

**STATE OF VERMONT
PUBLIC SERVICE BOARD**

Petition of Vermont Department of Public Service for)
an investigation into the adequacy of Telephone)
Operating Company of Vermont LLC, d/b/a FairPoint)
Communications, provision of service quality)
)
 Docket No. 8390

**MEMORANDUM OF UNDERSTANDING BETWEEN TELEPHONE OPERATING
COMPANY OF VERMONT LLC DBA FAIRPOINT COMMUNICATIONS AND THE
VERMONT DEPARTMENT OF PUBLIC SERVICE**

This Memorandum of Understanding (this "MOU") dated as of August 10, 2015 sets forth the agreement of the Vermont Department of Public Service (the "Department") and Telephone Operating Company of Vermont LLC d/b/a FairPoint Communications ("FairPoint") (collectively, the "Parties") regarding resolution of all outstanding issues in the above-captioned proceeding.

Introduction and Recitals

1. On December 1, 2014, the Department petitioned the Board to open an investigation into FairPoint's service quality.
2. On December 3, 2014, the Public Service Board ("Board") opened an investigation into these matters pursuant to 30 V.S.A. §§ 10 and 209.
3. The Department and FairPoint have engaged in several rounds of discovery and exchanged a significant amount of information pertaining to the service quality issues in this docket ("Docket").
4. The Department and FairPoint filed Direct Testimony on March 16, 2015 and April 15, 2015, respectively, and on June 30, 2015, the Department filed Rebuttal Testimony.
5. Since the Board opened the investigation, FairPoint has continued to invest in its telecommunications infrastructure, and its service quality has generally returned to pre-strike levels, as indicated in the most recent quarterly service quality report.
6. Over the last several weeks, FairPoint and the Department have engaged in discussions and negotiations regarding the Department's service quality proposals and related matters.

7. The Department has expressed concerns regarding the SS7 outage, FairPoint's ability to respond to customer repair requests, and FairPoint's ability to provide higher level broadband to more underserved areas of Vermont. As a result of these discussions:

- a. FairPoint informed the Department that it has instituted several SS7 network upgrades to improve the network and operational changes to improve its ability to prevent and respond to SS7 outages.
- b. FairPoint informed the Department that it has changed its operations organization and protocols to better address its ability to respond to customer repair requests.
- c. FairPoint has informed the Department that, as part of a settlement agreement addressing its concerns, it will commit to federal Connect America Fund II price cap carrier support, which will require significant broadband buildout to underserved areas as identified and required by the FCC, at significant additional FairPoint capital investment. This investment will result in additional fiber facilities that will likely provide improved system reliability for FairPoint's outside plant

Settlement Agreement

As a result of their negotiations, the Parties agree as follows:

1. The Parties will request that this proceeding shall be concluded by an Order containing provisions that are limited to the provisions recited herein.
2. Bill Credits
 - a. FairPoint shall provide bill credits calculated under the Rule 7.609(C) formula for the period of April 1, 2013 through February 28, 2015, to those existing customers who were out of service, defined to mean no dial tone or an inability to make or receive a call, due to a condition that rendered a customer's telephone line functionally inoperable (except if caused by customer or customer owned equipment) for a period exceeding 24 hours. FairPoint shall provide these credits to existing customers within 3 months after the Board's Order approving the MOU.
 - b. FairPoint shall prospectively comply with Rule 7.609(C) by clearly notifying its customers of the opportunity to receive a bill credit, with out of service defined to mean no dial tone or inability to make or receive a call, due to a condition that

renders a customer's telephone line functionally inoperable (except if caused by customer or customer owned equipment) for a period exceeding 24 hours, by requesting such a credit once the outage has been fully resolved by FairPoint. Within 3 months after the Board's Order, FairPoint shall publicize this procedure through a bill message on each bill with language acceptable to FairPoint and the Department. FairPoint shall also train and require its call center customer service representatives to inform any customer calling to report a service interruption or outage that a bill credit will be available if the repair is not completed within 24 hours and the customer calls back to request a credit. Language and/or scripts to be used by FairPoint's customer service representatives shall be reasonably acceptable to both the Department and FairPoint. The Department intends to explore ways that all companies subject to rule 7.609(c) can improve their handling of this issue recognizing their systems and operational needs.

3. SS7

- a. After the SS7 outage in November 2014, FairPoint completed an SS7 network design review and subsequently launched a project in December 2014. The Parties represent to the Board that this project specifically addressed two of the core concerns presented in previous testimony – eliminating passive cross-connects where possible and simplifying the Vermont SS7 connectivity from an operational standpoint.¹
- b. FairPoint's Network Operations has confirmed to the Department that A-Links are labeled in each host office with orange markings indicating "SS7" network. This information is verified in the yearly Central Office SS7 Audit in each host office, which has been part of FairPoint's processes for the last several years.

