



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
 Charleston, WV 25305-0130

Request for Quotation

RFO NUMBER
PSC10510

PAGE
1

ADDRESS CORRESPONDENCE TO ATTENTION OF:
FRANK WHITTAKER
304-558-2316

RFO COPY

Brevitz Consulting Services
Attn: David Brevitz
3623 SW Woodvalley Terrace
Topka, KS 66614

SHIP TO

PUBLIC SERVICE COMMISSION
OF WEST VIRGINIA
201 BROOKS STREET
CHARLESTON, WV
25301 340-0323

DATE PRINTED	TERMS OF SALE	SHIP VIA	F.O.B.	FREIGHT TERMS
07/30/2009				

BID OPENING DATE: 08/13/2009 BID OPENING TIME 01:30PM

LINE	QUANTITY	UOP	CAT NO	ITEM NUMBER	UNIT PRICE	AMOUNT
0001	1	LS		961-20		
<p>CONSULTING SERVICES</p> <p>THE WEST VIRGINIA PURCHASING DIVISION, FOR THE AGENCY, THE WEST VIRGINIA PUBLIC SERVICE COMMISSION, IS SOLICITING BIDS FROM RESPONSIBLE VENDORS TO PROVIDE CONSULTING SERVICES FOR CASE NO. 09-0871-T-PC PER THE ATTACHED SPECIFICATIONS.</p> <p>ALL TECHNICAL QUESTIONS MUST BE SUBMITTED IN WRITING TO FRANK WHITTAKER IN THE PURCHASING DIVISION VIA FAX AT 304-558-4115 OR VIA EMAIL AT FRANK.M.WHITTAKER@WV.GOV DEADLINE FOR TECHNICAL QUESTIONS IS 08/06/09 AT 4:00 PM</p> <p>ALL TECHNICAL QUESTIONS WILL BE ADDRESSED BY ADDENDUM AFTER THE DEADLINE.</p> <p>BANKRUPTCY: IN THE EVENT THE VENDOR/CONTRACTOR FILES FOR BANKRUPTCY PROTECTION, THE STATE MAY DEEM THE CONTRACT NULL AND VOID AND TERMINATE SUCH CONTRACT WITHOUT FURTHER ORDER.</p> <p style="text-align: center;">NOTICE</p> <p>A SIGNED BID MUST BE SUBMITTED TO:</p> <p style="text-align: center;">DEPARTMENT OF ADMINISTRATION PURCHASING DIVISION BUILDING 15 2019 WASHINGTON STREET, EAST CHARLESTON, WV 25305-0130</p>						

RECEIVED
 2009 AUG 13 AM 10:15
 WV PURCHASING
 DIVISION

SEE REVERSE SIDE FOR TERMS AND CONDITIONS		
SIGNATURE <i>David Brevitz</i>	TELEPHONE 785-266-8769	DATE 8/12/09
TITLE <i>Principal</i>	FAX 381-62-7599	ADDRESS CHANGES TO BE NOTED ABOVE

WHEN RESPONDING TO RFO, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'

**GENERAL TERMS & CONDITIONS
REQUEST FOR QUOTATION (RFQ) AND REQUEST FOR PROPOSAL (RFP)**

1. Awards will be made in the best interest of the State of West Virginia.
2. The State may accept or reject in part, or in whole, any bid.
3. All quotations are governed by the *West Virginia Code* and the *Legislative Rules* of the Purchasing Division
4. Prior to any award, the apparent successful vendor must be properly registered with the Purchasing Division and have paid the required \$125 fee.
5. All services performed or goods delivered under State Purchase Order/Contracts are to be continued for the term of the Purchase Order/Contracts, contingent upon funds being appropriated by the Legislature or otherwise being made available. In the event funds are not appropriated or otherwise available for these services or goods, this Purchase Order/Contract becomes void and of no effect after June 30.
6. Payment may only be made after the delivery and acceptance of goods or services
7. Interest may be paid for late payment in accordance with the *West Virginia Code*.
8. Vendor preference will be granted upon written request in accordance with the *West Virginia Code*.
9. The State of West Virginia is exempt from federal and state taxes and will not pay or reimburse such taxes
10. The Director of Purchasing may cancel any Purchase Order/Contract upon 30 days written notice to the seller.
11. The laws of the State of West Virginia and the *Legislative Rules* of the Purchasing Division shall govern all rights and duties under the Contract, including without limitation the validity of this Purchase Order/Contract
12. Any reference to automatic renewal is hereby deleted. The Contract may be renewed only upon mutual written agreement of the parties.
13. **BANKRUPTCY:** In the event the vendor/contractor files for bankruptcy protection, the State may deem this contract null and void, and terminate such contract without further order.
14. **HIPAA BUSINESS ASSOCIATE ADDENDUM:** The West Virginia State Government HIPAA Business Associate Addendum (BAA), approved by the Attorney General, and available online at the Purchasing Division's web site (<http://www.state.wv.us/admin/purchase/vrc/hipaa.htm>) is hereby made part of the agreement. Provided that, the Agency meets the definition of a Cover Entity (45 CFR §160.103) and will be disclosing Protected Health Information (45 CFR §160.103) to the vendor
15. **WEST VIRGINIA ALCOHOL & DRUG-FREE WORKPLACE ACT:** If this Contract constitutes a public improvement construction contract as set forth in Article 1D, Chapter 21 of the West Virginia Code ("The West Virginia Alcohol and Drug-Free Workplace Act"), then the following language shall hereby become part of this Contract: "The contractor and its subcontractors shall implement and maintain a written drug-free workplace policy in compliance with the West Virginia Alcohol and Drug-Free Workplace Act, as set forth in Article 1D, Chapter 21 of the West Virginia Code. The contractor and its subcontractors shall provide a sworn statement in writing, under the penalties of perjury, that they maintain a valid drug-free work place policy in compliance with the West Virginia and Drug-Free Workplace Act. It is understood and agreed that this Contract shall be cancelled by the awarding authority if the Contractor: 1) Fails to implement its drug-free workplace policy; 2) Fails to provide information regarding implementation of the contractor's drug-free workplace policy at the request of the public authority; or 3) Provides to the public authority false information regarding the contractor's drug-free workplace policy."

INSTRUCTIONS TO BIDDERS

1. Use the quotation forms provided by the Purchasing Division.
2. **SPECIFICATIONS:** Items offered must be in compliance with the specifications. Any deviation from the specifications must be clearly indicated by the bidder. Alternates offered by the bidder as **EQUAL** to the specifications must be clearly defined. A bidder offering an alternate should attach complete specifications and literature to the bid. The Purchasing Division may waive minor deviations to specifications
3. Complete all sections of the quotation form.
4. Unit prices shall prevail in case of discrepancy.
5. All quotations are considered F.O.B. destination unless alternate shipping terms are clearly identified in the quotation.
6. **BID SUBMISSION:** All quotations must be delivered by the bidder to the office listed below prior to the date and time of the bid opening. Failure of the bidder to deliver the quotations on time will result in bid disqualifications: Department of Administration, Purchasing Division, 2019 Washington Street East, P.O. Box 50130, Charleston, WV 25305-0130



State of West Virginia
 Department of Administration
 Purchasing Division
 2019 Washington Street East
 Post Office Box 50130
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THE BID SHOULD CONTAIN THIS INFORMATION ON THE FACE OF THE ENVELOPE OR THE BID MAY NOT BE CONSIDERED:

SEALED BID

BUYER: 44
 RFQ. NO.: PSC10510
 BID OPENING DATE: 08/13/09
 BID OPENING TIME: 1:30 PM

PLEASE PROVIDE A FAX NUMBER IN CASE IT IS NECESSARY TO CONTACT YOU REGARDING YOUR BID:

Call ahead to David Brevitz to activate fax line

CONTACT PERSON (PLEASE PRINT CLEARLY):
David Brevitz
785-266-8769

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE	TELEPHONE	DATE	
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

WHEN RESPONDING TO RFQ, INSERT NAME AND ADDRESS IN SPACE ABOVE LABELED 'VENDOR'



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LINE	QUANTITY	UOP	CAT. NO.	ITEM NUMBER	UNIT PRICE	AMOUNT
***** THIS IS THE END OF RFQ PSC10510 ***** TOTAL: _____						

SEE REVERSE SIDE FOR TERMS AND CONDITIONS			
SIGNATURE		TELEPHONE	DATE
TITLE	FEIN	ADDRESS CHANGES TO BE NOTED ABOVE	

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PSC10510 - Case Consulting Bid Form

Employee/Title	Not to Exceed Number of Hours*	Hourly Rate	Extended Price
David Brevitz, C.F.A.	235	\$ 125	\$ 29,375
Dr. Robert Loube	195	\$ 150	\$ 29,250
Bion Ostrander, C.P.A.	235	\$ 125	\$ 29,375
		\$	\$
		\$	\$
		\$	\$
Total			\$ 88,000

Bidder / Vendor Information:

Name: Brevitz Consulting Services

Address: David Brevitz
3623 SW Woodvalley Terrace
Topeka, Kansas 66614

Phone #: 785-266-8769

Email Address: davidbrevitz@att.net

Contact Coordinator Information:

Name: See above

Address: _____

Phone #: _____

Email Address: _____

The Consultant will not be reimbursed for hours that exceed the total hours for each Employee/Title

State of West Virginia VENDOR PREFERENCE CERTIFICATE

Certification and application* is hereby made for Preference in accordance with *West Virginia Code*, §5A-3-37. (Does not apply to construction contracts). *West Virginia Code*, §5A-3-37, provides an opportunity for qualifying vendors to request (at the time of bid) preference for their residency status. Such preference is an evaluation method only and will be applied only to the cost bid in accordance with the *West Virginia Code*. This certificate for application is to be used to request such preference. The Purchasing Division will make the determination of the Resident Vendor Preference, if applicable

1. Application is made for 2.5% resident vendor preference for the reason checked:

- _____ Bidder is an individual resident vendor and has resided continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
- _____ Bidder is a partnership, association or corporation resident vendor and has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; or 80% of the ownership interest of Bidder is held by another individual, partnership, association or corporation resident vendor who has maintained its headquarters or principal place of business continuously in West Virginia for four (4) years immediately preceding the date of this certification; **or**,
- _____ Bidder is a nonresident vendor which has an affiliate or subsidiary which employs a minimum of one hundred state residents and which has maintained its headquarters or principal place of business within West Virginia continuously for the four (4) years immediately preceding the date of this certification; **or**,

2. Application is made for 2.5% resident vendor preference for the reason checked:

- _____ Bidder is a resident vendor who certifies that, during the life of the contract, on average at least 75% of the employees working on the project being bid are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,

3. Application is made for 2.5% resident vendor preference for the reason checked:

- _____ Bidder is a nonresident vendor employing a minimum of one hundred state residents or is a nonresident vendor with an affiliate or subsidiary which maintains its headquarters or principal place of business within West Virginia employing a minimum of one hundred state residents who certifies that, during the life of the contract, on average at least 75% of the employees or Bidder's affiliate's or subsidiary's employees are residents of West Virginia who have resided in the state continuously for the two years immediately preceding submission of this bid; **or**,

4. Application is made for 5% resident vendor preference for the reason checked:

- _____ Bidder meets either the requirement of both subdivisions (1) and (2) or subdivision (1) and (3) as stated above; **or**,

5. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- _____ Bidder is an individual resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard and has resided in West Virginia continuously for the four years immediately preceding the date on which the bid is submitted; **or**,

6. Application is made for 3.5% resident vendor preference who is a veteran for the reason checked:

- _____ Bidder is a resident vendor who is a veteran of the United States armed forces, the reserves or the National Guard, if, for purposes of producing or distributing the commodities or completing the project which is the subject of the vendor's bid and continuously over the entire term of the project, on average at least seventy-five percent of the vendor's employees are residents of West Virginia who have resided in the state continuously for the two immediately preceding years.

Bidder understands if the Secretary of Revenue determines that a Bidder receiving preference has failed to continue to meet the requirements for such preference, the Secretary may order the Director of Purchasing to: (a) reject the bid; or (b) assess a penalty against such Bidder in an amount not to exceed 5% of the bid amount and that such penalty will be paid to the contracting agency or deducted from any unpaid balance on the contract or purchase order.

By submission of this certificate, Bidder agrees to disclose any reasonably requested information to the Purchasing Division and authorizes the Department of Revenue to disclose to the Director of Purchasing appropriate information verifying that Bidder has paid the required business taxes, provided that such information does not contain the amounts of taxes paid nor any other information deemed by the Tax Commissioner to be confidential.

