
2 be more dynamic based on the *actual* credit rating of Charter derived from entities that
3 are likely more involved in the day-to-day oversight of Charter's ability to pay its bills
4 than CenturyTel. The language also allows CenturyTel to preemptively limit its bad debt
5 potential based on its actual experience of Charter's payment history with CenturyTel.
6 These two additional measures – billing history and credit rating -- are proactive
7 measures that allow CenturyTel to guard against the affects of Charter's inability to pay
8 for the services it receives from CenturyTel. Thus, the additional language proposed by
9 CenturyTel in Section 6.3 is reasonable as it will allow the implementation of the
10 Agreement to reflect the more current status of Charter's overall financial credit
11 worthiness both on a large scale (through the credit ranking) and a more granular level
12 (the actual payment history being experienced by CenturyTel with respect to Charter). As
13 such, CenturyTel's language ensures that factors associated with the level of security for
14 proper payment by Charter do not remain static over the term of the Agreement.

15 **Q. Are there reasons other than those stated above that support the need for**
16 **CenturyTel's language to be included in the agreement rather than Charter's**
17 **language?**

18 A. Yes. After the agreement arising from this proceeding has been executed and approved
19 by this Commission, other CLECs may adopt the same terms and conditions available to
20 Charter in the agreement. So, regardless of Charter's payment history or credit rating,
21 CenturyTel still wants to be able to protect itself against other carriers whose credit may
22 provide for higher risk. Therefore, CenturyTel must have terms in the Agreement that
23 allow for CenturyTel to require assurance of payment from such a customer, as well as to

1 be able to terminate services should the carrier not provide payment according to the
2 payment terms outlined in the Agreement. If such language is not included in the
3 Agreement, CenturyTel is vulnerable to potential losses from carrier customers that do
4 not pay.

5 **Q. Is it reasonable to include the language proposed by CenturyTel with respect to**
6 **Issue 6?**

7 A. Yes. This Commission, in the Southwestern Bell Corporation – Missouri (“SBC-MO”)
8 Arbitration Case No. TO-2005-0336, in which Charter was a party, addressed these
9 issues in Issue 30 within that proceeding and ultimately approved language within the
10 conforming agreement between SBC-MO and Charter in Case No. TK-2006-0047. The
11 Commission concluded that a deposit is reasonable (Section 7.3). The terms approved by
12 the Commission also outlined the requirements for requesting a deposit in Section 7.2
13 should the billed party fail to maintain timely compliance with its payment obligations.
14 Specifically, the Commission adopted language allowing SBC-MO to request an initial
15 deposit or post a form of assurance of payment at the Effective Date of the agreement if
16 Charter had not already established satisfactory credit by having made at least twelve
17 (12) consecutive months of payments to SBC-MO. It also provided language to allow for
18 a future deposit demand if Charter fails to timely pay a bill that is undisputed. Finally,
19 the Commission-approved language permits SBC-MO to set the deposit amount at 3
20 month's *anticipated* charges as reasonably determined by SBC-MO.
21 CenturyTel's proposed language for resolving Issue 6 is therefore consistent with what
22 the Commission has done before. Thus, CenturyTel is only asking that the Commission

1 take action here in a manner consistent with what the Commission has already deemed
2 appropriate.

3 **Q. Have similar provisions been included in arbitrated agreements in another state?**

4 Yes. The Texas Commission, in Southwestern Bell Corporation - Texas ("SBC-TX")
5 Arbitration Case No. 28821 addressed these issues as that case's Issue 35, and concluded
6 that a deposit is reasonable (Section 9.2). That ruling also outlined the requirements for
7 requesting an initial deposit in Section 9.2.1 and an increased deposit in Section 9.8 and
8 9.9 should the Billed Party fail to maintain timely compliance with its payment
9 obligations.

