

ORIGINAL

RUTLEDGE, ECENIA, PURNELL & HOFFMAN

PROFESSIONAL ASSOCIATION
ATTORNEYS AND COUNSELORS AT LAW

STEPHEN A. ECENIA
RICHARD M. ELLIS
KENNETH A. HOFFMAN
LORENA A. HOLLEY
MICHAEL G. MAIDA
MARTIN P. McDONNELL
J. STEPHEN MENTON

POST OFFICE BOX 551, 32302-0551
215 SOUTH MONROE STREET, SUITE 420
TALLAHASSEE, FLORIDA 32301-1841

TELEPHONE (850) 681-6788
TELECOPIER (850) 681-6515

R. DAVID PRESCOTT
HAROLD F. X. PURNELL
MARSHA E. RULE
GARY R. RUTLEDGE
MAGGIE M. SCHULTZ

GOVERNMENTAL CONSULTANTS
MARGARET A. MENDUNI
M. LANE STEPHENS

November 22, 2004

Ms. Blanca S. Bayo, Director
Commission Clerk and Administrative Services
Florida Public Service Commission
2540 Shumard Oak Boulevard
Betty Easley Conference Center, Room 110
Tallahassee, Florida 32399-0850

RECEIVED - FPSC
04 NOV 22 PM 2:17
COMMISSION CLERK
HAND DELIVERY

Re: Docket No. 040326-TL

Dear Ms. Bayo:

Enclosed for filing in the above-referenced docket on behalf of Northeast Florida Telephone Company ("NEFCOM") are an original and fifteen (15) copies of:

- 1. Prefiled Direct Testimony and Exhibits of Deborah C. Nobles; and
2. Prefiled Direct Testimony and Exhibit of Steven E. Watkins.

Please acknowledge receipt of these documents by stamping the extra copy of this letter filed and returning the copy to me.

Thank you for your assistance with this filing.

Sincerely,

[Handwritten Signature]
Kenneth A. Hoffman

CMP
COM 3
CTR org
ECR
GCL 1
OPC
MMS KAH/knb
RCA Enclosures
SCR
SEC 1
OTH

RECEIVED & FILED
FPSC-BUREAU

NOBLES
DOCUMENT NUMBER-DATE
12495 NOV 22 04

WATKINS
DOCUMENT NUMBER-DATE
12496 NOV 22 04

FPSC-COMMISSION CLERK FPSC-COMMISSION CLERK

Page 2

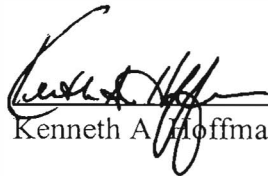
November 22, 2004

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that a true and correct copy of the foregoing Prefiled Direct Testimony and Exhibits has been furnished by U.S. Mail this 22nd day of November, 2004 to:

Jeremy Susac, Esquire  
Florida Public Service Commission  
Office of General Counsel  
2540 Shumark Oak Blvd.  
Gunter Building  
Tallahassee, FL 32399-0850

Susan S. Masterton, Esquire  
Sprint  
Law/External Affairs  
1313 Blair Stone Road  
Tallahassee, FL 32301

  
Kenneth A. Hoffman

1           **NORTHEAST FLORIDA TELEPHONE COMPANY D/B/A NEFCOM**

2                           **DIRECT TESTIMONY OF DEBORAH C. NOBLES**

3                           **BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**

4                           **DOCKET NO. 040326-TL**

5

6   **Q.   PLEASE STATE YOUR NAME, YOUR EMPLOYER, AND YOUR**  
7   **BUSINESS ADDRESS.**

8   A.   My name is Deborah C. Nobles. I am Vice President of Regulatory Affairs for  
9   Townes Telecommunications Services Corporation (“TTSC”), 505 Plaza Circle,  
10   Suite 200, Orange Park, Florida 32073.

11

12   **Q.   PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR**  
13   **TELECOMMUNICATIONS EXPERIENCE.**

14   A.   I have been employed by TTSC for 5 years in the capacity of Vice President of  
15   Regulatory Affairs. In this role, I have responsibility for managing regulatory  
16   affairs for the seven telecommunications operating companies owned by Townes  
17   Telecommunications Inc. (“TTP” or “Townes”) located in the states of Arkansas,  
18   Colorado, Florida, Kansas, Missouri and Texas. In addition, I insure that all of  
19   the Townes companies are compliant with all federal rules and regulation  
20   applicable to small incumbent local exchange carriers (“ILECs”). Effective 2004,  
21   I assumed responsibility for the cost separations and access studies for the seven  
22   Townes study areas filed with the FCC in accordance with FCC Part 36  
23   Separations and Part 69 Access rules and regulations.

