Qwest
Spirit of Service

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December 13, 2005

Ms. Frances. Nichols-Anglin
Administrative Hearings Division
Oregon Public Utility Commission
P. O. Box 2148
Salem, OR 97308-2148

Re: UM 1217

Dear Ms. Nichols-Anglin:

On behalf of Qwest and Malheur Home Telephone Co., enclosed please find an original and (5) copies of its Direct Testimony of Dennis Pappas, along with a certificate of service.

If you have any questions regarding this matter, please feel free to call me at your convenience. Thank you for your attention to this matter.

Very truly yours,

Carla

Carla M. Butler

CMB:cmb
Enclosures

BEFORE THE OREGON PUBLIC UTILITY COMMISSION

UM 1217

In the Matter of	)
	)
PUBLIC UTILITY COMMISSION OF OREGON	)
	)
	)
Staff Investigation to Establish Requirements for Initial Designation and Recertification of Telecommunications Carriers Eligible to Receive Federal Universal Service Support.	)

DIRECT TESTIMONY

OF

DENNIS PAPPAS

ON BEHALF OF

QWEST CORPORATION

AND MALHEUR HOME TELEPHONE CO.

DECEMBER 13, 2005

I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, EMPLOYER AND BUSINESS ADDRESS.

A. My name is Dennis Pappas. I am employed by Qwest Services Corporation as a Director in the Public Policy Organization representing the Local Network Organization. My business address is 700 W. Mineral Avenue, Room MNH19.15, Littleton, Colorado 80120.

Q. PLEASE DESCRIBE YOUR WORK EXPERIENCE, TECHNICAL TRAINING, AND PRESENT RESPONSIBILITIES.

A. I have worked in the telecommunications industry for twenty-six (26) years. Between 1996 and 2001, I was directly associated with Interconnection and Wholesale Product Marketing. My first responsibilities in this area were as State Interconnection Manager for Colorado and Wyoming, a position that involved project management of all collocation activity. I later became a team leader for the Unbundled Loop and Collocation product teams. Subsequently, I became the Director of the Wholesale Product Marketing team and, during that time, led multiple groups in developing new products and processes for provisioning interconnection products and services for competitive local exchange carriers (CLECs). Subsequent to that assignment, I was the General Manager for Qwest Wholesale Emerging Diversified Markets and had responsibility for approximately 75 CLEC accounts. In late 2000, I left Qwest to accept a position as Vice President of Services at TESS Communications, which was a facilities-based CLEC in Colorado and Arizona that provided a suite of services, including telecommunications, data, long distance and cable TV, to approximately 1,200 end users. In early 2001, I assumed the role of President of TESS with responsibility for the day-to-day operations of the company. I left TESS in that same year and returned to Qwest, where I again worked on the unbundled loop product team and began participating as a witness in a number of section 271 workshops. In December 2001, I accepted my current role as Director in the Technical Regulatory Group, Local Network Organization.

Prior to the years working in the area of interconnection, I held multiple titles and positions requiring expertise in network operations, including, for example, Staff Manager and Regional Service Manager in the Local Networks Organization. In the 14 years prior to those assignments, I worked in Network as an Installation and Maintenance Technician (I&M Technician) and an Outside Plant Technician.

I currently represent Qwest at an industry level in two working groups. The first is the Network Reliability & Interoperability Council (NRIC) Focus Group 1d for First Responders and the second is at the Network Reliability Steering Committee (NRSC). It is my work at the NRSC that is the basis for my comments on this matter.

I have my Bachelor's degree in Business Administration and a Masters in Telecommunications from the University of Denver.

Q. WHO ARE YOU REPRESENTING IN THIS PROCEEDING?

A. My testimony is being filed on behalf of Qwest Corporation and its sister company, Malheur Home Telephone Co. (Malheur Bell), which I will refer to collectively as “the Companies.”