10 Specifically, in Issue 35 in that proceeding, the Texas Commission adopted language
11 requiring the CLEC to pay a deposit or post a form of assurance of payment where: (a) it
12 had received 2 delinquent payment notices in the prior 12 months; (b) it was new entrant
13 and had not established a sufficient credit history by making timely payments to SBC-TX
14 for a 12-consecutive-month period; or (c) SBC-TX reasonably determined a "credit
15 impairment" (not maintaining a BBB or better long term debt rating or an A-2 or better
16 short term rating by Standard & Poor's for the prior 6 months). These factors apply here
17 as I have noted above. In addition, I note that the language that the Texas Commission
18 adopted permits SBC-TX to require a deposit if the CLEC fails to timely pay its bills or
19 admits an inability to pay, as well as permits SBC-TX to adjust the deposit amount in
20 certain circumstances if the CLEC doesn't pay its bills in timely manner. Finally, the
21 Texas Commission-approved language permits SBC-TX to set the initial deposit amount
22 at the *greater of either* 3 month's anticipated charges as reasonably determined by SBC-
23 TX or \$17,000. CenturyTel's proposed language follows the same principles but requires

1 a lesser absolute dollar amount. The outcome from this Texas proceeding is consistent
2 with that adopted by the Commission in the SBC-MO proceeding I have noted.

3 **Q. What action does CenturyTel request that the Commission take with respect to**
4 **Issue 6?**

5 A. CenturyTel requests that the Commission reject the changes that Charter proposes for
6 Article III's Sections 6.1.1, 6.1.2 and 6.2, and adopt CenturyTel's proposed language for
7 these sections. In addition, CenturyTel requests that the Commission approve its
8 proposed language for Section 6.3. In taking these actions, CenturyTel requests that
9 Commission find that these actions are necessary and appropriate in order to reaffirm the
10 fact that credit worthiness of all interconnecting carriers should be ensured and that
11 deposits are one of the reasonable ways that achieve this result.

12 **Issue 8(b) Should the billing Party be permitted to suspend or discontinue accepting**
13 **orders from the billed Party under certain conditions when the billed Party**
14 **fails or refuses to pay "undisputed" charges?**³

15 **Q. Are you addressing all of Issue 8?**

16 A. No. I am addressing only Issue 8(b). Issue 8(a) is being addressed by another
17 CenturyTel witness, Steven E. Watkins.

18 **Q. Could you explain the reason why CenturyTel disagrees with Charter's statement of**
19 **Issue 8(b)?**

20 A. Yes. While I reserve the right to amend this response once I see what reasons Charter
21 may provide for its statement of Issue 8(b), it appears that Charter's statement is too
22 limited in scope and does not otherwise properly characterize the scope of what Section

³ Charter's contends that Issue 8(b) should be framed as follows: "Should the bill dispute provisions ensure that neither Party can improperly terminate the Agreement in a manner that could impair service to the public?"

1 9.5.1 and 9.5.2 are addressing. Moreover, before I explain CenturyTel's reasons for its
2 wording of Issue 8(b), I want to make sure that the context of the issue is properly
3 recognized. Section 9.5.1 and CenturyTel's proposed Section 9.5.2 each address the
4 situation *where the charges that are not being paid are undisputed*. Let me say that again
5 – the sections at issue address the situation *where the charges not being paid are*
6 *undisputed*. I also want to make clear that the provisions that CenturyTel seeks apply to
7 *both* Parties depending on whether they are the party obligated to pay a charge or the
8 party that is billing the charge. Thus, the provisions are mutual.

9 **Q. Does CenturyTel agree with Charter's proposed Section 9.5.1?**

10 A. No. Recognizing the scope of the billing dispute at issue – that the charges are not
11 disputed -- Charter's proposed language in Section 9.5.1 limits a billing party's rights to
12 one thing -- instituting a dispute proceeding if the party that is required to pay does not
13 make the required payment. Because this provision relates to charges that are
14 *undisputed*, it is entirely unreasonable to limit the remedy in this manner.

15 **Q. Please explain the reasons the reasons that such limitations are entirely**
16 **unreasonable?**

17 A. If charges are undisputed, they should be paid. From the billing party's standpoint, there
18 is, therefore, no question that the service was rendered, that the service was used, that the
19 rate for the service was proper under the Agreement, and that the bill was rendered. If
20 these facts are all true, which they would be since there is no dispute with respect to the
21 bill, why would the billing party need to go through dispute resolution to get paid? It
22 simply makes no sense. Therefore, in these instances, something beyond dispute
23 resolution is required or the concept of "payment" means nothing.