DOCUMENT NUMBER-DATE  
12495 NOV 22 04  
FPSC-COMMISSION CLERK

1 Prior to joining Townes, I was employed by ALLTEL Communications Services  
2 Corporation (“ALLTEL”) for 26 years in various management positions in both  
3 the accounting and regulatory areas. My last position with ALLTEL was Staff  
4 Manager of Regulatory Affairs, in which I had responsibility for overseeing  
5 regulatory activities in Florida and several other states.

6  
7 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING?**

8 A. I am testifying on behalf of Northeast Florida Telephone Company, d/b/a/  
9 NEFCOM (“NEFCOM”). NEFCOM is a wholly owned subsidiary of TTI and an  
10 affiliate of TTSC.

11  
12 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

13 A. The purpose of my testimony is to address the development of costs associated  
14 with implementing Local Number Portability (“LNP”) that were included in  
15 NEFCOM’s petition requesting a suspension of the FCC’s porting requirements,  
16 and the calculation of the monthly end user surcharge authorized by the FCC’s  
17 rules for recovery of certain direct LNP implementation costs. My testimony will  
18 also address the level of demand, or lack thereof, for LNP from end user  
19 subscribers of telecommunications services within NEFCOM’s basic local service  
20 territory.

21  
22 **Q. PLEASE BRIEFLY DESCRIBE NEFCOM AND ITS SERVICE**  
23 **TERRITORY.**

1 A. NEFCOM is a Florida corporation with its principal office located at 130 North  
2 Fourth Street, Macclenny, Florida. NEFCOM is engaged in the provision of  
3 general telecommunications services in the State of Florida subject to the  
4 jurisdiction of this Commission. NEFCOM currently provides basic local  
5 exchange service in the Macclenny and Sanderson exchanges, and as of October  
6 31, 2004, had 10,278 access lines in service.

7  
8 NEFCOM is a rural telephone company as defined in 47 U.S.C. § 153(37).  
9 NEFCOM provides telephone exchange services, including exchange access, to  
10 fewer than 50,000 access lines (47 U.S.C. § 153(37)(B)), and it serves a study  
11 area of fewer than 100,000 access lines (47 U.S.C. § 153(37)(C)).

12  
13 **Q. PLEASE PROVIDE A SUMMARY OF THE COSTS TO IMPLEMENT**  
14 **LNP IN NEFCOM'S CENTRAL OFFICE.**

15 A. In the petition requesting a suspension, NEFCOM estimated that the total non-  
16 recurring costs to implement LNP would be \$160,200. These total non-recurring  
17 costs can be recovered through a five-year, monthly end user surcharge authorized  
18 by the FCC. Recurring costs that can also be recovered over the five-year  
19 recovery period totaled \$295,500. The total recurring and non-recurring costs to  
20 be recovered through the five-year end user surcharge were estimated to be  
21 \$455,700. These costs were detailed in an Exhibit attached to NEFCOM's  
22 petition for suspension and are attached to this testimony as Exhibit \_\_ (DCN-1).  
23 Based on NEFCOM's access lines at the time the petition was filed, NEFCOM

1 estimated that the LNP surcharge assessed to end-users would equal \$0.74 per  
2 month per end user for five years. NEFCOM's current monthly rate for  
3 residential local exchange service is \$9.00. Therefore, the monthly LNP  
4 surcharge would result in an 8.2% increase in the cost of residential local  
5 exchange service to NEFCOM's end users.

6

7 NEFCOM also estimated that it would incur \$27,400 per year directly related to  
8 implementing LNP that would not be recoverable from end users through the LNP  
9 surcharge. These costs would have to be recovered by NEFCOM through  
10 increases to local rates, or an additional \$0.22 per end user per month. Based on  
11 the above, NEFCOM's end users could realize a total monthly increase of \$0.96  
12 in the rates for residential local exchange service as the result of NEFCOM  
13 implementing LNP.

14

15 **Q. PLEASE PROVIDE DOCUMENTATION TO SUPPORT THE**  
16 **SWITCHING-RELATED COSTS SHOWN ON EXHIBIT \_\_ (DCN—1),**  
17 **PAGE 1 OF 4.**

18 A. NEFCOM has a Siemens EWSD central office switch that currently does not have  
19 the software upgrade installed to support LNP. Only the switch vendor, Siemens  
20 Information and Communication Network, Inc. ("Siemens"), can install the  
21 required software upgrade. NEFCOM obtained a written price quote from  
22 Siemens on January 16, 2004 to install the software necessary to implement LNP.  
23 The total price quoted by Siemens was \$121,400. The Siemens quote is attached

1 to my testimony as Exhibit \_\_ (DCN—2). Siemens verbally modified this to a  
2 total cost of \$119,600 when NEFCOM filed its petition in April 2004.