¹ FairPoint's network assessment and subsequent project specifically redesigned the SS7 paths to avoid any passive DSX-3 connections, to utilize UPSR (uni-directional path switched ring) technology versus BLSR (bi-directional line switched line), and to eliminate any unnecessary ring-to-ring hops. This project was completed on June 26, 2015. FairPoint built a new path for the SS7 trunks on a UPSR OC192 system that incorporates White River Junction and Manchester as optical add/drops on a single ring. This rearrangement provided two immediate benefits: first, it removed the complexity of multiple add/drop connections previously used for the SS7 paths; and second, it eliminated any coaxial DSX-3 patches from the path design. All connections are optical fiber jumpers between active network elements, allowing full remote diagnostic testing from the interface to the cards.

- c. FairPoint's Network Operations Center (NOC) has confirmed to the Department that during the second quarter of 2015, FairPoint's Network Monitoring and Analysis ("NMA") alarms were modified to reflect the end office name versus the Destination Point Code, which assists with quicker identification of the central office involved and initial triage process.
- d. FairPoint has confirmed to the Department that for the past several years, FairPoint has had dedicated NOC personnel across all three shifts to monitor the SS7 network via a specific worklist in NMA.
- e. FairPoint has confirmed to the Department that SS7 maps (from the Vermont Tandems to the Concord and Manchester STP locations) will be displayed in the Switch and Transport areas of the NOC.
 - i. FairPoint has completed many of the steps listed above but will within 3 months after the Board's Order, confirm in writing to the Board and the Department the completion of all measures listed above regarding the SS7 network.

4. Repair Timeliness

- a. The Department will support a FairPoint petition to the Board to open a proceeding (1) requesting that service quality reporting requirements apply only to FairPoint customers without access to an alternative telecommunications provider (to be defined in that proceeding), (2) seeking an evaluation of the continued appropriateness of, and possible alternatives to, the existing Docket 5903 "% cleared in 24 hours" metric, and (3), to the extent necessary, also incorporate the results of the proceeding as an amendment to FairPoint's Incentive Regulation Plan.
- b. Until the action in (a) above has been completed, FairPoint will continue to report all Docket 5903 metrics on a quarterly basis, but (i) the "% Troubles Cleared Within 24 Hours" metric will be measured on a calendar year basis, (ii) FairPoint will not be required to prepare more than one Action Plan during any calendar year, and (iii) the Department will not seek any remedial measures relating to FairPoint's results under the Docket 5903 metrics.

5. Other Terms and Conditions

- a. In the event FairPoint fails to request federal Connect America Funding II funding, this MOU shall be null and void and the Parties shall have all rights and remedies available had this MOU not been entered into.
- b. The Parties will request that the Board extend the term of the IRP currently in effect until the Board issues a final Order in Docket 8337 and the proceeding described in Sec. 4 a. of this agreement.
- c. The Department agrees that FairPoint's actions recited herein set forth in this MOU satisfy the matters raised in this Docket and therefore withdraws any other proposal(s) set forth in its Rebuttal Testimony.
- d. The Parties will cooperate in further Board proceedings and will sponsor testimony necessary to support this MOU to the extent necessary. The Department will support issuance of the orders and findings of the Board specified herein subject to the Department's obligations under Title 30 of the Vermont Statutes Annotated.
- e. The Parties agree that this MOU and any Approval Order approving this MOU relate only to these Parties and should not be construed by any party or tribunal as having precedential or any other impact on future proceedings involving the Parties, except as necessary to implement this MOU or to enforce the Approval Order. The Parties reserve the right in future proceedings not referenced herein to advocate positions that differ from those set forth in this MOU, and any Approval Order may not in any future proceeding be used against any Party, except as necessary to enforce the Parties' rights and obligations under this MOU or to enforce the Approval Order.
- f. The Parties have made specific compromises to reach the agreements reflected in this MOU. In the event that the Board fails to approve the MOU in all material respects, then either Party in its sole discretion may terminate this MOU and all obligations hereunder, upon five days' written notice to the other Party, and in such event each Party shall have the same rights as each would have had absent this MOU.

Signature page follows.

TELEPHONE OPERATING COMPANY OF
VERMONT LLC

By:

M. Beth Fastiggi

M. Beth Fastiggi
State President – Vermont

Dated: August 10, 2015 at Burlington, Vermont

STATE OF VERMONT
DEPARTMENT OF PUBLIC SERVICE

By:

Christopher Recchia

Christopher Recchia, Commissioner

Dated: August 10th, 2015 at Montpelier, Vermont