1 **Q. Does CenturyTel’s language provide additional options to the billing party?**

2 A. Yes. For example, and recognizing that the CenturyTel language is mutual, if Charter
3 fails to pay such an undisputed charge, CenturyTel should, as the CenturyTel proposed
4 Section 9.5.1 language provides, be permitted to discontinue processing Charter’s orders.
5 Likewise, if, for example, CenturyTel fails to pay an undisputed charge, Charter should
6 be permitted to discontinue processing CenturyTel’s orders as well and vice versa (which
7 again, would be permitted under CenturyTel’s proposed Section 9.5.1). Absent the
8 ability for a party to take these types of measures, the payment due date is meaningless.
9 And, again, that result is even more unreasonable in this instance where the charges at
10 issue are undisputed. Moreover, the fact that Charter’s language would require *the*
11 *billing Party* to seek dispute resolution under Section 20 of Article 3 would only lead to
12 increased and untold disputes, let alone the expenditure of resources, for example by
13 CenturyTel, for collecting charges. Thus, the concept that a billing party would be
14 required to expend additional resources to engage in dispute resolution to collect, *as the*
15 *language states, undisputed* charges defies common sense.

16 **Q. Are there other consequences arising from Charter’s proposed limitation of**
17 **remedies with respect to not paying *undisputed* charges?**

18 A. Yes. Regardless of what Charter may contend, the net effect of its language is that the
19 party receiving service will, at times, inevitably receive *free* service because the billing
20 party will not want to expend the resources to engage in dispute resolution for the unpaid
21 charges. That result is not only incredible but it is nonsensical. It is tantamount to
22 ordering a meal at a restaurant, eating the food that was ordered, and, after the meal is

1 completed, leaving the restaurant without paying in hopes that the proprietor will not
2 come after you, but being willing to pay if she does.

3 Therefore, neither CenturyTel nor Charter should be placed in a position of expending
4 unnecessary resources to collect charges that the other does not even dispute. At the
5 same time, no party should expect to receive free service by forcing the billing party to
6 decide whether an amount due is worth the cost of pursuing dispute resolution under the
7 Agreement.

8 **Q. Do CenturyTel's proposed revisions to Section 9.5.1 advance your conclusion?**

9 A. Yes. First, CenturyTel's proposed language in Section 9.5.1 is consistent with the
10 common sense notion that a party is required to pay for services provided by another
11 (which is a concept that unquestionably goes beyond an interconnection agreement).
12 Second, CenturyTel's proposed language provides Charter with notice and then the
13 ability to cure. Third, if charges are not disputed and not paid, the billing party should be
14 able to take additional actions to ensure that the charges are paid. Those actions include
15 discontinuing order processing, accepting new orders and, as provided for in Section
16 9.5.2, terminating service. Thus, CenturyTel's proposed language provides a "stick"
17 within the Agreement to get the recalcitrant party that has not paid the undisputed charges
18 to actually pay. Finally, CenturyTel's proposed language avoids the increased cost of
19 seeking a Commission determination of the rightful payment that no one believes should
20 not be paid since the charges are undisputed

21 **Q. Has Charter entered into other agreements in this state with similar language to**
22 **that proposed by CenturyTel?**

1 A. Yes. In the same SBC-MO/Charter agreement I referenced in Issue 6, Charter agreed to
2 the following language in Section 9.2: “Failure to pay undisputed charges shall be
3 grounds for disconnection of Interconnection, Resale Services, Lawful Unbundled
4 Network Elements, Collocation, functions, facilities, products and services under this
5 Agreement.” Section 9 of that agreement also allows for written notice of default and,
6 upon continued non-payment, the remedies of suspending the acceptance of new orders,
7 of suspending the completion of pending orders, and of terminating of services.
8 Moreover, the SBC-MO/Charter agreement provides for a 10-business day period for
9 payment or filing of disputes following written notice of default. SBC-MO is to provide
10 copy of the default notice to the Commission (Section 9.2.3) as required by Rule 4 CSR
11 240-32.120, but there is no action required of the Commission as Charter now suggests in
12 its proposal. Upon further default after this written notice, SBC-MO may take action
13 against Charter to suspend acceptance of new orders and completion of pending orders
14 and terminate services. The Missouri rules⁴ provide that an incumbent local exchange
15 carrier (“ILEC”) terminating services to a reseller must continue to provide services to
16 the reseller’s customers for a 30-day period in order to allow those customers an
17 opportunity to choose another carrier. The SBC-MO – Charter agreement contains
18 language that addresses that requirement and provides for notifying the Commission of
19 the names of all customers affected in this process. This is the only other provision in
20 this process that involves the Commission. Again, this action is only notice to the
21 Commission but with no action required of the Commission.