3  
4 **Q. WHY IT IS NECESSARY FOR NEFCOM TO PURCHASE AND INSTALL**  
5 **THE “LNP ENHANCEMENT” SOFTWARE UPGRADE IN ADDITION**  
6 **TO THE “LNP BASIC FEATURE” SOFTWARE UPGRADE?**

7 A. The LNP enhancement software upgrade will allow NEFCOM to pre-program its  
8 switch to perform only data base queries on local calls that involve ported  
9 numbers. By incurring the non-recurring costs associated with installing the LNP  
10 Enhanced software upgrade NEFCOM will avoid the recurring costs associated  
11 with performing LNP data base queries on all local calls. Without this software  
12 enhancement, the central office switch would not have the intelligence to  
13 determine which local calls were to numbers ported to another carrier and,  
14 therefore, would require a data base query for all local calls. Extended Local  
15 Calls and IntraLATA calls originating from NEFCOM’s end users will still  
16 require a query to be launched to the LNP database. The costs for those LNP  
17 database queries will be discussed in more detail later in my testimony.

18  
19 **Q. PLEASE EXPLAIN THE BILLING/CUSTOMER CARE SYSTEM NON-**  
20 **RECURRING COST ELEMENT LISTED UNDER SWITCHING-**  
21 **RELATED COSTS.**

22 A. NEFCOM will be required to modify its plant record system to track numbers that  
23 have been ported. This is necessary to avoid reassigning the ported number and

1 to handle trouble reports. NEFCOM personnel wrote the plant record system and  
2 will perform all required programming changes. The costs identified in Exhibit  
3 \_\_ (DCN-1) are based on the estimated number of hours required to modify the  
4 plant record system. NEFCOM estimated that the project would take  
5 approximately 100 hours for its Engineering Department to complete at a loaded  
6 hourly rate for that department of \$29.53.

7  
8 **Q. PLEASE PROVIDE AN EXPLANATION FOR EACH OF THE**  
9 **RECURRING AND NON-RECURRING COST ELEMENTS LISTED**  
10 **UNDER NUMBER PORTABILITY ADMINISTRATION CENTER**  
11 **(“NPAC”) – RELATED COSTS ON EXHIBIT \_\_ (DCN-1), PAGE 2 OF 4.**

12 A. The costs are divided into three categories of cost elements: Service Order  
13 Administration (“SOA”), LNP Queries (Data “Dips”), and Connection Costs with  
14 the LNP Database. Each of these cost elements is described in more detail in the  
15 following paragraphs.

16  
17 Service Order Administration (“SOA”)

18 NPAC is the third party administrator selected to support the implementation of  
19 LNP. NPAC provides turnkey and operational services for the porting of  
20 telephone numbers between carriers. NPAC also downloads routing information  
21 to carriers’ and service bureaus’ Local Service Management Systems (LSMS).  
22 These LSMSs in turn update the carriers’ local LNP call-routing databases.  
23 Under a Non-Disclosure Agreement with NPAC, NEFCOM obtained price quotes



1 for the installation of circuits to connect NEFCOM to NPAC. The price quote  
2 includes the costs for NPAC to install a primary and secondary circuit and all  
3 associated port charges. In addition, NEFCOM will be required to pay a non-  
4 recurring set-up fee to the company provisioning the circuits and a monthly  
5 recurring fee for the use of those circuits. NEFCOM cannot disclose the prices  
6 included in the price quote received from NPAC. The costs associated with the  
7 company provisioning the circuits were estimated based on actual costs incurred  
8 by NEFCOM in the provisioning of other circuits. In total, NEFCOM has  
9 estimated that the non-recurring charge for the set-up fees with NPAC and the  
10 provisioning carrier will be approximately \$2,000. The monthly recurring  
11 amounts due NPAC for port charges and to the provisioning carrier for the use of  
12 the circuits were estimated to be \$31,500 annually (\$2,625 each circuit per  
13 month).