Under penalty of law for false swearing (*West Virginia Code*, §61-5-3), Bidder hereby certifies that this certificate is true and accurate in all respects; and that if a contract is issued to Bidder and if anything contained within this certificate changes during the term of the contract, Bidder will notify the Purchasing Division in writing immediately.

Bidder: Brevitz Consulting Services Signed: David Brevitz
 Date: 8/12/09 Title: Principal

*Check any combination of preference consideration(s) indicated above, which you are entitled to receive

RFQ No PSC 10510STATE OF WEST VIRGINIA
Purchasing Division**PURCHASING AFFIDAVIT****VENDOR OWING A DEBT TO THE STATE:**

West Virginia Code §5A-3-10a provides that: No contract or renewal of any contract may be awarded by the state or any of its political subdivisions to any vendor or prospective vendor when the vendor or prospective vendor or a related party to the vendor or prospective vendor is a debtor and the debt owed is an amount greater than one thousand dollars in the aggregate.

PUBLIC IMPROVEMENT CONTRACTS & DRUG-FREE WORKPLACE ACT:

If this is a solicitation for a public improvement construction contract, the vendor, by its signature below, affirms that it has a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the **West Virginia Code**. The vendor **must** make said affirmation with its bid submission. Further, public improvement construction contract may not be awarded to a vendor who does not have a written plan for a drug-free workplace policy in compliance with Article 1D, Chapter 21 of the **West Virginia Code** and who has not submitted that plan to the appropriate contracting authority in timely fashion. For a vendor who is a subcontractor, compliance with Section 5, Article 1D, Chapter 21 of the **West Virginia Code** may take place before their work on the public improvement is begun.

ANTITRUST:

In submitting a bid to any agency for the state of West Virginia, the bidder offers and agrees that if the bid is accepted the bidder will convey, sell, assign or transfer to the state of West Virginia all rights, title and interest in and to all causes of action it may now or hereafter acquire under the antitrust laws of the United States and the state of West Virginia for price fixing and/or unreasonable restraints of trade relating to the particular commodities or services purchased or acquired by the state of West Virginia. Such assignment shall be made and become effective at the time the purchasing agency tenders the initial payment to the bidder.

I certify that this bid is made without prior understanding, agreement, or connection with any corporation, firm, limited liability company, partnership or person or entity submitting a bid for the same materials, supplies, equipment or services and is in all respects fair and without collusion or fraud. I further certify that I am authorized to sign the certification on behalf of the bidder or this bid.

LICENSING:

Vendors must be licensed and in good standing in accordance with any and all state and local laws and requirements by any state or local agency of West Virginia, including, but not limited to, the West Virginia Secretary of State's Office, the West Virginia Tax Department, West Virginia Insurance Commission, or any other state agencies or political subdivision. Furthermore, the vendor must provide all necessary releases to obtain information to enable the Director or spending unit to verify that the vendor is licensed and in good standing with the above entities.

CONFIDENTIALITY:

The vendor agrees that he or she will not disclose to anyone, directly or indirectly, any such personally identifiable information or other confidential information gained from the agency, unless the individual who is the subject of the information consents to the disclosure in writing or the disclosure is made pursuant to the agency's policies, procedures and rules. Vendor further agrees to comply with the Confidentiality Policies and Information Security Accountability Requirements, set forth in <http://www.state.wv.us/admin/purchase/privacy/noticeConfidentiality.pdf>.

Under penalty of law for false swearing (**West Virginia Code** §61-5-3), it is hereby certified that the vendor affirms and acknowledges the information in this affidavit and is in compliance with the requirements as stated.

Vendor's Name: Brevitz Consulting Services
Authorized Signature: David Brevitz Date: 8/12/09

BREVITZ
CONSULTING SERVICES
David Brevitz, C.F.A.

August 12, 2009

Mr. Byron Harris
Director, Consumer Advocate Division
Public Service Commission of West Virginia
700 Union Building
723 Kanawa Boulevard, East
Charleston, West Virginia 25301

Dear Byron,

Brevitz Consulting Services (“BCS”) is pleased to submit the following information in response to the West Virginia PSC’s Consumer Advocate Division’s (CAD) Request for Quotation regarding consulting services pertaining to transactional, operational, service quality and broadband issues associated with Frontier’s proposed acquisition of Verizon West Virginia’s operations and assets. BCS notes that CAD has issued two requests for quotation in this matter—the other RFQ regarding historical and future financial performance of the West Virginia certificated territory, under the current owner’s operation and the proposed owner’s prospective operation. There is not a clean demarcation between the two subject areas of the separate RFQs—in fact the issues associated with the proposed transaction overlap the RFQ distinctions. Coordination and cooperation between the consultants selected for the two RFQs will be necessary, and BCS will cooperate with the financial matters consultant selected in coordination with CAD.

The strength of the BCS proposal lies in the substantial and diverse expertise of our telecommunications team. For the assignment we are proposing a team of telecommunications experts with significant and extensive experience in telecommunications spin offs and acquisitions. None of this work will be delegated to junior staff, but will instead be performed by the team experts drawing upon their decades of telecommunications experience. **This experience of the BCS team includes assessment of all major Incumbent Local Exchange Company (ILEC) transactions since 2005: Sprint/Nextel spin off of Embarq; Alltel spin off**

of Windstream; Verizon spin off of Northern New England operations to FairPoint, and the merger of Embarq and CenturyTel, as well as continued monitoring of the FairPoint transaction. As illustrated by the August 11, 2009 Wall Street Journal, it is appropriate for the Consumer Advocate Division and the PSC to be cautious regarding the latest proposed spin off by Verizon.

Today, three of Verizon's most significant divestitures are either in bankruptcy or near it. As they say on Wall Street, it all depends on which side of the trade you're on. . . "[FairPoint] was a great deal for Verizon," said New Hampshire's public consumer advocate, Meredith Hatfield. "Whether it was a great deal for New Hampshire consumers is a different question."¹

The Consumer Advocate Division and the PSC appropriately seek to address these questions up front through this RFQ and investigation, rather than after the fact. It is especially critical to evaluate the proposed transaction in light of known consequences and characteristics of Verizon's previous divestitures.

The proposed BCS team has worked together on multiple occasions, and consists of:

David Brevitz, C.F.A. – Mr. Brevitz is a Certified Financial Analyst and an independent telecom consultant with over 28 years of U.S. and international telecom experience, and was previously employed by the Kansas Corporation Commission including serving as the Chief of Telecommunications and has held other management positions. Mr. Brevitz has addressed all recent telecommunications company spin off/acquisition transactions, including the Sprint Nextel spin of Embarq for the Nevada Bureau of Consumer Protection, followed by addressing the Embarq spin on behalf of the KCC Advisory Staff, the Alltel spin of Windstream on behalf of the Kentucky Office of Attorney General, the Verizon New England spin of properties to FairPoint on behalf of the Maine Office of Public Advocate, and the New Hampshire Office of Consumer Advocate, the Embarq/CenturyTel merger application on behalf of the Nevada Bureau of Consumer Protection. Mr. Brevitz is currently assisting the Maine Office of Public Advocate and the New Hampshire Office of Consumer Advocate in the respective PUCs' FairPoint transaction monitoring dockets.

¹ The Two Sides of Verizon's Deal Making, Dennis K. Berman, The Wall Street Journal, August 11, 2009, page C1.

Bion Ostrander, C.P.A. – Mr. Ostrander is an independent telecom consultant and practicing Certified Public Accountant with twenty-nine years of U.S. and international telecom experience. Mr. Ostrander's firm, Ostrander Consulting, has been providing consulting services since 1990 and he has addressed more than 150 cases in numerous US and international jurisdictions. Prior to 1990, Mr. Ostrander served as the Chief of Telecommunications for the Kansas Corporation Commission and he was previously employed by a large international CPA firm (Deloitte & Touche). Mr. Ostrander has significant experience regarding sales/acquisitions transactions involving telephone holding companies. Mr. Ostrander's combined regulatory and CPA expertise are extremely valuable in evaluating these complex transactions, including evaluation of the purchase/sales price, treatment of the acquisition adjustment (excess of purchase price over net book value of assets) below-the-line, proper valuation of plant assets, evaluation of claimed synergies and efficiencies, review of forecasted earnings/cash flow and capital structure, impacts on existing price cap plans (or existing form of regulation), impacts on local rates and universal service, service quality concerns, impacts on future plant investment levels, due diligence issues, impacts on Part 36 and Part 64, and other related matters.

Dr. Robert Loube – Dr. Loube has telecommunications experience spanning over twenty-three years, including the Indiana and District of Columbia utility Commissions and the Federal Communications Commission over the crucial period of 1996 to 2001. Dr. Loube regularly teaches telecommunications courses at the NARUC Annual Regulatory Studies program, and the NARUC Advanced Regulatory Studies Program. Dr. Loube has addressed a number of telecommunications transactions on behalf of consumer advocates including the Sprint/Nextel spin off of Embarq, and FairPoint's acquisition of the Northern New England properties from Verizon. This work has included the subject areas of broadband deployment and investment, evaluation of service quality measures and issues, and various economic and rate analyses. Dr. Loube analyzed the broadband deployment plan and related investment requirements in the Verizon/FairPoint proceeding in Maine Docket No. 2007-67. His detailed analysis exposed contradictions in reported broadband availability and provided the Commission with an accurate picture of the current situation. His proposed build-out plan on behalf of the Public Advocate was instrumental in enhancing FairPoint's initial broadband commitment. The final plan required FairPoint to make DSL service available to more customers, especially in the rural areas of the state.

The Brevitz Consulting Services team will evaluate the proposed acquisition of Verizon-WV by Frontier, in regards to the following specific issues and potential concerns (including those set forth at page 5 of the RFQ):

- ✓ **Terms of transaction evaluated in regards to W. Va. § Code 24-2-12** – *The transaction will be evaluated in light of existing West Virginia statutes/laws. The reasonableness of the terms of the transaction and the valuation of the facilities also depend on the reasonableness of the existing prices for regulated services.*
- ✓ **Valuation of plant assets and the transaction** – *The proper valuation for the transfer of assets will be reviewed. Sometimes the “purchasing” company provides a “current/replacement” cost valuation of assets in an attempt to justify a high acquisition price or to justify the assumption of high debt levels (although the current/replacement cost is not used for recording assets on the books). This calculation will be evaluated in detail because it can be used to manipulate impacts of the transaction. In addition, any related changes in depreciation rates that could negatively impact customers by increasing depreciation expense and related local rates will be evaluated. The valuation of the facilities also depends on the expected earnings associated with the use of the facilities, and the expected earnings depend on the expected revenues. However, a general characteristic of the Verizon transactions is that the purchasing company has over-estimated revenue due to the failure to incorporate line losses to cable and wireless carriers in their line forecasts. The loss of revenue places excessive burdens on the purchasing carrier’s financial structure, its ability to finance broadband deployment and maintain service quality. Therefore, it is necessary to review the purchasing carrier’s financial forecast. Mr. Brevitz and Dr. Loube performed a similar review of the FairPoint financial forecast in the Maine and New Hampshire proceedings. The review would not only highlight an assessment of the line forecast but also ensure that all other factors have been reasonably taken into consideration and that the forecast inputs are reasonable and that the financial model is internally consistent. Any problems revealed as part of this analysis will reflect on the terms of the transaction and the value of Verizon’s West Virginia facilities. If the problems with the forecast appear similar to the problems encountered in other jurisdictions we may recommend that the purchase price should be reduced in order to maintain the financial viability of the purchasing carrier, to allow that carrier to fulfill its broadband deployment commitments and to maintain the service quality of the existing plant.*
- ✓ **Physical and service-related characteristics of the companies’ respective plant-in-service in West Virginia** – *Characteristics of the related plant will be evaluated by both type and function of the plant, including the current and projected status of DSL and broadband plant investment/customer subscriptions levels/potential availability, level of accumulated depreciation by plant type, historical plant investment levels by type of*

plant, along with various other statistics and information. Plant will be examined with regard to issues centered on trouble reports and repeat troubles. Problem areas will be identified at the Census Block group level, thereby providing the CAD and the Commission with a better understanding where service problems exist and what type of equipment is causing those problems. This analysis will then merge into an analysis of the overall service quality and offer recommendations regarding capital expenditures and manpower requirements necessary to maintain service quality. Of course, obtaining the necessary data from Verizon will be critical for this analysis. Dr. Loube has substantial current experience in this area.