II. OVERVIEW OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY?

A. My testimony will focus on four of the questions set forth by this Commission on the Issues List created through Staff investigation on the ETC designation and reclassification on October 28, 2005. Specifically, I will address question III.A.1 – Should the Commission adopt any, or all, of the FCC reporting requirements proposed in FCC Order 05-46; question III.A.2 – Should the Commission adopt other reporting requirements; question III.A.3 – Should the same reporting requirements apply to all types of ETCs – ILEC ETCs and competitive ETCs: and question III.A.4 – Should the same reporting requirements apply regardless of the type of support (traditional high cost, interstate access/common line, low income) received by the ETC?

In general, it is the Companies’ position that only those carriers drawing traditional high cost support from the Federal Universal Service Fund (FUSF) should have to file documentation explaining the manner in which the funds received should be spent. In considering the adoption of these proposed rules, the Commission should evaluate the purpose for such rules: to make sure federal USF support is used for the intended purposes. Some of the FCC's rules do not effectively meet these purposes, or unnecessarily duplicate other requirements already existing in state or federal law. In general, the Companies have the following concerns with the five-year plan as adopted by the FCC: (1) a five-year plan is too long in today's telecommunications marketplace to provide useful information; (2) dependable plans for future activity depend on a predictable distribution of support, and FUSF high-cost support is often unpredictable; and (3) carriers do not typically plan investment at the wire center level, and as a result, requiring reporting of investment planning at the wire center level is both not useful and could skew investments away from their most efficient purposes. Yet, while some justification should be offered, it is unreasonable to expect that each dollar be associated with a specific job. As for the rules related to outage reporting, these requirements do not ensure that FUSF support is spent for the intended purposes, duplicate existing requirements, and are duplicative of reporting already being done.

III. ADOPTION OF THE FCC REPORTING REQUIREMENTS PROPOSED IN ORDER 05-46

Q. IN YOUR EXPERIENCE WITH THE NRSC AND THE CURRENT FCC OUTAGE REPORTING REQUIREMENTS THAT THE COMPANIES COMPLY WITH TODAY, IS THERE A NEED TO

ADOPT ANY OF THE FCC REPORTING REQUIREMENTS CONTEMPLATED IN ORDER 05-46?

A. There is not. The Companies currently report major outages to the Commission Staff as part of their normal operating procedures. In docket AR 492, the staff is contemplating formalizing outage reporting (Section 9) and to the extent the rules to be implemented in this ETC proceeding overlap with the rules contemplated in the AR 492 proceeding, such rules would be duplicative and, therefore, unnecessary. Further, the addition of new ETC reporting requirements here in Oregon would simply be duplicative of the reporting structure and requirements that the FCC instituted on January 3, 2005 in FCC Order 04-188. In light of the most recent changes in outage reporting obligations, the Commission should not adopt any of the reporting requirements that the Joint Board proposes because the Office of Engineering and Technology (OET) has already taken steps to ensure that information is provided by telecommunications companies when outages affecting a substantial number of subscribers occur. In fact, the proposed Oregon outage reporting requirements in AR 492 generally require a lower level of reporting than that required by the FCC.

Q. ONE ASPECT OF THE NEW REPORTING REQUIREMENT IS DEVELOPMENT OF A FIVE-YEAR PLAN MAPPING EXPENDITURES FOR DOLLARS RECEIVED FROM THE FUSF. PLEASE COMMENT ON THIS PROPOSED REQUIREMENT.

A. Not unlike what occurred in the computer industry in the past 15 years, technological changes within the telecommunications industry are advancing at a pace that may find many technologies on the edge of obsolescence within a period of five years if not sooner. Products such as VoIP, WiFi mesh networks, WiMax and continued mobile replacement will continue to drive the need for changes in network technology and product strategy at an increasingly rapid pace. In this type of environment, a five-year planning forecast is simply too long because the technology that is eventually deployed five years from now may not currently exist, and the products that consumers are buying now may not be the products they buy five years from now. During past ETC proceedings, companies voiced concerns over the five-year forecast and noted that perhaps even two years may be pushing the forecast timeframe.