14  
15 LNP Queries (Data “Dips”)

16 With the implementation of LNP, NEFCOM will incur charges for each LNP  
17 query launched for its subscribers. Since NEFCOM has not entered into any  
18 contracts with SOA service providers, firm pricing cannot be provided. However,  
19 NEFCOM obtained verbal estimates from several firms and based the costs  
20 included in Exhibit \_\_ (DCN-1) on those verbal estimates. Each SOA service  
21 provider will charge a non-recurring set-up fee. NEFCOM estimated this fee to  
22 be \$1,000. NEFCOM will then incur a monthly recurring charge for the data  
23 dips. It is assumed that all Extended Local Calls (“ELC”) and IntraLATA calls

1 leaving NEFCOM's service area will have to be queried. A conservative estimate  
2 of the average number of ELC calls made each month is 392,000. NEFCOM  
3 estimated that the average LNP database query charge would be \$0.0038 per  
4 query. Each ELC call will launch an LNP database query for a total estimated  
5 recurring charge of \$1,500 a month or \$18,000 annually. As previously  
6 discussed in my testimony, NEFCOM will not have to launch LNP database  
7 queries on local calls originating and terminating to NEFCOM's end users in its  
8 basic local service area if it installs the "LNP Enhancement" software. However,  
9 the calls originating in NEFCOM's service territory and terminating on ELC or  
10 IntraLATA calling routes will have to be queried.

11  
12 Connection Cost with LNP Database

13 Based on NEFCOM's discussions with several LNP database providers,  
14 NEFCOM has assumed that two "A" links to the LNP database provider would be  
15 required. Although firm pricing cannot be obtained until NEFCOM enters into a  
16 contract with an LNP database provider, verbal estimates were obtained from  
17 these providers. NEFCOM would incur a non-recurring installation charge of  
18 \$600 and monthly recurring charges for the two "A" Links totaling \$800, or  
19 \$9,600 annually.

20  
21 **Q. PLEASE PROVIDE AN EXPLANATION FOR EACH OF THE**  
22 **RECURRING AND NON-RECURRING COST ELEMENTS SHOWN**

1           **UNDER ADMINISTRATIVE/TECHNICAL COSTS ON EXHIBIT \_\_\_**  
2           **(DCN-1) ON PAGE 2 OF 4 AND PAGE 3 OF 4.**

3    A.    The cost are divided into seven cost elements: 1) Translation Costs, 2) Technical  
4           Implementation and Testing, 3) Testing and Verification of Each Ported Directory  
5           Number (“DN”), 4) Administrative Expense, 5) Regulatory, 6) Customer Care,  
6           and 7) Marketing. Each of these cost elements is described in more detail in the  
7           following paragraphs.

8  
9           Translation Costs

10          NEFCOM will be required to set up the initial routing translations in its central  
11          office switch at the time of implementing LNP. The non-recurring cost to  
12          perform this translations work was estimated to be \$4,000. This was based on an  
13          estimate that the initial set up would take approximately 130 hours using a \$30.88  
14          loaded hourly rate for a Central Office Technician (“CO Tech”). NEFCOM has  
15          also identified recurring monthly translations costs associated with ongoing work  
16          that will be required as more numbers are ported. NEFCOM estimated that the  
17          ongoing translations work could be as high as 6 to 7 hours a month at the \$30.88  
18          loaded hourly rate for a total cost of \$200 a month or \$2,400 annually. The  
19          estimated recurring translation costs will not be eligible for recovery through the  
20          monthly LNP end user surcharge.

21  
22          Technical Implementation and Testing

1 NEFCOM will be required to perform testing at the network level to insure that  
2 the calls to ported numbers will be routed properly to the other carrier's network.  
3 NEFCOM has estimated that the initial testing will take approximately 130 hours  
4 at the \$30.88 loaded hourly rate for a CO Tech for a total non-recurring cost of  
5 \$4,000. The testing between networks will have to be performed for each carrier  
6 requesting to port numbers. There will be some costs to perform this testing on an  
7 ongoing basis, but NEFCOM has not estimated that cost at this time. In addition,  
8 NEFCOM was not able to determine to what extent it would need to routinely  
9 monitor or test porting between its network and the requesting carrier; therefore,  
10 no recurring costs have been identified at this time.

11  
12 Testing and Verification of Each Ported Directory Number ("DN")

13 NEFCOM will be required to work with the requesting carrier to test each ported  
14 DN under a variety of conditions to ensure that the porting was successful. The  
15 cost to perform the testing and verification was estimated to be \$50 per ported DN  
16 based on approximately 1.5 hours per port at the \$30.88 loaded hourly rate for a  
17 CO Tech.

18  
19 Administrative Expense

20 TTSC personnel spent approximately a month working on an Operations Manual  
21 that outlined the operational procedures and practices utilized by NEFCOM for  
22 ordering and provisioning number porting requests from requesting carriers. The  
23 Operations Manual was to be used as a guide by requesting carriers and outlined

1 such process as interoperability testing, ordering and provisioning, and also  
2 included forms to be used by requesting carriers such as the Local Service  
3 Request (“LSR”) and Firm Order Confirmation (“FOCs”). In addition, NEFCOM  
4 developed procedures to handle trouble reports from other carriers once numbers  
5 have been ported. The non-recurring cost to produce the Operations Manual and  
6 trouble reporting processes, which included working with an outside consulting  
7 firm on specific technical issues, was \$10,000. NEFCOM estimates that the  
8 additional administrative cost to handle trouble reports on a recurring basis would  
9 be \$50 per port based on 1.5 hours at the \$30.88 loaded hourly rate for a CO  
10 Tech.