- ✓ **Overall service quality and requisite capital expenditures and manpower requirements to maintain appropriate service quality levels post-transaction** – Projected plant levels and cash flow will be evaluated to ensure that plant investment continues at reasonable levels to ensure overall service quality. Also, projected manpower requirements will be evaluated for the same concerns. There could be concerns that future downsizing/force reductions resulting from the transaction will be used to significantly fund the acquisition and provide estimated synergies, but these issues will be evaluated in regards to potential impacts on service quality.
- ✓ **Broadband deployment and investment** – Both the historic and future level of broadband deployment will be evaluated to ensure that customers do not lose any benefits of broadband deployment from the transaction, and to ensure that deployment exceeds or is consistent with similar states or neighboring states. Dr. Loube will undertake to make a similar type of analysis in this proceeding as he performed for the Maine Public Advocate—that is to review the historic and current status of broadband deployment, to analyze any proposal by Frontier regarding broadband deployment and to provide an independent broadband proposal based on the needs of West Virginia customers.
- ✓ **Characteristics of the companies' operations support systems (OSS) and other back office systems; and consequences and characteristics of similar transactions involving Verizon operating companies in Hawaii, New Hampshire, Vermont and Maine** – substantial consideration will be given to the major issue of OSS/BSS/Back Office Systems and processes in light of the operational debacles experienced in the prior two Verizon spin-offs (Northern New England and Hawaii). These debacles remain ongoing to the substantial detriment of both the company and consumers. The very large pool of resources poured into attempting to "fix" these problems is not publicly known, nor can the public inconvenience readily be calculated. However, it is very clear that the operational issues caused ILEC utilities with strong cash flow to hemorrhage near or into bankruptcy. Verizon/Frontier plans to transition these systems should be scrutinized very carefully, and the joint applicants must be forthcoming with detailed information and plans on this subject. In hindsight, the difference between joint applicants' promises

in Northern New England, and what was actually delivered is so vast that alternate universes appear to be represented. The systems problems have resulted in

- FairPoint's business reputation being in tatters,*
- growing consumer outrage at FairPoint's inability to deliver telecommunications services.*
- great damage to the CLEC community from FairPoint's inability to properly handle necessary inter-operable processes with competitors, including failure to design number portability into the new systems,*
- E911 and hospital outages.*
- switches going out of service*
- inability to render proper bills such that accounts receivables are growing with mis-billed amounts while other customers have not been billed at all for months, posting of payments from one customer to the account of another customer and not knowing it,*
- accelerating losses to cable competitors due to FairPoint's inability to properly serve customers with attendant negative revenue and reputation impacts,*
- routine and continuing use of manual work around processes to accomplish processes that are normally automated causing great burden to staff and consumers,*
- very large unbudgeted costs of substantial resources to deal with system and process problems*
- diminution of revenues such that earnings are materially depressed in combination with increased costs, FairPoint is materially below projected EBITDA margins and cash flow,*
- omission and discontinuation of shareholder dividends, and,*
- missing financial covenants for bonds and loans such that bankruptcy filing become necessary if adequate financial restructuring cannot be accomplished*

The joint applicants and in particular Verizon must be forthcoming with information from the FairPoint systems design and implementation process, including precisely what Verizon's view of the problems is and how implementation plans for the proposed Frontier/Verizon transaction account for those problems and address them. Brushing this massive problem away with a "FairPoint is incompetent and disregarded our advice" response would be insufficient and raise questions of its own as to why Verizon selected an incompetent buyer.² Verizon must be compelled to be forthcoming on these matters for review of the instant proposed transaction in order for the PSC to be assured

² It is not beyond possibility Verizon would make this argument here. since it made this argument about the Hawaii transaction results in the FairPoint proceedings in Northern New England.

that the Frontier/Verizon plans properly address and learn from the consequences and characteristics of these prior transactions

- ✓ **Purchase/sales price** – *The calculation and accounting conformity will be evaluated for accuracy*
- ✓ **Calculation and regulatory treatment of acquisition adjustment and gain on sale** – *The regulatory treatment of a negative acquisition adjustment (excess of purchase price paid by Frontier over the NBV of Verizon-WV plant assets) as well as the gain on sale experienced by Verizon-WV will both be evaluated in regards to existing West Virginia law. However, the desirable outcome is that any negative acquisition adjustment incurred by Frontier should not be reflected in the existing or future rates of telephone customers. Also, any gain on sale experienced by Verizon should arguably be shared with existing customers in the forms of rebates/billing credits or some other measure.*
- ✓ **Impacts on current Incentive Regulation Plan (IRP) of purchasing/selling company** – *The transaction should not have a negative impact on Verizon-WV's existing IRP in West Virginia, and components of the current regulatory plan may need to be revised to provide proper benefits to customers or to ensure further rate stability. It will be necessary to determine if Frontier will be subject to the existing Verizon-WV IRP or if Frontier should be subject to some other form of regulation that will ensure further price stability and preserve service quality.*
- ✓ **Evaluate Frontier's claimed synergies and efficiencies from the transaction** – *joint applicants invariably cite significant synergies associated with a proposed transaction. There is an incentive for joint applicants to overstate synergies to yield a more positive view of the proposed transaction. In most cases, subsequent synergies and efficiencies are not tracked or cannot be documented by the acquiring company. Any claimed synergies/efficiencies will be evaluated for reasonableness, and monitoring provisions should be implemented as necessary. Synergies claims will be reviewed for achievability, and the CAD will be advised of any "synergies" that are dependent on rate increases. Joint applicants have included in prior transactions' synergies estimations rate increases which are claimed to be "synergies" of the proposed transaction.*
- ✓ **Impact on financial/regulated operations** – *The transaction will be evaluated regarding its impact on the cost of service/revenue requirements, earnings, cash flow and financial statements. Although Verizon-WV may currently be subject to an IRP, any negative impacts on future cost of service (as calculated using a revenue requirements/traditional ROR approach) should be considered depending upon the type of regulation that will govern Frontier. All accounting costs related to the acquisition by Frontier should be recorded below-the-line so that customers do not ultimately fund the cost of the transaction via increased rates.*
- ✓ **Impact on capital structure (debt and equity)** – *The impact on capital structure should be evaluated from the standpoint of any potential negative impacts on cost of*

service/company financials in the future that could impact rates. Also, debt and equity levels should be reviewed for general reasonableness.

- ✓ **Impact on basic local service prices (and other services) and universal service** – *Consistent with previous statements, the transaction should not negatively impact basic local rates or universal service.*
- ✓ **Impacts on wholesale/CLEC prices** – *The transaction should not have a negative impact on CLEC prices and competitors, but this issue will be evaluated.*
- ✓ **Due diligence/legal issues** – *Discovery requests will be issued to gain access to information gained from the due diligence process employed by Frontier. This information can be very helpful in evaluating the transaction.*
- ✓ **Impacts on State and Federal Universal Service Funds** – *The impacts of any changes in state or federal universal service funds will be evaluated.*
- ✓ **Impacts on Parts 36 and 64** – *The impact of the transaction on Parts 36 and 64 will be evaluated, including the impacts on allocation of costs to deregulated operations along with other affiliate transaction impacts.*

In concert with and subsequent to this analysis, BCS will assess the extent to which conditions should be attached to the proposed transaction if it is ultimately approved. Any proposed conditions will be considered in communication with the Consumer Advocate Division.

No Conflicts of Interest

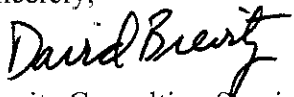
Because the BCS team performs assignments for state, regional and national regulators, we do not have any conflicts of interest regarding this engagement. We do not represent incumbent carriers or competitors, and thus we are better prepared to provide an objective evaluation of all issues without any compromise. The issue of “conflicts” may appear immaterial at first blush, but the BCS team believes this is an extremely important consideration for this engagement. The BCS team comes highly regarded because of its professionalism and unwavering commitment to our regulatory clients.

Please see the PSC10510 – Case Consulting Bid Form for the details of Brevitz Consulting Services “not to exceed” bid price of \$88,000.

Please see the enclosed CV’s for David Brevitz, Robert Loube and Bion Ostrander. Also included are professional references for use as desired by CAD.

BCS will perform work at the direction of the CAD and maintain an open and consistent line of communication. BCS is available to initiate this consultancy immediately, or upon a time frame desired by the CAD. We look forward to working with the CAD on this assignment. Thank you for giving us the opportunity to respond to the RFQ and I would be pleased to answer any questions that you may have. Please do not hesitate to contact me at (785) 266-8769 or davidbrevitz@att.net. We appreciate the opportunity to serve the Consumer Advocate Division and the consumers in West Virginia.

Sincerely,



Brevitz Consulting Services
David Brevitz, Principal

David Brevitz, C.F.A.
3623 SW Woodvalley Terrace
Topeka, Kansas 66614
785-266-8769, davidbrevitz@att.net

General

Mr. Brevitz is an independent telecommunications consultant, a Chartered Financial Analyst and has more than twenty-eight years of experience in government affairs and telecommunications regulation/de-regulation. He previously served in management positions with industry regulatory organizations. Mr. Brevitz's consulting practice focuses on technical assistance to international telecommunications regulatory bodies, state utility commissions, consumer advocate offices and organizations, and state attorneys general offices. He is a former Chief of Telecommunications for the Kansas Corporation Commission ("KCC"), and has served on the NARUC staff telecommunications committee. He is familiar with the details of the FCC's implementation of the Telecommunications Act of 1996, and has provided expert testimony on numerous issues including a number of telco local division spin-offs, acquisitions and combinations, competition, industry and market structure, service bundles, substitutability of VoIP and wireless for local exchange service, resale, unbundled elements, TELRIC/cost studies, network modernization, access charges, rate design, cost allocations, universal service and other matters.

Professional Designation and Community Service

Mr. Brevitz has achieved designation as Chartered Financial Analyst from the Institute of Chartered Financial Analysts ("ICFA") in 1984. The ICFA is the organization which has defined and organized a body of knowledge important for all investment professionals. The general areas of knowledge are ethical and professional standards, accounting, statistics and analysis, economics, fixed income securities, equity securities, and portfolio management.

Mr. Brevitz is Past President (1998 – 1999) and current Treasurer (2007 to date) of the Topeka Kiwanis Club. He has served numerous terms on the Board of Directors of the Club, has been recognized by Kiwanis International as a George F. Hixson Fellow, and has his name inscribed on the Kiwanis International Foundation Tablet of Honor.

Mr. Brevitz is currently serving as Treasurer of Topeka Ice, a non-profit organization organized to build an ice rink for community use in Topeka, Kansas.

Recent Relevant Experience

- **1999-Current, Kansas Corporation Commission Advisory Staff:** Mr. Brevitz is serving as advisor to the Commissioners on telecommunications technical and policy matters, including determinations on state universal service fund issues; spin-off of Sprint/United's Local Telecommunications Division (Embarq, and later CenturyLink); application of price cap regulation to Southwestern Bell-Kansas and Sprint/United Telephone (Embarq, and later CenturyLink); designation of wireless carriers and other entities as Eligible Telecommunications Carriers; arbitrations between carriers pursuant to the Federal Telecommunications Act; Southwestern Bell-Kansas' Section 271 application; pricing and costing of unbundled network elements for Southwestern Bell and Qwest; modification of the Kansas Universal Service Fund to be cost based consistent with state and federal law; adaptation of the FCC cost proxy model for intrastate use; rate rebalancing and DSL deployment; Digital Subscriber Line (DSL) matters; legislative issues; advanced services; access charge restructure; collocation; and, toll dialing parity and carrier of last

resort as examples. Mr. Brevitz also serves as advisor on electric industry matters, including cases involving structure/restructure of Westar Energy and Aquila.