22 **Q. Has a similar issue been addressed in an arbitration proceeding in another state?**

⁴ Rule 4 CSR 240-32.120 Snap-Back Requirements for Basic Local Telecommunications Companies

1 A. Yes. In a manner consistent with the underlying policies that the Commission advanced
2 in the SBC-MO proceeding, the Texas Commission, in the same prior case that I
3 referenced earlier – Texas Case No. 28821, ordered the adoption of SBC-TX’s language
4 in resolving Issue 39. SBC-TX’s language stated that “Failure to pay all or any portion
5 of any amount required to be paid may be grounds for disconnection of Resale Services,
6 Network Elements and Collocation under this Agreement.” Further, the language
7 adopted in that Texas case allows for written notice of default and, upon continued non-
8 payment, the remedies of suspension of acceptance of new orders, the completion of
9 pending orders, and termination of services.
10 Specifically, and while the Texas Commission required a different process than what is
11 set forth in CenturyTel’s proposed agreement (*i.e.*, two different 15-day demand notices),
12 the Texas Commission adopted language permitting the ILEC to initially suspend and
13 then ultimately “cancel” or “disconnect” a CLEC’s service, request or order where there
14 was non-payment of undisputed bills. Under the Texas Commission-approved
15 framework, if SBC-TX disconnected the CLEC, SBC-TX had to provide notice to the
16 CLEC’s customers of need to subscribe to new local service provider, with a copy of
17 such notice to the Texas Commission. Otherwise, no extensive Texas Commission
18 intervention was required as would otherwise be envisioned by Charter’s proposed
19 language in this case.

20 **Q. What does CenturyTel request the Commission do with respect to resolving Issue**
21 **8(b)?**

22 A. CenturyTel requests that the Commission reject Charter’s proposed revision to Article III,
23 Section 9.5.1. And, in doing so, adopt the proposed revisions from CenturyTel in its

Section 9.5.1 and its Section 9.5.2. In taking this action, CenturyTel also requests that the Commission reaffirm the common sense notion that where charges are not in dispute they should be paid.

Issue 25 How should the Parties define certain extraordinary and unique port requests which may require a unique process known as “project management”?

Q. Have the Parties resolved this issue?

A. Yes. The Parties have agreed to the following language to resolve this issue:

1.2.2.3 For purposes of this Article, the Donor Party may request to use a project management approach for the implementation of LSRs for large quantities of numbers ported from a single End User location, within a given state. For purposes of this provision, “large quantities” shall mean seventy-five (75) or more numbers. The Donor Party also may request to use a project management approach for the implementation of LSRs for complex ports, which shall be defined as those ports that include complex switch translations (*e.g.*, Centrex, ISDN, AIN services, remote call forwarding, or multiple services on the loop). Under such managed projects (“projects”), the Parties may negotiate implementation details including, but not limited to: due dates, cutover intervals and times, coordination of technical resources, and completion notice.

Q. Does CenturyTel request that the Commission resolve this issue by approving the language noted above?

A. Yes.

Issue 30 What information regarding Directory close dates is CenturyTel required to provide Charter and in what manner?

Q. Can you describe the scope of the dispute between the Parties being addressed in Issue 30?

A. There are two areas of disputes arising from Charter’s proposed language. First, whether Charter should be afforded special treatment with respect to the notification of “close dates” that governs when listing information must be provided in order to be included in the CenturyTel directory for the next year. Second, whether Charter should be able to

1 shift its responsibility with respect to errors that are contained in the Charter's listing
2 information to CenturyTel.

3 **Q. With respect to the first aspect of the dispute, does CenturyTel publish its own**
4 **directory?**

5 A. No. Like many telephone companies, CenturyTel's directories are published by an
6 outside vendor. That vendor establishes the due dates for when listing information must
7 be provided to it (which is what I referred to above as the "close date"). In the case of
8 Charter, it currently sends its directory listings directly to our publisher (*i.e.*, The Berry
9 Company) in the form of a "flat file", which I understand is a technical term for a
10 database of information, in this case names, addresses, and telephone numbers.

11 **Q. Does CenturyTel provide notice of the directory "close dates" to those CLECs that**
12 **may include their listing information in CenturyTel's directories?**

13 A. Yes. CenturyTel provides all CLECs, including Charter today, with advanced
14 notification of directory close dates. Notifications of directory close dates, and changes
15 to those dates, typically are provided months in advance and are accessible by all CLECs
16 on a CenturyTel.com webpage. Attached to my testimony as Schedule PH-5 is an
17 example of a directory close schedule that is posted on our web page. The link to web
18 page is:

19 [http://business.centurytel.com/business/Wholesale/Files/QuickLinks/OtherServices/Direc](http://business.centurytel.com/business/Wholesale/Files/QuickLinks/OtherServices/Directory-BusinessOfficeCloseSchedule.pdf)
20 [tory-BusinessOfficeCloseSchedule.pdf](http://business.centurytel.com/business/Wholesale/Files/QuickLinks/OtherServices/Directory-BusinessOfficeCloseSchedule.pdf).