11  
12 Regulatory

13 NEFCOM will incur expenses associated with regulatory filings to update NECA  
14 Tariff 4 and to complete the NECA End User Surcharge worksheets. In addition,  
15 updates will need to be provided to national databases such as the LERG for  
16 ported NXXs and associated Local Routing Numbers (LRN). NEFCOM  
17 estimates a non-recurring cost of \$1,000 to perform these filings and updates.

18  
19 Customer Care

20 TTSC has developed internal training material for its customer care staff to handle  
21 customer inquiries and troubles. While training has not yet taken place,  
22 NEFCOM has estimated the non-recurring cost to produce the training materials  
23 and the actual training classes to be performed for all NEFCOM personnel to be

1           \$10,000. Because NEFCOM currently does not have adequate staffing to handle  
2           the potential additional work functions associated with LNP customer care,  
3           NEFCOM estimates the cost to add an additional service representative as a  
4           recurring cost of \$24,000. This recurring cost is not recoverable through the LNP  
5           end user surcharge and would have to be factored into any local service rate  
6           increases NEFCOM may have to pursue in addition to the LNP surcharge.

7  
8           Marketing

9           The implementation of LNP will likely generate confusion for NEFCOM's end  
10          users. Especially after the monthly LNP surcharge begins to appear on their bills.  
11          NEFCOM intends to produce a series of informational materials to explain LNP  
12          to its end users that will be distributed in a variety of ways to reach the maximum  
13          number of customers. The costs associated with producing and distributing this  
14          material is based on actual costs incurred by NEFCOM for similar customer  
15          education programs. A bill insert will be included in two mailings of the end  
16          user bills that will explain LNP in general and the basis for the monthly LNP  
17          surcharge. The cost for the bill inserts for both mailings will be approximately  
18          \$2,400. Additional postage for these mailings is estimated to be \$600. Ads will  
19          be placed in both local newspapers for a cost of \$330. NEFCOM will develop  
20          flyers to be provided to the service representatives as handouts to customers for a  
21          cost of \$850. The labor costs to develop the informational material were  
22          calculated at 30 hours at the loaded hourly rate for a Marketing Assistant of  
23          \$27.34 for a total of \$820. NEFCOM estimates the total non-recurring marketing

1 costs to be \$5,000. Annually, NEFCOM will provide a bill insert to explain the  
2 LNP surcharge for a recurring cost of approximately \$1,000.

3

4 **Q. PLEASE PROVIDE AN EXPLANATION OF THE RECURRING AND**  
5 **NON-RECURRING CHARGES LISTED AS TRANSPORT COSTS ON**  
6 **EXHIBIT \_\_ (DCN-1), PAGE 3 OF 4.**

7 A. The transport costs shown on Exhibit \_\_ (DCN-1) were provided to illustrate the  
8 additional costs that NEFCOM could potentially be required to incur depending  
9 on final resolution of outstanding issues by the FCC. If the FCC determines that  
10 ILECs are required to transport ported calls to other carriers' facilities located  
11 outside of the ILECs local service area, NEFCOM assumed that it would be  
12 required to provision a trunk group between its central office switch and the  
13 requesting carrier's POI in the LATA. A separate trunk group would be required  
14 for each requesting carrier. NEFCOM estimated the non-recurring cost to  
15 engineer, design and install each trunk group to be \$5,000 with the monthly  
16 recurring cost for each trunk group to be \$800.

17 **Q. HAS NEFCOM RECEIVED ANY INQUIRIES FROM ITS END USERS**  
18 **REGARDING THE AVAILABILITY OF LOCAL NUMBER**  
19 **PORTABILITY?**

20 A. After an article appeared in the local newspaper in May 2004 regarding the ability  
21 of customers to port their wireline telephone number to a wireless service  
22 provider, a small number of customers asked NEFCOM's service representatives  
23 to explain how this would work. To my knowledge, since that time NEFCOM

1 has not received any other inquiries from its end users regarding the availability  
2 of local number portability. Further, NEFCOM has not received a request for  
3 local number portability from any of its end users.  
4