- **July 2009 to Current, PURC Senior Fellow:** Mr. Brevitz has been designated as a Senior Fellow by the Public Utilities Research Center at the University of Florida. This designation is reserved for knowledgeable and experienced professionals who foster strong ties to academia, industry, and government, who embody PURC's values of respect, integrity, effectiveness and expertise, and who support PURC's mission to contribute to the development and availability of efficient utility services through research, education, and service.
- **March 2009 to June 2009, Nevada Office of Attorney General, Bureau of Consumer Protection:** Mr. Brevitz assisted the BCP in its review and assessment of AT&T Nevada's Performance Measurement Plan and related Performance Incentives Plan, and changes proposed by AT&T to the Plans. The Plans are designed by the Commission to be self-executing and to encourage competition and discourage discriminatory conduct.
- **February 2009 to June 2009, USAID Capacity Assessment and Development for the Department of Public Services Regulatory Commission of Armenia:** Mr. Brevitz was team leader for the project to conduct a telecom sector strategic analysis, legal and regulatory assessment, and human and institutional capacity assessment for the PSRC in Armenia, under the auspices of USAID and the Academy for Educational Development. The team consisted of three experts from the US, and local experts in Armenia. The team delivered a comprehensive Final Report to AED and USAID on May 31, 2009, which addressed government's plan for IT sector development, market structure and technological potential, the current telecommunications law and regulatory environment, current regulatory performance and priorities, overlapping responsibilities, performance gaps, and human and institutional capacity assessment regarding areas including independence, accountability, transparency, institutional characteristics, organizational structure, and financing and budget.
- **February 2009, Presentation to 36th PURC Annual Conference:** Mr. Brevitz presented on the subject of "Telecommunications Competition: Where is it and Where is it Going?" The presentation at the Public Utility Research Center, University of Florida, assessed market structure and the competitiveness of telecommunications markets from a consumer perspective.
- **December 2008 to Current, Kansas Corporation Commission Staff:** Mr. Brevitz is assisting the Kansas Corporation Commission Utilities Division staff in Docket No. 08-GIMT-1023-GIT in its assessment of Sprint Nextel's petition to the Commission to bring Embarq's intrastate switched access charges into parity with interstate rates. Mr. Brevitz filed testimony to assess Embarq's cost study in support of its intrastate switched access charges.
- **December 2008 to Current, Public Utilities Regulatory Authority of The Gambia:** Mr. Brevitz is assisting the Public Utilities Regulatory Authority in The Gambia, under the auspices of the IIU, in the review of international wholesale and retail tariffs charged by the incumbent telecommunications company (GAMTEL) to mobile operators and retail customers to ensure that proposed rates are set at levels that are fair and not anticompetitive. In the course of this review, cost information for international wholesale and retail tariffs is to be reviewed and considered, retail rates are to be benchmarked, the arrangement between GAMTEL and its affiliated mobile operator (GAMCEL) is to be reviewed vis-à-vis comparable arrangements with other mobile operators, and the results are to be provided in a consultative report to PURA. Policy considerations based on enactment of the Information and Communications Act of 2008 are also being addressed, especially including cost accounting and liberalization of the international gateway.

- **November 2008 to March 2009, Nevada Office of Attorney General, Bureau of Consumer Protection, Merger Application of Embarq and CenturyTel :** Mr. Brevitz provided assistance and testimony to the Bureau of Consumer Protection in the Embarq/CenturyTel merger case, addressing in filed testimony the subjects of financial viability, financial projections, debt leverage, synergies and customer benefits asserted to be associated with the proposed transaction. This case was resolved by stipulation among the parties.
- **November 2008, Presentation to NASUCA 2008 Annual Meeting:** Mr. Brevitz presented “Deregulation and Price Increases: the Hallmarks of a Competitive Market?” at the Annual Meeting in New Orleans, Louisiana, which addressed telecommunications market structure and the pattern of price increases following service deregulation.
- **May 2008 to September 2008, Until Corporation Acquisition of Northern Utilities:** Mr. Brevitz is working on behalf of the Maine Office of Public Advocate to address the financial, structural and transactional aspects of Until Corporation’s proposed acquisition of NiSource’s Northern Utilities gas distribution operations in Maine and New Hampshire, and also the Granite State Pipeline operation. Mr. Brevitz filed direct testimony containing recommendations and conditions designed to bring the proposed transaction to a level which would meet the “no net harm” standard for Commission approval of such transactions.
- **March, 2008 to Current, FairPoint Communications Financial Monitoring docket:** Mr. Brevitz is assisting the Maine Office of Public Advocate before the Maine Public Utilities Commission in Docket No. 2008-108 in monitoring compliance by FairPoint with financial and other commitments required by the PUC’s conditional approval of the Verizon/FairPoint transaction. Mr. Brevitz is also assisting OPA in other matters that arise from time to time pertaining to FairPoint, such as request for waiver of provisions of FairPoint’s Performance Assurance Plan, and particularly operational and service quality problems caused by lack of proper performance of FairPoint’s new Operational Support Systems (OSS), other back office systems and supporting business practices.
- **September 2006 to Current, Nevada Office of Attorney General, Bureau of Consumer Protection, Various Telecommunications Regulatory and Cost Recovery Plans:** Mr. Brevitz is providing assistance to the Bureau of Consumer Protection regarding telecommunications matters generally, which include legislative proposals, merger and acquisition proposals, requests to increase rates for basic services, performance measurement and incentive plans, proposals to reclassify individual services as discretionary or competitive, proposals to introduce new services, requests to be designated as an Eligible Telecommunications Carrier (ETC), and other matters.
- **January, 2008 to January, 2009, Big Rivers Electric Corporation “Unwind” Transaction:** Mr. Brevitz worked for the Kentucky Attorney General (Office of Rate Intervention) to assess the Big Rivers and E.ON joint application to “unwind” a previous lease transaction. The 1998 transactions were part of Big Rivers’ implementation of its bankruptcy reorganization, and included leasing Big Rivers’ generating facilities to E.ON’s predecessor for it to manage, operate and maintain; transferring responsibility to manage, operate and maintain two additional generating units owned by the City of Henderson (through Henderson Municipal Power & Light, or “HMPL”); purchasing by Big Rivers of a set amount of power at substantially fixed prices through a Power Purchase Agreement that it uses to serve the loads of its three member retail cooperatives; payment by LG&E Energy Marketing (“LEM”) to the US Rural Utilities Service (“RUS”) of monthly margin payments; and, providing a portion of two aluminum Smelters’ power needs at substantially fixed rates through power supply contracts between LEM and predecessors of Kenergy. Various other proposed agreements and approvals are also to be addressed in this

matter. Direct testimony was filed in this matter on behalf of the Attorney General of Kentucky's Office of Rate Intervention.

- **September 2007 - February 2008, Cable & Wireless/Barbados Price Caps:** Mr. Brevitz assisted the Fair Trading Commission and its staff in assessing the results of the first price cap plan for Cable & Wireless/Barbados, and in assessing the desirability of continuing a price cap for Cable & Wireless/Barbados, and related structural changes to better fit the revised price cap plan to current policies and conditions in Barbados. The assessment included consideration of actual financial results and future expected financial results and competitive conditions.
- **2007 to March, 2008, FairPoint/Verizon Merger/Acquisition of New England State Operations:** Mr. Brevitz worked on behalf of the Maine Office of Public Advocate to assess the proposed spin-off of Verizon operations in Maine, New Hampshire and Vermont and subsequent merger with and into FairPoint Communications, in a reverse Morris trust transaction. The assessment included evaluating financial projections of the company in support of financial viability of the proposed transaction; financial analyses associated with the proposed transaction performed by the company and investment advisors; and implications of resulting debt leverage and structure of the company as "high debt/high dividend". The testimony also included assessment of risk factors associated with the proposed transaction and FairPoint's operational execution risks. The Hearing Examiner's Report and the Commission's Final Order adopted Mr. Brevitz's financial recommendations including substantial debt and dividend reduction.
- **2007 to March, 2008, FairPoint/Verizon Merger/Acquisition of New England State Operations:** Mr. Brevitz worked on behalf of the New Hampshire Office of Consumer Advocate to assess the proposed spin off of Verizon operations in Maine, New Hampshire and Vermont and subsequent merger with and into FairPoint Communications, in a reverse Morris trust transaction. The assessment included evaluating financial projections of the company in support of financial viability of the proposed transaction; financial analyses associated with the proposed transaction performed by the company and investment advisors; and implications of resulting debt leverage and structure of the company as "high debt/high dividend". The testimony also included assessment of risk factors associated with the proposed transaction and FairPoint's operational execution risks. The Commission made preliminary determinations in favor of Mr. Brevitz's financial recommendations, which were then reflected in the Commission's Final Order.
- **April 2007, PURC Advanced Training Course on Regulatory Economics and Process: Interconnection, Pricing and Competition:** Mr. Brevitz developed and presented three courses to members of the National Telecommunications Commission from Thailand. The courses covered accounting separation, case study on a rate proposal, and principles and practices for rate rebalancing.
- **January, 2007, 21st International Training Program on Utility Regulation:** Mr. Brevitz developed and presented training sessions on accounting separation, rate rebalancing (case study), and universal service obligations to the semi-annual training program for regulatory agency staff and commissioners worldwide. The training program is provided by the Public Utilities Research Center at the University of Florida in Gainesville.
- **2006-2008, Telecommunications Training for Regulatory Agency for Telecommunications (RATEL) in Serbia:** Mr. Brevitz assisted RATEL in implementation of new policies designed to open telecommunications markets in Serbia to competition. Issues being addressed include cost orientation of prices (rate rebalancing), universal service funds, interconnection, administrative procedures, internet telephony, and spectrum management.

- **2006-2007, Embarq UNE Loop Pricing Application:** Mr. Brevitz assisted the Bureau of Consumer Protection in the Nevada Attorney General's office in its assessment of Embarq's proposal to increase rates for the unbundled loop. This work included assessment of Embarq's proposed UNE loop cost model and its inputs, FCC orders which speak to TELRIC costing and UNE pricing, and use of the mapping program to support Embarq's proposed cost model.
- **"Assessing Pricing Behavior Under Deregulation":** Presentation at the NASUCA Mid-Year Meeting, June 14, 2006, Memphis Tennessee
- **2006 Spin-off of Windstream from Alltel:** On behalf of the Kentucky Attorney General (Office of Rate Intervention), Mr. Brevitz formulated discovery, and analyzed and addressed information relevant to the proposed spin-off of the local telecommunications operations from Alltel Corporation and subsequent merger with Valor Communications. Prefiled testimony was provided before the Kentucky PSC addressing the excessive debt burden placed on "SpinCo" by Alltel; conflicting company claims regarding merger synergies; lack of basis for claimed increased buying power; and non-arms-length nature of decisions and transactions in the proposed spin-off
- **2005 Rate and Revenue Requirement Review of Saco River and Pine Tree Telephone Companies:** On behalf of the Maine Public Advocate's Office, Mr. Brevitz addressed revenue requirement levels for both companies, including detailed review of expense levels and trends, expanded calling plan criteria and data, and detailed review of holding company organization and charges between affiliates.
- **2005 Price Deregulation of Basic Local Exchange Service:** On behalf of AARP, Mr. Brevitz provided comments before the Public Utilities Commission of Ohio regarding final rules to implement procedures for addressing price deregulation applications. The comments addressed the need for effective competition to be demonstrated before approving price deregulation of BLES; market segmentation between stand-alone BLES and service bundles; barriers to entry; current competitive market conditions and whether "many sellers" exist; functionally equivalent and substitute services; and other related matters.
- **2005 Spin off of "LTD Holding Company" from Sprint Nextel:** On behalf of the Nevada Bureau of Consumer Protection, Mr. Brevitz led a team to analyze the proposed spin-off from a technical and public interest perspective under Nevada statutes. Issues addressed included: asset transfers to LTD Holding Co ; levels of debt to be placed on LTD Holding Co ; "normal" levels of debt for Sprint's Local Telecommunications Division; financial and cost of capital implications of the spin off; impact on LTD's ability to compete and other competitive trends; and accounting issues such as division of pension assets and pension liabilities.
- **"Telecommunications Convergence: On Duopoly?":** Presentation at the NASUCA Mid-Year Meeting, June 15, 2005, New Orleans, Louisiana
- **2005 Intrastate Deregulation Proposal of SBC Oklahoma:** On behalf of AARP, Mr. Brevitz filed testimony addressing SBC Oklahoma's proposal to deregulate pricing of almost all intrastate services (E911 and access services were excepted). The testimony responded to SBC Oklahoma assertions regarding significant retail competition on a widespread basis, openness of markets, barriers to entry and exit, reasonable interchangeability of use of cellular and VoIP services for basic residential services, market share analysis, and competitive trends including CLEC responses to the elimination of UNE-P, access line losses. The testimony further analyzed the actions, opportunities, and competitive responses of SBC Oklahoma and its corporate affiliates, observed public safety deficiencies of cellular and VoIP services, and market trends converging on duopoly.