21 **Q. Can you describe for us the information contained on that schedule?**

22 A. Yes. The first column represents the name of the CenturyTel directory, and typically
23 corresponds with a CenturyTel exchange. The second column is self-explanatory. It

1 represents the state in which the directory (exchange) is located. The third column,
2 “Business Close”, provides for the dates the listings must be received by the publisher in
3 order to be included in the next published directory. The last column, “Issue Date”, is a
4 listing of the directory publish dates. Additional information of community names
5 reflected in each directory is demonstrated after the date schedule. The publication
6 month of each directory is repeated in that community listing. Schedule PH-5 includes
7 the community listings of those states involved in the companion arbitration proceedings
8 with Charter.

9 **Q. Can you explain the process for posting the directory close schedule?**

10 A. Yes. CenturyTel’s Directory Services Department provides an updated schedule of all of
11 our directory business office close dates monthly. That schedule is then subsequently
12 posted on our web site. We also prepare a general notice that the schedule has been
13 updated. That general notice is also posted on our web site, and we send out an email
14 notification of the notice to anyone who has signed up to received those notices.
15 Schedule PH-6 is a copy of the most recent directory close schedule notice and email that
16 was distributed to CenturyTel’s customers with respect to these due dates. The link to
17 CenturyTel’s September 2008 notice can be found at:

18 <http://business.centurytel.com/business/Wholesale/InterconnectionServices/Library/Direc>
19 [tory-Business_Office_Close_Schedule_09162008.pdf](http://business.centurytel.com/business/Wholesale/InterconnectionServices/Library/Directory-Business_Office_Close_Schedule_09162008.pdf).

20 **Q. Is Charter eligible to receive these notices?**

21 A. Yes. Any CLEC, including Charter, is free to subscribe to our electronic notification
22 service. As indicated in Schedule PH-7, signing up for this service requires three (3)

1 pieces of information – what type of notification you want to receive, your email address
2 and telephone number – and the verification of your email address. The web page link is:

3 <http://business.centurytel.com/business/Wholesale/AlertsAndNotifications/>

4 In fact, I discovered in performing research for this testimony that there were several
5 email addresses of individuals that signed up to receive these notices and that the email
6 addresses appeared to be Charter email addresses. So, I assume that someone at Charter
7 is receiving these notices each month.

8 **Q. Is this information and notification process sufficient to provide the notice of the**
9 **“close dates”?**

10 A. Yes. The method that CenturyTel employs allows the CLEC to decide whether it wants
11 to subscribe to the automatic notification service from CenturyTel and then to decide
12 whether it wants to access the dates and information provided by that service. The dates
13 that are provided are those by which that CLEC needs to provide its listing information to
14 the CenturyTel directory publishing vendor for inclusion in the next year’s directory.
15 This service is simple and provides all of the necessary information required. Therefore,
16 I know of no reason why CenturyTel should be required to police the conduct of any
17 CLEC in this regard, and that includes Charter. Charter is provided the necessary
18 information by CenturyTel in order for Charter (or any CLEC) to include its directory
19 listing information in CenturyTel’s directory. And, again, the service is free and readily
20 accessible since email and the use of the Internet is accepted practice and readily
21 available.

22 **Q. Has CenturyTel been told by any CLEC that the notification method and process**
23 **you have described is a problem?**

1 A. To my knowledge we have never received a complaint about this process other than
2 Charter's apparent issue with what CenturyTel does. It is, in fact, a process that we
3 implemented a few years ago and have utilized since. Prior to that time, the Directory
4 Services department emailed out the schedule to carriers for whom they had email
5 addresses, but the schedule was not publicly posted nor was there a method in place for a
6 carrier to sign up to receive the schedules. Today, CenturyTel has a standard process
7 applicable to all CLECs that is proven, easy for the CLEC to follow, and otherwise
8 workable. I also note that it is similar to the notification process used by other ILECs,
9 including AT&T, to provide their CLEC customers with information about doing
10 business with their company. The information and access to it should be all that is
11 necessary for Charter to place its listings within the CenturyTel directory. CenturyTel
12 should not be required to alter its existing notification requirements to provide the
13 granularity of information suggested by Charter, nor should CenturyTel be required to
14 monitor Charter's compliance with due dates (including "flat file" due dates).