5 **Q. HOW WILL IMPLEMENTING LNP IMPACT NEFCOM'S END USERS**  
6 **MONTHLY BILLS?**

7 A. NEFCOM has no choice but to pass the costs to implement LNP on to its end  
8 users. It is not economically feasible for NEFCOM to absorb the costs associated  
9 with deploying LNP. NEFCOM does not have the customer base or economies of  
10 scale to recover these costs through other service offerings. Based on  
11 NEFCOM's current estimates of costs to implement LNP, each end user will pay  
12 an additional \$0.74 per month per access line through the LNP end user  
13 surcharge. This will be the equivalent of an 8.2% increase in the rate for  
14 residential local service. The end users that NEFCOM will be billing the monthly  
15 LNP surcharge are those customers that have chosen to *not* port their number to  
16 another carrier, therefore, those end users receive no benefit from NEFCOM's  
17 deployment of LNP, but must bear all of the costs. End users that port their  
18 telephone number from NEFCOM to another carrier will receive all of the  
19 benefits but bear none of the costs.  
20

21 **Q. ARE THERE ANY EXISTING CAPITAL INVESTMENTS FOR**  
22 **BROADBAND THAT WILL BE DIVERTED IF NEFCOM MUST**  
23 **DEPLOY LNP?**



1 A. Yes. NEFCOM's customers have expressed a high level of demand for DSL and  
2 broadband services. NEFCOM has been working diligently towards rolling out  
3 broadband options to all of its end users regardless of their location in  
4 NEFCOM's service territory. NEFCOM will be faced with diverting capital  
5 investments already targeted for the provision of DSL and broadband services,  
6 which NEFCOM's customers want and demand, to the deployment of LNP,  
7 which does not appear to be in demand at all.

8

9 **Q. IN YOUR ASSESSMENT AS VICE PRESIDENT OF REGULATORY**  
10 **AFFAIRS, IS DEPLOYING LNP BY NEFCOM IN THE PUBLIC**  
11 **INTEREST?**

12 A. No. With no demand expressed by NEFCOM's end users for LNP, it is difficult  
13 to see how deployment of LNP at this time could be in the public interest.  
14 NEFCOM cannot absorb the substantial cost to deploy LNP, therefore, its end  
15 users will be faced with an additional cost per month to have residential local  
16 exchange service. Finally, customers will have to wait longer to receive the new  
17 services that they are demanding, such as DSL and broadband, since NEFCOM  
18 will be required to divert capital investment away those services in order to  
19 deploy LNP.

20

21 **Q. IF THE FLORIDA PUBLIC SERVICE COMMISSION DENIES**  
22 **NEFCOM'S REQUEST FOR A SUSPENSION, HOW LONG WILL IT**  
23 **TAKE FOR NEFCOM TO IMPLEMENT LNP?**

1 A. In recent conversations with the switch vendor, they have indicated that it will  
2 take 6 to 8 weeks to schedule and complete the installation of the software and  
3 associated translations work in the switch once a firm order has been placed by  
4 NEFCOM. NEFCOM estimates that it will then need an additional 4 months to  
5 establish and test the connections to NPAC and the LNP database provider, to  
6 conduct negotiations with CMRS providers regarding the facilities to be used for  
7 the transiting of ported calls, and to perform the subsequent testing of ported calls  
8 between NEFCOM and the requesting carriers' network. In total, NEFCOM will  
9 need 6 months to complete all tasks necessary to implement LNP.

10

11 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

12 A. There has been no demand for LNP expressed by NEFCOM's end users. The  
13 costs identified by NEFCOM in Exhibit\_\_(DCN-1) to implement LNP are  
14 substantial and will be borne by NEFCOM's end users through a monthly LNP  
15 surcharge authorized by the FCC. NEFCOM's end users will realize no benefit  
16 from the deployment of LNP that justifies the costs, therefore, it is not in the  
17 public interest for NEFCOM to implement LNP. Finally, NEFCOM will have to  
18 divert capital investment to the deployment of LNP that is targeted for the  
19 deployment of other services, such as DSL and broadband, which will drastically  
20 slow down NEFCOM's ability to roll out services that its customers are actually  
21 demanding. Should the Commission deny NEFCOM's request for suspension, it  
22 will take NEFCOM approximately 6 months to implement LNP.

23

1 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

2 A. Yes.

**NEFCOM**

The following is a list of estimated costs to comply with the FCC’s WLNP order.