- **2004 to 2005: Alternative Regulation Plan Filing by Verizon Vermont:** Mr. Brevitz assisted the Vermont Department of Public Service in assessing matters included in the Vermont Public Service Board's assessment of proposed changes to the Alternative Regulation Plan applicable to Verizon Vermont. Prefiled testimony addresses matters including assessment of competition and modes of competition, VoIP/wireless substitution, continuation of direct assignment practices under the FCC's separations freeze, jurisdictional cost allocations, rate flexibility, and UNE availability and commercial agreements with CLECs.
- **2005 UNE Loop Cost Proceeding:** On behalf of the Arkansas Public Service Commission General Staff, Mr. Brevitz filed testimony which analyzed SBC Arkansas' proposed increased UNE loop rates, and UNE loop model and shared and common cost model inputs and outputs, including fill factors, defective pairs, IDLC, DSL expenses, and retail related costs.
- **2004 Mass Market Switching Reviews under the FCC Triennial Review Order:** Separately for the Arkansas Public Service Commission staff, and the New Mexico Attorney General's office, Mr. Brevitz provided analysis and two-step evaluation under the FCC's Triennial Review Order ("TRO") of impairment in access to local circuit switching for mass market customers. The evaluations were done on a granular, market-specific basis. The evaluations determined whether unbundled local circuit switching (and by extension, the UNE-Platform) must continue to be provided as an Unbundled Network Element by incumbent local exchange companies.
- **2004 OSIPTEL/Peru:** Worked with OSIPTEL (telecom regulator in Peru) to analyze barriers to competition in Peru. Presented workshop and training materials regarding the Economic Aspects of Competition Regulation for Public Utilities, which addressed concepts of market power, dominance, cross subsidies, essential facilities, ex ante versus ex post regulation, asymmetric regulation.
- **2003 to 2005: Cable & Wireless Rate Adjustment/Barbados Fair Trading Commission:** Mr. Brevitz advised the FTC and its staff regarding the application of C&W Barbados to increase domestic revenues and institute local measured service, and providing related analyses. The Company's filing was in part designed to enable Price Cap regulation, and opening the market to competitors. As such, Price Cap and competitive issues were necessarily considered along with revenue requirements and tariff/pricing issues.
- **2003 CenturyTel Rate Case/Arkansas PSC:** Mr. Brevitz led a team providing analysis and testimony on behalf of PSC staff in the CenturyTel of Northwest Arkansas rate case, in which the Company sought to treble local rates. Mr. Brevitz provided an analysis of CenturyTel of Northwest Arkansas' ("CNA") modernization programs and provision of DSL services from the perspective of basic local service ratepayers, and also addressed the local competition claims of the Company.
- **2002 Maryland Office of People's Counsel:** Maryland PSC's Case No. 8918 is to review Verizon's Price Cap regulatory plan, after Verizon had operated five or more years under it. Topics addressed included the proper productivity factor to use in the price Cap formula, and any necessary amendments to the structure of the price cap plan. Mr. Brevitz provided expert testimony on the proper formulation and terms for the price cap formula, competition, and other matters related to the extension of price cap regulation.
- **2001 Maine Office of Public Advocate-Verizon Maine 271 Review:** Review of Verizon's Section 271 filing before the Maine Public Service Commission, and Declaration filed on behalf of the Public Advocate which addresses Checklist Item #13 (Reciprocal Compensation), and Verizon's proposed performance measurement metrics and proposed Performance Assurance Plan.

- **2001 Vermont Department of Public Service–Verizon Vermont 271 Review:** Review of Verizon’s Section 271 filing assertions of compliance with the “14 Point” competitive checklist and non-discrimination obligations of the Telecommunications Act of 1996, before the Vermont Public Service Board. Mr. Brevitz filed a Declaration on behalf of the DPS which addresses Checklist Item #13 (Reciprocal Compensation), and Verizon’s proposed performance measurement metrics and proposed Performance Assurance Plan. Mr. Brevitz’s work continued on behalf of the Department in Docket No. 6255, which worked through a series of workshops to evaluate appropriate carrier-to-carrier standards for use in Verizon-Vermont’s territory, resulting in a stipulation approved by the Public Service Board.
- **2001 Public Utility Research Center (PURC)/University of Florida:** Presentation of two seminar modules and an interconnection case study as staff training for the Panamanian telecommunications regulatory body, ERSP. Mr. Brevitz developed course content and presentation materials for the seminar, under the auspices of PURC, on the topics of the “US Experience in Telecom Competition” and “Consumer Issues in Telecom Competition”. These topics were presented by Mr. Brevitz in the seminar at Panama City, Panama on March 29-30, 2001.
- **2001-2002 Michigan Attorney General’s Office–Federal District Court Litigation Support:** Mr. Brevitz supported the Attorney General’s office in its defense of lawsuits by Ameritech and Verizon against the PSC and the Governor regarding recently passed state legislation. The state legislation eliminated the intrastate EUCL being charged by both companies, expanded local calling areas, and froze the application of the Price Cap Index for a period of time.
- **1999-2000 Delaware Public Service Commission Staff–Evaluation of Bell Atlantic-Delaware’s Collocation Tariff Filing:** On behalf of the Staff, Mr. Brevitz reviewed BA-Delaware’s Collocation tariff filing, and prefiled testimony on behalf of Delaware PSC staff. Issues addressed include non-discriminatory provisioning of collocation; collocation intervals; utilization of “best practices” for terms, conditions and pricing; and costing.
- **1999-2000 Vermont Department of Public Service–Evaluation of Carrier to Carrier Wholesale Quality of Service:** On behalf of the Vermont DPS, Mr. Brevitz was engaged in the review of quality of service standards related to Verizon’s wholesale activities of provisioning Unbundled Network Elements and resold services. The work effort was conducted within a workshop of the parties, and was drawn on the similar activity for BA-NY and a number of other states including Massachusetts and Virginia. Measures, standards and benchmarks were to be determined, along with an appropriate remedy plan in the event those items are not met by the incumbent carrier. This matter was resolved in the context of Verizon’s Section 271 case.
- **1999-2000 Vermont Department of Public Service–Investigation of Geographically Deaveraged Unbundled Network Prices:** On behalf of the Vermont DPS, Mr. Brevitz testified before the Vermont Public Service Board regarding the appropriateness and extent of geographic deaveraging of rates for Unbundled Network Elements (UNEs) in Vermont. In formulating these positions, it was necessary to consider FCC Orders, competitive policy implications, and related issues such as distribution of federal high cost support. The FCC had spotlighted the linkages between high cost support and geographic deaveraging determinations. Consequently the testimony also considered federal high cost support distribution implications and local rate impacts stemming from geographic deaveraging determinations to be made by the Board.
- **1999 Vermont Department of Public Service–Evaluation of Bell Atlantic Proposed Alternative Regulation Plan, Wholesale Quality of Service Standards, and Cost of Service:**

Mr. Brevitz served as project manager and lead consultant in the DPS review of Bell Atlantic's proposed Price Point Plan and proposed appropriate modifications. Those modifications included moving rate reductions forward to the inception of the plan, and aligning the plan more closely to the status of competition in Vermont by allowing streamlined regulation only for truly new services, not bundles of existing services. Mr. Brevitz also supported the immediate implementation of detailed wholesale quality of service standards along with a remedies structure. Mr. Brevitz addressed the cost of service issues of reciprocal compensation and local number portability, and proposed rate design changes to effect the return of \$16 million in excess revenues.

- **1998-99 Delaware Public Service Commission Geographic Deaveraging of Bell Atlantic UNE Loop Rates:** Mr. Brevitz worked for PSC staff to analyze cost and policy issues associated with geographic deaveraging of UNE loop rates. Methodology and policy to determine geographic zones was reviewed for BA-Del, and compared to all other Bell Atlantic states. BA-Del cost data was reviewed to assess closeness of fit between BA-Del's proposed population of zones with existing exchanges to the loop costs of those exchanges. After review of comments of interested parties, Mr. Brevitz prepared and submitted a report and recommendation to the PSC regarding modification of BA-Del's proposal to implement geographically deaveraged UNE loop rates. The PSC adopted the report and recommendation in its Order in the matter.
- **1998 Vermont Department of Public Service- Evaluation of Proposed Special Contracts for Toll and Centrex Services for Compliance with Imputation Requirements:** Mr. Brevitz worked for the DPS in this matter, which was an evaluation of four individual customer toll contracts, and two individual customer Centrex contracts, under the Vermont Public Service Board's price floor and imputation requirements. This evaluation included analysis of whether Bell Atlantic had appropriately followed the Board's imputation requirements; whether the imputed costs had been appropriately calculated and included all relevant costs; and, whether undue price discrimination would result from approval of Bell Atlantic's proposed prices. Mr. Brevitz analyzed the Company's filed testimony and costing information provided in support of the contract pricing; drafted staff discovery and analyzed responses of other parties in the matter; and, supported pre-filed rebuttal and surrebuttal testimony before the Board under cross examination. Hearings in this matter were held in November and December of 1998 and January 1999.
- **1998 Delaware Public Service Commission- Re-classification of Residential ISDN as "Competitive":** Mr. Brevitz worked for Delaware Public Service Commission staff in this case (Docket 98-005T), which was a filing by Bell Atlantic to move Residential ISDN ("R-ISDN") from the basic service classification to the competitive service classification, pursuant to the Telecommunications Technology Investment Act and related Commission rules to implement the Act. Bell Atlantic filed an application before the PSC stating that R-ISDN met the statutory and rule conditions for moving the service to the competitive class of services, along with market information in support of that statement. Mr. Brevitz analyzed the company's filing and the comments of other parties in the matter from an economic and public policy perspective, analyzed the Company's compliance with applicable provisions of the ITIA and Commission rules, drafted staff discovery and analyzed discovery responses of other parties, and presented testimony under cross examination before the Commission. The hearing in this matter was held July 9, 1998.
- **1997 Delaware Public Service Commission - Costing and Pricing of Residential ISDN Service:** Mr. Brevitz assisted the Delaware PSC staff in this case (Docket 96-009T) by reviewing the prefiled testimony of all parties; reviewing the cost studies supporting Bell Atlantic's proposed R-ISDN pricing; comparing those costs to Bell Atlantic's UNE rates and costs; reviewing Bell Atlantic's contribution analyses and demand forecasts for the R-ISDN service; reviewing and comparing two Bell Atlantic local usage studies (the second of which more than tripled the costs of

the earlier study); providing an analytic report on the usage cost studies to PSC staff and rate counsel; assisting in the preparation and conduct of cross-examination; and assisting staff rate counsel in preparation of the brief in this matter. The hearing in this matter concluded in January 1998

- **1997 Georgia Public Service Commission - Unbundled Network Elements Cost Study**
Review: Mr. Brevitz was a lead consultant in this engagement. The GPSC opened a cost study docket to determine the cost basis for BellSouth UNE rates, following arbitration hearings involving BellSouth and several competitors. Introduced for the first time by BellSouth, and considered in the hearing was BellSouth's "TELRIC Calculator". Also considered in the hearing, as sponsored by AT&T/MCI was Hatfield Model Versions 3 and 4. Mr. Brevitz prepared and provided to GPSC staff an "Issues Matrix" which listed the issues, party positions on the issues, and a suggested staff position. Also on behalf of GPSC staff, Mr. Brevitz analyzed cost inputs and outputs pertaining to both models. No testimony was provided in this matter as GPSC staff did not testify in the hearing. Hearings on the matter concluded in September 1997.
- **1995, 1996 and 1997 Wyoming Public Service Commission - Competition Rules:** Mr. Brevitz was the Project Manager and a lead consultant for this engagement. Mr. Brevitz is actively involved in writing and implementing comprehensive competition rules in Wyoming which consider the new 1995 Telecommunications Act in Wyoming and the 1996 Federal Telecommunications Act. These rules address interconnection/unbundling, universal service, service quality, price caps/alternative regulation, privacy, resale, intraLATA dialing parity, TSLRIC/cost study methods; access charge rate design; number portability, reciprocal compensation, rights-of-way and other matters.
- **1995 and 1996 Wyoming Public Service Commission - U S WEST Pricing Plan:** Mr. Brevitz was the Project Manager and a lead consultant for this engagement. Mr. Brevitz has evaluated and filed testimony regarding U S WEST's pricing plan, competition issues, universal service and U S WEST cost study issues.
- **1996 Oklahoma Corporation Commission - Seminar on 1996 Federal Telecom Act:** Mr. Brevitz presented a seminar on the 1996 Federal Telecom Act to the Oklahoma Corporation Commission Staff.
- **1995 and 1996 Georgia Public Service Commission - Local Number Portability and Competition Policy:** Mr. Brevitz was the Project Manager and a lead consultant for this engagement. Mr. Brevitz assisted the GPSC in implementing rules related to the new 1995 Telecommunications Act in Georgia and the 1996 Federal Telecom Act. Mr. Brevitz was primarily involved in initiating and coordinating the Number Portability Task Force and guiding the industry workshop on permanent number portability. The PSC has accepted the industry workshop recommendation. As a result, Georgia will be one of the first states to implement full number portability. Assistance was also provided on other competition issues.
- **1996 California Public Service Commission - Pricing of Unbundled Elements and Resale services:** Mr. Brevitz assisted Sprint in the pricing (second) phase of the California Commission's OANAD proceeding. Testimony was presented regarding proper pricing of unbundled network elements, given previous a PUC decision on UNE costs. The cost (first) phase involved the development of cost study principles, performance of TSLRIC cost studies of unbundled network elements by Pacific Bell and GTEC, and performance of avoided cost studies for retail services for resale.