Q. IN YOUR PROFESSIONAL OPINION, ARE THERE ANY LINKS BETWEEN MAJOR OUTAGES AND EXPENDITURES OF FUSF HIGH COST FUNDS?

A. No, there are no such links whatsoever. In many instances, major outages have been caused by contractors failing to properly locate facilities prior to digging in a construction area or by natural disasters, as recently experienced in areas near the Gulf Coast. In either example – the lack of forethought by the contractor or anticipation of catastrophic events – there is no relation with how a carrier utilizes support from the FUSF fund. The outage reports themselves provide nothing more than information about specific outage events. As previously stated, an outage can result from a number of contributing factors – none of which have anything to do with FUSF investment.

Q. ONE OF THE PROPOSED REQUIREMENTS IN ORDER 05-46 WOULD REQUIRE THE COMPANIES TO ISSUE A REPORT ON FAILURE TO PROVIDE SERVICE IN A TIMELY MANNER (I.E., PRIMARY ORDERS GREATER THAN 30 DAYS). PLEASE COMMENT ON THIS PROPOSED REQUIREMENT.

A. There is no need for any additional requirements in this area as the Companies currently report monthly service quality results, including held orders, to the Commission consistent with current rules. To the extent the current rules are modified in the AR 492 service quality rulemaking, the Companies will continue to report service quality results consistent with the effective rules. No further reporting is required as it would likely be duplicative of the rules.

IV. ADOPTION OF OTHER REPORTING REQUIREMENTS

Q. SHOULD THE COMMISSION ADOPT OTHER REPORTING REQUIREMENTS?

A. No. Additional reporting requirements are unnecessary for purposes of re-certifying an ETC to receive FUSF funds. Additional reporting requirements would create greater regulatory burdens for carriers and could actually serve as disincentives to seek ETC status. It is unclear how additional reporting requirements would further the purposes of the FUSF.

Q. SHOULD THE SAME REPORTING REQUIREMENTS APPLY TO ALL TYPES OF ETCs – ILEC ETCs AND COMPETITIVE ETCs?

A. If the Commission determines that additional reporting will indeed promote the use of high cost support by ETCs consistent with the Act, then any new requirements should apply to both Incumbent ETCs and Competitive ETCs. Again, the Commission should carefully evaluate the rules in order to minimize unnecessary and duplicative reporting.

V. REPORTING REQUIREMENTS FOR DIFFERENT TYPES OF SUPPORT

Q. SHOULD THE SAME REPORTING REQUIREMENTS APPLY REGARDLESS OF THE TYPE OF SUPPORT (I.E., TRADITIONAL HIGH-COST, INTERSTATE ACCESS/COMMON LINE, OR LOW INCOME) RECEIVED BY THE ETC?

A. No. If the Commission elects to adopt additional requirements, the additional requirements should only apply for carriers receiving traditional high cost support. Interstate Access Support and Lifeline Support are very different from the traditional high cost support. Lifeline support is reimbursement for providing discounted basic service to qualifying customers. Interstate access support (IAS) is interstate in nature and substitutes explicit support for recovering interstate loop costs. IAS replaces the implicit support formerly embedded within interstate access charges. The two mechanisms are not in any way tied to the upgrading or maintenance of the supported services, nor are the offsets for intrastate costs.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

CERTIFICATE OF SERVICE

I do hereby certify that a true and correct copy of the foregoing QWEST AND MALHEUR HOME TELEPHONE CO.'S DIRECT TESTIMONY OF DENNIS PAPPAS was served on the 13th day of December, 2005 via U.S. Mail, by mailing a correct copy to them in a sealed envelope, with postage prepaid, addressed to them at their regular office address shown below, and deposited in the U.S. post office at Portland, Oregon.

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Dated this 13th day of December, 2005.

Qwest Corporation
Malheur Home Telephone Co.

by: ______________________________

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