1) Switching-Related Costs:

<b>COST ELEMENT</b>	<b>NON-RECURRING</b>	<b>RECURRING</b>
<b>Switch Generic Software Level</b> – The switch generic level may need to be upgraded to support LNP and associated feature software. (Note: Switch generics already upgraded for CALEA may meet LNP switch generic requirements.)	No impact we are aware of	No impact we are aware of
<b>Additional Software Feature Requirements</b> – Additional software feature requirements may be required, such as AIN, SS7, ATT Expanded AMA Format, ISUP and LNP number pooling.	\$119,600 (Recoverable)	No impact we are aware of
<b>LNP Software</b> – Each switch vendor has unique LNP software pricing and pricing methods.	Included in SW	No impact we are aware of
<b>Hardware Requirements</b> – Additional hardware will not be required in most cases, unless a carrier prefers to record call data for validation.	Included in SW	No impact we are aware of
<b>Installation Costs</b> for above.	Included in SW	No impact we are aware of
<b>Additional Vendor Fees</b> – the pro-rata portion of any subscription “partnership” fees that provide benefit for upgrades.	No impact we are aware of	No impact we are aware of
<b>Maintenance</b> – The amount by which your recurring switch maintenance expense will increase due to LNP.	No impact we are aware of	No impact we are aware of
<b>Billing/Customer Care Systems</b> – Any costs associated with upgrading Billing and Customer Care systems to process LNP AMA records. LNP requires additional fields in the standard Bellcore AMA Format (BAF) record.	\$3,000 + (Recoverable)	Unknown at this time.

2) Number Portability Administration Center (“NPAC”) – Related Costs:

<b>COST ELEMENT</b>	<b>NON-RECURRING</b>	<b>RECURRING</b>
<b>Service Order Administration (SOA)</b> – Costs for connection to and use of the NPAC for handling porting service orders between carriers; charges typically include a one time fee and recurring charges per month and per number ported.	\$2,000 (Recoverable)	\$2,625/mo. \$31,500/yr. (Recoverable)
<b>LNP Queries (Data “Dips”)</b> – Costs for database lookups (via SS7 to the NPAC) to route calls to a ported number; may include a start-up fee and a base monthly fee plus a charge per data dip and/or a minimum monthly fee per OCN, exchange or point code.	\$1,000 (Recoverable)	\$1,500/mo. \$18,000/yr. (Recoverable)
<b>Connection costs with LNP Database</b> – The start-up and recurring expense for signaling links (SS7) with the LNP database. A number of third-party vendors such as TSI or Verisign (among many others) may be used for these connections and services.	\$600 (Recoverable)	\$800/mo. \$9,600/yr. (Recoverable)

3) Administrative/Technical Costs:

An estimate of the cost of personnel and associated G&A expense to implement and process LNP, including the cost of additional computer, office space, supplies, etc. for the following activities:

<b>COST ELEMENT</b>	<b>NON-RECURRING</b>	<b>RECURRING</b>
<b>Translation Costs</b> – Whether by staff switch translations specialist or consultant. Normally a one time effort, but on-going attention may be needed as LNP is expanded. Include translation costs for establishing LNP, new SS7 links, and for designing new or expanded trunk groups for Transport (see Transport below).	\$4,000 (Recoverable)	\$200/mo. \$2,400/yr.
<b>Technical Implementation and Testing</b> – The cost for implementing and testing inter-carrier porting at the network level.	\$4,000 (Recoverable)	Unknown at this time
<b>Testing and Verification of Each Ported DN</b> – Each DN must be tested under a variety of conditions to ensure the porting was successful.	No impact we are aware of	\$50/ported number

<b>COST ELEMENT</b>	<b>NON-RECURRING</b>	<b>RECURRING</b>
<b>Administrative Expense</b> – The cost of processing SOAs, as well as the associated Local Service Requests (LSRs) and Firm Order Confirmations (FOCs) between porting carriers. Include costs for handling troubles within these processes.	\$10,000 (Recoverable)	\$50/port
<b>Regulatory</b> – The cost of NANPA and LERG filings and updates for ported NXXs and associated Local Routing Numbers (LRNs); NECA 4 Tariff updates	\$1,000 (Recoverable)	None
<b>Customer Care</b> – The cost of increased customer care staff and training for handling customer trouble calls and the inevitable customer confusion that will result.	\$10,000 (Recoverable)	\$2,000/mo. \$24,000/yr.
<b>Marketing</b> – Expense will be required for general customer education at the marketing and sales level.	\$5,000 (Recoverable)	\$1,000/yr.

#### 4) Transport Costs:

Until clarification is obtained on the use of IXC's or leased facilities for compelled transport of ported calls outside the LCA, the assumption is that the ILEC will be required to provision a trunk group between each of our switches and the requesting carrier's POI in the LATA. Included are engineering, design and installation costs for these trunk groups and our non-recurring costs.