- **1995 to 1996 Kansas Telecommunications Strategic Planning Committee - Kansas Corporation Commission:** Mr. Brevitz served as the Kansas Corporation Commission representative on this legislative committee, which was organized in mid-1994 to research and recommend any needed changes to the telecommunications statutes and state policies. The TSPC issued its final report to the Governor and the legislature in January 1996.
- **1995 Chairperson of Kansas Corporation Commission Working Groups:** Mr. Brevitz was appointed to the Cost Studies and Universal Service Working Groups for the KCC's general competition investigation, subsequent to the KCC's May 1995 Phase I competition order. He was also active in other Task Forces including Unbundling, Number Portability and Local Resale.
- **Kansas Corporation Commission - Infrastructure/Competition Report:** Produced a special report on Kansas telecommunications infrastructure/competition issues which was provided to the 1995 Kansas legislature.
- **1994 Kansas Corporation Commission - Alternative Regulation Legislation:** In 1994 the Kansas Legislature passed House Bill 3039, which extended SWBT's "TeleKansas" alternative regulation plan for two years. Mr. Brevitz provided substantial assistance in negotiating the detailed provisions for the KCC's implementation of the bill.
- **Kansas Corporation Commission - Southwestern Bell Telephone Infrastructure Analysis:** Investigated SWBT's infrastructure/modernization budget and addressed construction requirements, tariffs, rates, terms and conditions for SWBT's provision of interactive television ("ITV") to all Kansas schools at deep discount prices for the benefit of the Kansas infrastructure and schools.

Work History

Independent Telecommunications Consultant

Following a significant engagement with the Kansas Corporation Commission, extensive professional services have been provided to state public utility commissions, as indicated above under "Recent Relevant Experience".

A variety of duties and tasks have been performed for the Kansas Corporation Commission, including providing staff support for Statewide Strategic Telecommunications Planning Committee, composed of 17 members (legislators, state agency heads, private enterprise); assisting in KCC implementation of House Bill 3039 ("TeleKansas II", extension of alternative regulatory plan for Southwestern Bell Telephone); and providing analysis and testimony for communications general investigations into competition in the local exchange and other markets. Those general investigations included General Competition, Competitive Access Providers, Network Modernization, Universal Service, Quality of Service, and Access Charges.

Kansas Consolidated Professional Resources - Director of Regulatory Affairs

Duties included monitoring of and participating in state regulatory affairs on behalf of twenty independent local exchange companies in Kansas that compose the partnership of KCPR. Active participation in statewide industry committees in the areas of access charges, optional calling plans/EAS, educational interactive video, dual party relay systems and private line/special access merger.

Kansas Corporation Commission - Chief of Telecommunications

Duties included supervising the formulation of staff testimony and policy recommendations on matters such as long distance competition, access charges, telephone company rate cases, and deregulation of CPE and Inside Wiring; analyzing Federal Communications Commission and Divestiture court decisions; supervising and performing tariff analysis; and testifying before the Commission as necessary SWBT's \$120 million "Divestiture rate case" was completed in this time period, as were several other large rate cases Active member of the National Association of Regulatory Utility Commissioners (NARUC) Staff Committee on Communications.

Arizona Corporation Commission - Chief Rate Analyst - Telecommunications

Duties included supervision of staff and formulation of policy recommendations on telecommunications cases, along with production of analyses and testimony as required.

Kansas Corporation Commission - Economist - Research and Energy Analysis Division

Duties included research, analysis and production of casework and testimony regarding gas/electric and telecommunications matters Matters addressed included revision of jurisdictional separations, deregulation of CPE and inside wire, Wolf Creek Nuclear Generating Plant Task Force, and divestiture of the Bell Operating Companies from AT&T.

Education

Michigan State University - Graduate School of Business

East Lansing, Michigan
Master's Degree in Business Administration-Finance.

Michigan State University/James Madison College

East Lansing, Michigan
Bachelor of Arts Degree in Justice, Morality and Constitutional Democracy

References for David Brevitz

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Office of the Attorney General of Nevada
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Curriculum Vitae: Bion C. Ostrander - Certified Public Accountant (C.P.A.)

Name of Firm: Ostrander Consulting

Total Experience: 29 Years

Company Created: 1990 - Ostrander Consulting in existence for over 18 years

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Ostrander - Summary:

Mr. Ostrander is an independent regulatory consultant with a specialization in telecommunications issues, and a practicing Certified Public Accountant (and a member of the American Institute of CPAs and the Kansas Society of CPAs). Mr. Ostrander has twenty-nine years of regulatory and accounting experience and has addressed a comprehensive range of telecom issues on behalf of state regulatory agencies. Mr. Ostrander's firm, Ostrander Consulting, has been providing consulting services since 1990 and he has addressed more than 150 cases in numerous U.S. and international jurisdictions. Previously, Mr. Ostrander served as the Chief of Telecommunications for the Kansas Corporation Commission ("KCC") from 1986 to 1990, and served as Chief Auditor for the KCC on gas, electric, transportation, and telecom cases from 1983 to 1986. Mr. Ostrander also worked for two CPA firms, and directed audits of utility companies and other entities for Deloitte, Haskins and Sells (now Deloitte & Touché). Ostrander Consulting has no conflicts of interest and does not perform work for telecom companies.

Mr. Ostrander has significant experience evaluating sales/acquisitions of LECs, and sales of territories/exchanges of LECs, including the following related issues:

- ✓ *Purchase/sales price*
- ✓ *Calculation and regulatory treatment of gain/loss*
- ✓ *Impacts on current price cap plan of purchasing/selling company*
- ✓ *Valuation of related plant assets*
- ✓ *Impact on cost of service/revenue requirement, earnings, cash flow and financial statements*
- ✓ *Impact on capital structure (debt and equity)*
- ✓ *Impact on basic local service prices (and other services) and universal service*
- ✓ *Evaluate company's claimed synergies and efficiencies from the transaction*
- ✓ *Service quality impacts*
- ✓ *Impact on infrastructure and provision of DSL and broadband service*
- ✓ *Impact of changes in depreciation rates*

- ✓ *Due diligence/legal issues*
- ✓ *Impacts on State and Federal Universal Service Funds*
- ✓ *Impacts on income taxes and deferred taxes*
- ✓ *Impacts on Parts 36 and 64*
- ✓ *Impacts on ability to continue to offer bundled services (local, long distance, cellular, internet/broadband, etc.)*
- ✓ *Impacts on other related affiliates*
- ✓ *Other specific issues*

Mr Ostrander has investigated matters related to all of the largest telecom carriers in the United States including, Verizon, AT&T, SBC/Southwestern Bell, Qwest/U S WEST, Sprint, Embarq, BellSouth, MCI, numerous independent local exchange companies (“ILECs”), Relay Service Providers (provide telecom services to the speech and hearing impaired), and others

In addition, Mr Ostrander has international experience with various other incumbent and competitive carriers of local, mobile, international calling and other services in the Caribbean and Europe

Mr Ostrander has addressed a broad range of telecom regulatory issues including (but not limited to the following):

- ✓ Purchase and sales of entire local exchange companies (financial, gain/loss treatment, plant valuation, universal service, impact on rates, service quality, legal and regulatory issues)
- ✓ Purchase and sales of local exchange company territories (certain exchanges) of a local exchange company (financial, gain/loss treatment, plant valuation, universal service, impact on rates, service quality, legal and regulatory issues)
- ✓ Service Quality
- ✓ Part 32 - USoA issues
- ✓ Part 36 – Separations issues
- ✓ Part 64 – Allocation of non-regulated costs, Cost Allocation Manuals, and affiliate transaction issues
- ✓ Part 69 - Access issues
- ✓ Rate design issues
- ✓ Affordable/Reasonable Local Rates – Universal Service and Lifeline Issues
- ✓ DSL and broadband issues
- ✓ Retail universal service and local loop cost studies
- ✓ Wholesale/UNE cost studies
- ✓ Other cost accounting/cost allocation issues
- ✓ Competition policy and issues
- ✓ Interconnection
- ✓ Universal Service
- ✓ Local Loop Unbundling
- ✓ International calling - costs, prices and policy
- ✓ Mobile/Cellular calling - costs, prices and policy
- ✓ Number Portability
- ✓ Alternative Regulation/Price Cap Plans
- ✓ Rate Base/Rate of Return Cases
- ✓ Affiliate Issues
- ✓ Cross-Subsidization Issues
- ✓ Audits of Universal Service Funds
- ✓ Depreciation Rates Issues

- ✓ Access Charges
- ✓ Licensing
- ✓ Spectrum
- ✓ Internet Access and Infrastructure
- ✓ Tariff Policy and Design
- ✓ Infrastructure and technology issues
- ✓ Facilities Sharing/Collocation

Ostrander – Sales/Acquisitions Relevant Experience:

- ✓ **Embarq Sale/Spin-Off by Sprint - 2005 – Nevada Bureau of Consumer Protection (Division of Attorney General Office), Dkt. 05-8032:** Mr. Ostrander provided full analysis on behalf of the Nevada Attorney General’s Bureau of Consumer Protection regarding the proposed spin off and sale by Sprint Nextel of its wireline operations into a new company called Embarq. Mr. Ostrander assisted the BCP in a negotiated Stipulation with Sprint Nextel regarding these matters. Some components of the negotiated Stipulation include the following:
 - *Embarq will not be allowed to recover in any future rate proceedings any costs of the spin-off including consulting, legal, branding, investment banking fees, research and other;*
 - *Embarq will not be allowed to recover in any future rate proceedings any costs related to retention incentives,*
 - *Embarq will not be allowed to recover in any future rate proceedings any severance costs, or similar related costs, related to work force reductions that are related to the spin-off,*
 - *Embarq will separately account for all of the previous costs in any future rate proceeding filing to ensure these costs can be traced to below-the-line treatment,*
 - *Embarq will provide the BCP access to subsequent confidential agreements reached between Embarq, its affiliates, and other parties that are related to transactions/agreements that impact the spin-off,*

- ✓ **Embarq Sale/Spin-Off by Sprint - 2005/2006, along with ongoing monitoring each year – Kansas Citizens’ Utility Ratepayer Board (CURB), Dkt. 06-SCCC-200-MIS:** Mr. Ostrander assisted CURB regarding the proposed spin off and sale by Sprint Nextel of its wireline operations into a new company called Embarq. Mr. Ostrander assisted CURB in a negotiated Stipulation with Sprint Nextel and other parties. The Stipulation resulted in strong monitoring and reporting requirements to protect customers and ensure stability of rates and continued monitoring of Embarq’s service quality and dividends (dividends paid by Kansas Embarq operations to its corporate operations). To this date, Mr. Ostrander continues to monitor and review service quality and dividends as part of the on-going monitoring process. Dividend payments from Embarq Kansas operations to Embarq Corporate are monitored because of concerns regarding cash flow and to ensure that annual plant investment in Kansas is maintained at a reasonable level to help preserve service quality. Mr. Ostrander identified various problems with the transaction, including some of the following:
 - *The company would not provide the specific financial and regulatory impact on Kansas operations;*

- *Projected Kansas data indicates cash flow concerns which means that Embarq Kansas future plant investment levels may decline and this could negatively impact service quality and universal service*
- *Sprint/Embarq consultants unduly rely on the representation of Sprint management in their analysis of the transaction, so the consultant's analysis is limited in its objectivity (and the consultant is absolved of any liability if the projections and information is inaccurate,*
- *Problems with calculation of Fair Market Value calculation of plant assets, such that assets are over-stated in order to justify a higher assignment of debt to the local telephone operations by Sprint Nextel (the seller or spin-off agent),*
- *Problems with rating agency status and determination,*
- *Consultant projections of cash flow are inaccurate and do not consider significant future liabilities such as cash paid for pensions/OPEB, future severance pay, and costs related to the spin-off;*
- *Company will not state or admit that it will not return to "ROR regulation" if the transaction turns sour and has a negative impact on local telephone operations,*
- *Embarq could be inherently assuming higher depreciation rates for the telephone plant in the transaction,*
- *Company will not commit that wholesale UNE rates offered to competitors will not change.*
- *Company will not admit to the revised level of Federal Universal Service Funding that it will receive,*
- *Company will not provide specific spin-off costs and related impacts on Kansas operations (Company only provided consolidated national data),*
- *Company will not provide all confidential agreements between Sprint Nextel and Embarq to determine if transactions are arms-length, in the public interest, and will not harm universal service*