15 **Q. Could you explain what you mean by the "granularity of information" and**
16 **monitoring that Charter wants CenturyTel to undertake?**

17 A. Under Charter's proposed language for Article XII, Section 2.1.2.3, CenturyTel would be
18 required to provide to Charter "publication schedules" and "close dates" including "the
19 name of the directory, the close date, and, where the close date has changed, both the
20 original close date and the new close date." Moreover, Charter wants CenturyTel to
21 provide to Charter "notification of changes in close dates in a format that specifically
22 identifies the notification as relating to Directory publication." Further, Charter wants
23 CenturyTel to administer Charter's compliance with these due dates by requiring

1 CenturyTel to notify Charter where “Charter has not forwarded its flat file of listing
2 information for a Directory to CenturyTel two weeks prior to the date that the listing
3 information is due to the publisher. . .”

4 **Q. Do you agree with these additional requirements?**

5 A. No. The imposition of these additional requirements is unnecessary. Setting aside the
6 fact that Charter already has its own internal processes in place (*see* Schedule PH-8
7 (Response to DR No. 15)), CenturyTel has a proven process in place that provides the
8 method by which Charter can include its listing information within the CenturyTel
9 directory. This no-charge process includes providing publicly a listing of our directories,
10 the publish dates of each, and final dates the listings must be submitted in order to meet
11 those publish dates. The schedule is updated monthly, and I believe that Charter receives
12 the notice when the updates occur (or can sign up for the service that will provide the
13 email notice). It appears that what Charter is asking us to do is to keep a log of the areas
14 in which Charter is operating (which from a practical perspective I do not see how
15 CenturyTel would know those areas on a “current” status basis) in order for CenturyTel
16 to tell Charter when to submit its listings. Charter also wants CenturyTel to provide a
17 monitoring service to Charter, letting Charter know when it needs to provide its directory
18 listings to the CenturyTel directory publisher. Apparently Charter wants to shift the
19 burden to CenturyTel to administer the placement of Charter’s listings in the CenturyTel
20 directories.

21 **Q. Is it reasonable for the Commission to require CenturyTel to take the extra steps**
22 **that Charter suggests?**

1 A. No. Charter wants favored treatment as compared to other CLECs. This should be
2 disallowed by the Commission. This recommended response from the Commission is, in
3 CenturyTel's view, fully justified if for no other reason than it is in Charter's own best
4 interests to assure that it meets the due dates of the CenturyTel's directory publisher.
5 CenturyTel has put a system in place, it works, and it is free. If Charter cannot monitor
6 and meet the deadlines provided by CenturyTel's publisher, that is Charter's issue and
7 not the responsibility of CenturyTel.

8 **Q. Do you have any comment on the second aspect of the dispute – whether Charter**
9 **should be able to shift its responsibility with respect to errors that are contained in**
10 **the Charter's listing information to CenturyTel?**

11 A. Yes. This aspect arises because Charter appears to suggest that it only be responsible to
12 send its flat files to CenturyTel and not directly to the CenturyTel Directory publisher
13 vendor, even though, as indicated in Schedule PH-8 (Response to DR. No. 16), Charter
14 already sends its files to The Berry Company (which is CenturyTel's directory publisher).
15 That suggestion by Charter is inappropriate. The files that Charter develops for
16 submission to the CenturyTel directory publisher are Charter's responsibility and
17 Charter's responsibility alone. If there are errors within them, Charter is responsible for
18 them. CenturyTel should not be required to be inserted into the delivery process of those
19 files to the directory publisher with the potential of then Charter claiming that some error
20 in the information or in the delivery of the information to the directory publisher is
21 somehow a result of CenturyTel's actions.

22 **Q. What action does CenturyTel request that the Commission take with respect to this**
23 **Issue 30?**

1 A. CenturyTel requests that the Commission reject Charter's proposed language, adopt
2 CenturyTel's proposed language for Article XII, Section 2.1.2.3, and, in so doing, find
3 that the CenturyTel method of providing notice with respect to its directory close dates
4 and flat file information is entirely reasonable and appropriate.

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

6 A. Yes, it does.