<b>WIRELESS CARRIERS *</b>	<b>NON-RECURRING</b>	<b>RECURRING</b>
Verizon	\$5,000	\$800/mo
Sprint PCS	\$5,000	\$800/mo
Nextel	\$5,000	\$800/mo
Alltel Communications	\$5,000	\$800/mo
AT&T Wireless	\$5,000	\$800/mo
US Cellular	\$5,000	\$800/mo
Cingular Wireless	\$5,000	\$800/mo

\* List is not all inclusive of every wireless carrier providing service in portions of NEFCOM's study area.

**NEFCOM**  
**Summary of Recurring and Nonrecurring Costs**

<b>Total Recoverable Non-Recurring Costs</b>		<b>\$160,200</b>
<b>Total Recoverable Recurring Costs:</b>		
<b>Annual Costs</b>	<b>\$59,100</b>	
	X <u>    5</u>	
	<b>\$295,500</b>	<b><u>\$295,500</u></b>
<b>Total Recoverable Costs</b>		<b>\$455,700</b>

**Calculation of Monthly Surcharge:**

**\$455,700 divided by 60 months = \$7, 595 per month**

**\$7,595 divided by 10,227 access lines = \$.74**



## AGREEMENT ORDER FORM

**Siemens Information and Communication Networks, Inc.**  
**900 Broken Sound Parkway N.W.**  
**Boca Raton, Florida 33487**  
**(561) 923-5000**  
 www.icn.siemens.com

To: Mr. Mike Crews  
 Northeast Florida Telephone Co., Inc.  
 130 N. Fourth Street  
 Macclenny, FL 32063

Date: January 16, 2004

This Agreement is subject to the terms and conditions set forth herein and includes the following:

1. The page(s) of this Order Form, 1 through 1 and pages 1 through 8 of the Agreement Terms and Conditions, which include a Disclaimer of Warranties, Software License, and a Limitation of Liabilities.
2. Technical Proposal No. **IOCE-40113FL\_LNP**, Issue 1, dated **1/16/04**
3. Payment Schedule; unless otherwise set forth in the above referenced Technical Proposal.
  - 100% of equipment (material), software, and engineering price upon delivery, F.O.B. Lake Mary, FL.
  - 100% of installation price upon Installation Completion.

Item	Description	Quantity	Unit Price	Total	Delivery (Month ARO) Schedule
1	Provides Local Number Portability Basic Feature Package (30-88-3012-0000) including LNP using AIN Protocol (F/N 31-88-0065-3150) for Macclenny, FL	1 Lot			*
	Software			\$ 60,000	
	SCAT			2,400	
	Total			\$ 62,400	
2	Provides LNP Number Pooling (30-88-3012-1810) for Macclenny, FL	1 Lot			*
	Software			\$ 40,000	
	SCAT			2,400	
	Total			\$ 42,400	
3	Provides LNP Enhancements including: 30-88-3012-0020 LRN Enhancements for an End Office 30-88-3012-0030 LRN Enhancements for Access Tandem Offices 30-88-3012-0050 Increase of the Number of LRNs to 1024 30-88-3012-0060 LRN Assigned on a Rate Area Index (RACKS) 30-88-3012-0070 LNP Port Out Trigger Override 30-88-3012-0180 Separation of CMD Traffic for LNP 30-88-3012-1620 Expansion of NPA-NXX Combinations 30-88-3012-1710 LNP Billing Enhancements				

**Prices are valid for 60 days from the above date.**

### Buyer's Order

This Order includes those Item(s) listed above as follows:

By my signature below I acknowledge that this Order shall be subject to the content of this Order Form and the Agreement Terms and Conditions attached hereto.

By: \_\_\_\_\_  
 Authorized Representative Date

Printed Name

For: \_\_\_\_\_  
 (Buyer/Licensee)

Please return Order to:

**Siemens Information & Communication Networks**  
**1600 RiverEdge Parkway, Suite 901**  
**Atlanta, GA 30328**

Attention: Darlene Edwards  
 Fax No.: (770) 303-5223

Siemens' written acknowledgment of this Order shall indicate Siemens' acceptance thereof.



## ORDER FORM CONTINUATION SHEET

Technical Proposal: IOCE-400113FL, Iss. 1, 1/16/04

Continuation Page 2 of 2

Date: January 16, 2004

Item	Description	Quantity	Unit Price	Total	Delivery (Month ARO) Schedule
	30-88-3012-1730 Support of Intraswitch Class Feature Interaction with LNP 30-88-3012-2010 LNP Network Traffic Management Enhancements 30-88-3012-1830 LNP Routing Enhancements 30-88-3012-1820 Group Option for Setting LNP Portin/Portout Markings  Software SCAT Total	1 Lot		\$ 16,000 600 <hr/> \$ 16,600	*
	*To be determined at time of order.				