✓ **Various Sales/Acquisitions of Local Exchange Telephone Company Territory – transactions from 2004 through 2007 – Kansas Citizens' Utility Ratepayer Board:** Mr. Ostrander assisted CURB with the evaluation of various transactions relating to the sale/acquisition of exchanges (portion of a telephone company's customer base and related equipment) between two telephone companies over a four year period. Mr. Ostrander evaluated all sale/acquisition transactions regarding the following dockets:

- *Rural Telephone Company purchase of exchanges from Embarq (Dkt. 06-RRLT-963-COC)*
- *Embarq sale of exchanges to Rural Telephone Company (Dkt. 06-UTDT-962-CCS)*
- *Twin Valley Telephone Company purchase of exchanges from Embarq (Dkt. 06-TWVT-116-COC)*
- *Embarq sale of exchanges to Twin Valley Telephone Company (Dkt. 06-UTDT-115-CCS)*
- *Blue Valley Telephone Company purchase of exchanges from Sprint/United Telephone Company (Dkt. 04-BVTT-780-COC)*
- *Sprint/United Telephone Company sale of exchanges to Blue Valley Telephone Company (Dkt. 04 – UTDT-781-CCS)*

Mr Ostrander evaluated all sale/acquisition transactions and the outcome of the previous Kansas cases that resulted in the following:

- *preserved existing rates (no rate increases),*
- *preserved and monitored service quality,*
- *required increased investment and provision of DSL service, and*
- *acquisition adjustment (excess of purchase price over NBV by acquiring company) was not allowed to be recovered in rates from customers*

Ostrander - Recent Experience – Examples of Major Cases:

2009 – Price Caps - ECTEL: On behalf of the Eastern Caribbean Telecommunications Authority (representing the nations of St. Lucia, St. Vincent, Grenada, St. Kitts/Nevis, and Dominica), Mr Ostrander is currently evaluating a second round of price caps, access deficit claims by the incumbent Cable & Wireless, LRIC cost studies related to the access deficit, competition, the impact of the initial price caps plan, retail prices for international, mobile, internet and local service, wholesale interconnection prices, financial operations of the incumbent, and infrastructure issues. Mr Ostrander conducted interviews with various stakeholders/competitors in the ECTEL nations, issued discovery requests, and prepared various consultation papers and reports for ECTEL.

2009 – Armenia – USAID/Armenia and AED - On behalf of USAID/Armenia and AED, Mr Ostrander recently completed a project addressing telecom and regulatory laws and policy in Armenia, including an assessment of performance gaps and concerns regarding law/policy related to the duopoly of wholesale internet transport that is impeding competition and reasonable prices, conflicts with overlapping responsibilities of several agencies related to market definition and dominance, commercial and consumer arbitration, licensing, spectrum, number portability, interconnection, infrastructure sharing, transparency and rights of way. This project included interviews with numerous stakeholders in Armenia, including the incumbent carrier, broadband/satellite/mobile competitors, the Public Service Commission, legal experts, donors/World Bank, in-country telecom consultants, Armenian media, Armenia consumer advocate parties, and others.

2009/2008 – Verizon Competition/Price Caps/Tariffs - Maryland: On behalf of the Maryland Office of Public Counsel, Mr. Ostrander is addressing a new price cap plan for Verizon, competition issues, pricing issues, tariff policy, cost of service for low income citizens, infrastructure issues related to fiber/DSL and other matters.

2009/2008 – Access Charges/Local Interconnection - Kansas: On behalf of the Citizens' Utility Ratepayers' Board (CURB) of Kansas, Mr Ostrander recently completed assessment of policies regarding interconnection/access charges, universal service, and the impacts of rate rebalancing proposed by Embarq and AT&T.

2009/2008 - Various Alaska LECs – Alaska: Mr Ostrander evaluated the costs of interconnection/access for long distance carriers payment to local exchange carriers for access to local network facilities.

2009/2008 - Verizon Michigan Cost Studies: On behalf of the Michigan Attorney General, Mr. Ostrander is addressing cost studies for the retail cost of basic local service and the wholesale cost of local service (local loop unbundling), and addressing problems with Verizon's cost studies.

2009 – Iatan Coal Plant Infrastructure - Kansas: On behalf of the Citizens' Utility Ratepayers' Board (CURB) of Kansas, Mr. Ostrander recently completed a review and inspection of major upgrades to a coal-fired energy plant, regarding issues of whether and how to treat common plant costs and construction work in progress.

2008/2007 - Cable & Wireless (C&W) Barbados Price Caps: On behalf of the Fair Trading Commission (FTC) of Barbados (the regulatory agency in Barbados), Mr. Ostrander addressed a new price cap plan for C&W, policy related to competitors, cost of regulated/deregulated services, international calling rates/tariffs, cost allocation matters, tariff issues, and infrastructure matters.

2008/2007 - Price Caps for AT&T and Embarq – Kansas: On behalf of the Citizens' Utility Ratepayers' Board (CURB) of Kansas, Mr. Ostrander addressed price caps for AT&T and Embarq in Kansas.

2008/2007 - Various Alaska LECs – Alaska: Mr. Ostrander evaluated the costs of interconnection/access for long distance carriers payment to local exchange carriers for access to local network facilities.

2007 - AT&T – Kansas: On behalf of the Citizens' Utility Ratepayers' Board (CURB) of Kansas, Mr. Ostrander addressed the current year calculation of Kansas Universal Service Fund (KUSF) assessments, the 11th year of the Fund for which Mr. Ostrander has performed this evaluation.

2007 - UNE Costing Embarq Nevada: On behalf of the Nevada Bureau of Consumer Protection-Attorney General, Mr. Ostrander addressed unbundled network elements (local loop unbundling).

2007 - Legislation/Deregulation Embarq Nevada: On behalf of the Nevada Bureau of Consumer Protection-Attorney General, Mr. Ostrander addressed Legislative issues regarding competition, deregulation and pricing flexibility related to Embarq.

2007 – Affordable Local Rates – Michigan: On behalf of the Michigan Attorney General, Mr. Ostrander addressed Verizon's failure to file proper tariffs to comply with Michigan law regarding affordable rates for basic local telephone service.

2007 – RTB – Alaska: On behalf of GCI, Mr. Ostrander addressed the issue of the proper treatment of funds received by telephone companies related to the dissolution of the Rural Telephone Bank (RTB).

2007 – Verizon Deregulation – Virginia: On behalf of the CWA, Mr. Ostrander addressed Verizon's request for deregulation and detariffing in Virginia and related competition issues.

2007 - 2005 – Verizon Maine: On behalf of AARP, Mr. Ostrander addressed the revenue requirements of Verizon Maine, including issues such as Yellow Pages, affiliate transactions and DSL-related issues.

2007 - 2008 Legislative Kansas: Assisted CURB in Kansas with 2007 legislative issues related to telecom, competition and other matters.

2006/2005 – Embarq/LTD & Sprint/Nextel Change of Control – Kansas: On behalf of CURB of Kansas, Mr. Ostrander evaluated the separation and creation of a new local service holding company and the potential impact on customers, rates, competition, service quality, etc.

2006 – Embarq Sale of Exchanges to Rural Telephone – Kansas: On behalf of CURB of Kansas, Mr. Ostrander reviewed Embarq's sale of local exchanges to Rural Telephone Company and addressed issues such as rates, due diligence, service quality, acquisition adjustments, tariff design, competition and policy issues

2006/2005 – Verizon & AT&T Local Rate Rebalance – Michigan: On behalf of the Michigan Attorney General, Mr. Ostrander reviewed the requests of Verizon and AT&T to rebalance and increase local rates, including the necessity to preserve affordable and reasonable local rates

2006 – Embarq Proposal to Reduce MetroPlus Rates as a Competitive Response – Kansas: On behalf of CURB, Mr. Ostrander reviewed Embarq's proposal to significantly reduce its charge for MetroPlus service as a response to competition in several of its exchanges

2006/2005 – ETC Policy in Kansas – Kansas: Mr. Ostrander assisted CURB with comments regarding the establishment of state policy and filing requirements for Eligible Telecommunication Carriers (ETCs) in Kansas, while also considering the FCC's related policy and requirements. Mr. Ostrander addressed these issues in three separate generic dockets (06-GIMIT-446-GIT, 06-GIMIT-082-GIT and 05-GIMIT-112-GIT) before the Kansas Corporation Commission

2006 – United Telephone (now Embarq) Sale of Exchanges to Twin Valley – Kansas: On behalf of CURB, Mr. Ostrander reviewed United Telephone's sale of local exchanges to Twin Valley Telephone Company and addressed issues such as rates, service quality, acquisition adjustments, tariff design, competition and policy issues

2006 – Kansas Universal Service Fund (KUSF) Assessment – Kansas: On behalf of CURB, Mr. Ostrander evaluated the Kansas Universal Service Charge annual calculation and assessment.

2006/2005 – Unsubstantiated Rate Additives by CLECs – Kansas: On behalf of CURB, Mr. Ostrander has addressed issues related to excessive and unsubstantiated recurring charges placed on telephone bills by CLECS such as Sage, CIMCO, ITC/DeltaCom, etc.

2006/2005 - Various Alaska LECs – Alaska: Reviewed the intrastate revenue requirements of various LECs making rate case-type adjustments and addressing rate design issues

2005 – United Telephone (now Embarq) Sale of Exchanges to Blue Valley – Kansas: On behalf of CURB, Mr. Ostrander reviewed United Telephone's sale of local exchanges to Blue Valley Telephone Company and addressed issues such as rates, due diligence, service quality, acquisition adjustments, tariff design, competition and policy issues.

2005 – Saudi Arabia Communications and Information Technology Commission (CIIC): Assessed Saudi Telecom's proposed accounting separation and allocations manual on behalf of the CIIC.

2005 – Embarq/LTD & Sprint/Nextel Change of Control – Nevada: On behalf of the Nevada Board of Consumer Protection, Mr. Ostrander evaluated the separation and creation of a new local service holding company and the potential impact on customers, rates, service quality and other

matters.

2005/2004 – Verizon Vermont: On behalf of the Vermont Department of Public Service, Mr. Ostrander evaluated Verizon Vermont's revenue requirements, Yellow Pages, affiliate transactions, work force reductions, depreciation issues, infrastructure/modernization, and policy issues as part of a new alternative regulation plan ("ARP") to go in place in 2005, after the expiration of the current plan. Mr. Ostrander previously conducted an earnings review and evaluation of the prior ARP five years ago in Vermont.

2005 - Southwestern Bell Kansas: On behalf of the CURB, Mr. Ostrander assisted with the review of SWBT's request for deregulation of local and other services in certain metro exchanges

2005 - Kansas Universal Service Fund (KUSF) Assessment – Kansas: On behalf of CURB, Mr. Ostrander evaluated the 9th year of the Kansas Universal Service Charge annual calculation and assessment.

2005/2004/2003 – Cable & Wireless Barbados ("C&W"): On behalf of the Fair Trading Commission ("FTC"), the regulatory agency in Barbados), Mr. Ostrander evaluated a proposal by C&W in 2003/2004 to move away from flat-rate local service to introduce "measured or usage-based" local service at increased rates, as well as policy issues to expand cellular competition and other competition issues. Mr. Ostrander addressed the revenue requirements of C&W, proposed significant revisions to these revenue requirements, and reviewed the C&W cost model and the costs of local, cellular, and other services. The FTC's final decision in July 2004 rejected the C&W proposal, and maintained local rates at existing levels without a switch to measured service.

2004/2003 – Cable & Wireless Eastern Caribbean States: On behalf of the Eastern Caribbean Telecommunications Authority ("ECTEL"), the regulatory agency for certain Caribbean nations), and the nations of St. Lucia, Grenada, St. Vincent, St. Kitts/Nevis, Mr. Ostrander evaluated implementation of the first price caps plan, policy to introduce and expand cellular and other competition in these Caribbean nations, reviewed C&W cost models, evaluated the cost of fixed local and cellular service, as well as other issues. This project resulted in substantial regulatory concessions to customers and significant reductions in prices and increases in infrastructure investment by competitors.

USAID Experience –

- Armenia – Mr. Ostrander (along with Mr. Brevitz and Ms. Badasyan) recently completed a report dated May 31, 2009, for **USAID/Armenia and AED** addressing telecom and regulatory laws and policy in Armenia, including an assessment of performance gaps and concerns regarding law/policy related to the duopoly of wholesale internet transport that is impeding competition and reasonable prices, conflicts with overlapping responsibilities of several agencies related to market definition and dominance, commercial and consumer arbitration, licensing, spectrum, number portability, interconnection, infrastructure sharing, transparency and rights of way.
- Russia/Ukraine - Mr. Ostrander was previously involved in various USAID projects in 1995/1996 (in conjunction with the The TransAction Group, Inc. (TAG) – Bob Keller). In these projects, Mr. Ostrander provided training and case study review to management/executives of **Russian and Ukraine telecommunications and electric utilities**. Mr. Ostrander addressed a broad range of issues, including regulation, financial, operations, and benchmarking. Mr. Ostrander hosted

numerous Russian/Ukraine training sessions in the United States and provided subsequent follow-up training in Moscow

Other International Experience -

- Mr. Ostrander is currently evaluating a second round of price caps or another form of regulation, access deficit claims by the incumbent, LRIC cost studies related to the access deficit, competition, the impact of the initial price caps plan, retail prices for international, mobile, internet and local service, wholesale interconnection prices, financial operations of the incumbent, and infrastructure on behalf of the **Eastern Caribbean Telecommunications Authority (“ECTEL”), representing the nations of St. Lucia, St. Vincent, Grenada, St. Kitts/Nevis, and Dominica.**
- Mr. Ostrander assisted the **Fair Trading Commission of Barbados** in design of the second round of price caps for Cable & Wireless, and addressed issues related to earnings, productivity, and cost studies.
- Mr. Ostrander addressed issues regarding revenue requirements, rate design, and competition on behalf of the **Fair Trading Commission in Barbados.**
- Mr. Ostrander addressed issues regarding price caps, revenue requirements, rate design, and competition on behalf of the **Eastern Caribbean Telecommunications Authority (“ECTEL”), representing the nations of St. Lucia, St. Vincent, Grenada, St. Kitts/Nevis, and Dominica in the 2004 timeframe.**
- Mr. Ostrander evaluated Saudi Telecom’s proposed accounting separations and allocation manual on behalf of the **Saudi Arabia Communications and Information Technology Commission (CTIC).**

Work History- Ostrander

Ostrander Consulting - Principal

Ostrander Consulting principally addresses regulatory issues on behalf of Attorney Generals, state public service commissions and other state regulatory agencies. Services include those related to competition assessment, alternative regulation/price cap plans, local loop unbundling, tariffs, universal service, cost studies/cost allocation, management audits and other matters.

Kansas Corporation Commission – Chief of Telecommunications

Supervised staff and directed all telecommunications-related matters including assessment of rate cases of SWBT, United/Sprint and rural LECs. Also, directed actions regarding alternative regulation plans, establishing access charge policy, transition to intrastate competition, depreciation filings, establishment of the Kansas Relay Center, filings with the FCC, billing standards, quality of service, consumer complaints, staff training and over one hundred docketed regulatory matters per year. Mr. Ostrander was the lead witness on all major telecommunications matters.

Kansas Corporation Commission – Chief Auditor

Directed rate cases of gas, electric and telecom companies prior to promotion to Chief of Telecommunications.

Mize, Houser, Mehlinger and Kimes (now Mize Houser & Company Professional Association) - Auditor – CPA firm

Performed auditing, tax and special projects for various industries.

Deloitte, Haskins and Sells (now Deloitte & Touché) – (International CPA/Audit Firm) Auditor – CPA firm

Performed auditing, tax and special projects in industries such as utilities, savings and loan, manufacturing, retail, construction, real estate, insurance, banking and not-for-profit.

Education- Ostrander

University of Kansas - B.S. Business Administration with a Major in Accounting, 1978

Professional License and Affiliations - Ostrander

- Maintains a permit to practice as a CPA in Kansas
- Member of the American Institute of CPAs (AICPA)
- Member of the Kansas Society of CPAs (KSCPA).

References for Bion Ostrander, C.P.A.

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Education

Ph.D., Economics, Michigan State University, 1983
M.A., Economics, University of Massachusetts-Amherst, 1971
B.S., Economics, University of Maryland-College Park, 1969

Professional Experience

Utility Regulation

Vice President

Rolka Loube and Saltzer Associates

April 2007 to Present

Responsibilities include:

- Testified on behalf of the Pennsylvania Office of Consumer Advocate in the Investigation Regarding Intrastate Access Charges and IntraLata Toll Rates of Rural Carriers, and the Pennsylvania Universal Service Fund, PA PUC Docket No. I-00040105, February 17, 2009.
- Filed an expert report on behalf of the U.S. Department of Justice, the United States District Court for the Western District of Texas, San Antonio Division, AT&T Inc, Plaintiff, v. United States of America, Defendant, Civil No. SA-07-CA-0197-OG, October 14, 2008.

- Filed reply testimony on behalf of the Maryland Office of the People's Counsel, In the Matter of Appropriate Forms of Regulating Telephone Companies, Maryland Public Service Commission, Case No. 9133, August 28, 2008.
- Filed initial and reply testimony on behalf of TelNet Worldwide, Inc., ACD Telecom, Inc., TC3 Telecom, Inc., Michigan Access, Inc., JAS Networks, Inc., DayStarr, LLC, Clear Rate Communications, Inc., and Arialink Telecom. (the "CLECs"), In the matter on the Commission's own motion, to review the total element long run incremental costs and the total service long run incremental costs for Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems, to provide telecommunications services, April 7 and June 26, 2008.
- Testified on behalf of the City of Kitchener, the Consumers Council of Canada, and the Vulnerable Energy Consumers Coalition in the Union/Enbridge 2008 Rates Cases, Ontario Energy Board, EB 2007-0606 and EB2007-0615, April 1, 2008.
- Testified on behalf of the New Hampshire Office of Consumer Advocate in Kearsarge Telephone Company, Wilton Telephone Company, Hollis Telephone Company and Merrimack County Telephone Company Petition for an Alternative Form of Regulation, New Hampshire Public Utilities Commission, Case No. DT 07-027, December 5, 2007.
- Filed testimony on behalf of the City of Kitchener, the Consumers Council of Canada, and the Vulnerable Energy Consumers Coalition in the Union/Enbridge 2008 Rates Cases, Ontario Energy Board, EB 2007-0606 and EB2007-0615, October 22, 2007.
- Testified on behalf of the Maine Office of the Public Advocate in the Joint Application for Approvals Related to Verizon's Transfer of Property and Customer Relations to Company to be Merged with and into Fairpoint Communications, Inc. Maine Public Utilities Commission Docket No. 2007-67 on October 2, 2007.
- Prepared comments on behalf of the Washington Public Counsel and The Washington Electronic Business and Telecommunications Coalition, In the Matter of the Petition of Qwest Corporation for Forbearance Pursuant to

47 U.S.C. § 160(c) in the Denver, Minneapolis-St. Paul, Phoenix and Seattle Metropolitan Statistical Areas, WC Docket No. 07-97, August 31, 2007.

Director, Economic Research
Rhoads & Sinon, LLC
April 2001 to March 2007

Responsibilities include:

- Testified on behalf of the Washington Public Counsel in the Matter of the Petition of Qwest Corporation to be Regulated Under An Alternative Form of Regulation, WUTC Docket No. UT-061625, March 14, 2007.
- Filed rebuttal testimony on behalf of the Pennsylvania Office of Consumer Advocate in the 2006 Annual Price Stability Index/Service Price Index of Buffalo Valley Telephone Company, Conestoga Telephone & Telegraph Company, and Denver & Ephrata Telephone & Telegraph Company, PA PUC Docket No. P-0098142F1000, filed January 5, 2007.
- Testified on behalf of the Attorney General Michael A. Cox, In the Matter of the Notice by AT&T Michigan Pursuant to sections 304(d) and 310a of the Michigan Telecommunications Act of an increase to the rate for primary basic local exchange service in the amount not to exceed AT&T Michigan's intrastate end user line charge in effect on July 1, 2005, MPSC Case No. 15036, filed January 30, 2007.
- Prepared comments on behalf of the Pennsylvania Office of the Consumer Advocate, FCC Intercarrier Compensation Workshop and Solicitation of Comments on the Missoula Plan, Pennsylvania Public Utility Commission Docket No. M-000061972.
- Prepared an affidavit on behalf of the National Association of Utility Consumer Advocates (NASUCA) and the Maine Office of the Public Advocate, In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board, CC Docket No. 80-286, filed August 22, 2006.

- Advisor to the Maryland office of the People's Counsel, In the Matter of Cavalier Telephone Midwest Atlantic for Breach of Interconnection Terms by Verizon Maryland, Inc., Case No. 9046.
- Testified on behalf of the Maine Office of Public Advocate in the Investigation Into Verizon Maine's Alternative Form of Regulation, Phase I, Docket No. 2005-155, October 17 and October 18, 2006.
- Prepared comments on behalf of the National Association of State Utility Consumer Advocates (NASUCA) In the Matter of the Federal-State Joint Board on Universal Service, CC Docket No. 96-45, filed March 27, 2006 (with David Gabel and the NASUCA Telecommunications Committee).
- Advisor to the Washington State Public Counsel in the Investigation of the Sprint-Nextel Merger, Washington Utilities and Transportation Docket No. UT-051291.
- Filed direct testimony on behalf of the Maine Office of Public Advocate in the Investigation Into Verizon Maine's Alternative Form of Regulation, Phase II, Docket No. 2005-155, January 13, 2006.
- Testified on behalf of the Maine Office of Public Advocate in the Investigation into Line Sharing, Maine Docket No. 2004-809, November 18, 2005.
- Testified on behalf of the Maine Office of Public Advocate in Verizon Communications, Inc. and MCI, Inc., Review of Joint Application for Approval of Merger, Maine Docket No. 2005-154, September 29, 2005.
- Filed direct, rebuttal and surrebuttal testimony on behalf of the Office of Consumer Advocate in Pennsylvania Docket No. C-20027195, June 8, June 29, and July 11 2005.
- Filed a rebuttal declaration regarding price floor issues on behalf of The Utility Reform Network in re: Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, Verizon UNE Phase, Investigation 93-04-002, filed April 1, 2005.
- Filed a price floor declaration on behalf of The Utility Reform Network in re: Investigation on the Commission's

Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, Verizon UNE Phase, Investigation 93-04-002, filed January 28, 2005.

- Filed direct testimony on behalf of Public Counsel and AARP in re: WUTC v. Verizon, Docket No. UT-040788, before the Washington Utilities and Transportation Commission, December 17, 2004.
- Filed a rebuttal declaration on behalf of The Utility Reform Network in re: Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, Verizon UNE Phase, Investigation 93-04-002, filed November 9, 2004
- Prepared a report on the State of Telecommunications Services in Nevada for the subcommittee to study telecommunications service in Nevada, August 2004,
- Filed a declaration on behalf of The Utility Reform Network in re: Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, Verizon UNE Phase, Investigation 93-04-002, filed August 6, 2004
- Filed expert rebuttal testimony on behalf of the Staff of the South Carolina Commission in re: Implementation of requirements Arising from Federal Communications Commission Triennial UNE review: Local Circuit Switching for mass market customers, SC PSC Docket No. 2003-326-c.
- Testified on behalf of the Pennsylvania Office of Consumer Advocate in re: Investigation into the Obligations of Incumbent Local Exchange Carriers to Unbundle Network Elements, PA PUC Docket No. I-0030099.
- Prepared an Affidavit for the National Association of State Utility Consumer Advocates in the Matter of the Review of Commission's Rules Regarding The Pricing of Unbundled Network Elements And the Resale of Service by Incumbent Local Exchange Carriers, WC Docket No. 03-173 (with David Gabel).
- Provided expert advice to the Cities of Austin, Dallas, Fort Worth, and Hereford in Southwestern Bell Telephone Company's Filing To Establishing Surcharges Resulting From District Court Remand Of PUC Final Order In Docket No. 18509, SOAH Docket No. 473-03-1620, Texas PUC Docket No. 26719.

- Filed expert testimony on behalf of the Staff of the Nevada Public Utilities in The Petition of Nevada Bell for an Order commencing a proceeding to determine the costs and rates for unbundled network elements, Docket No. 00-7012
- Prepared comments for the National Association of State Utility Consumer Advocates in the Matter of Cost Review Proceeding for Residential and Single-Line Business Subscriber Line Charge Cap, FCC CC Docket No. 96-262 (with David Gabel)
- Technical Adviser to the Alabama Public Service Commission in the Generic Proceeding to Establish Prices for Interconnection Services and Unbundled Network Elements - Docket No. 27821
- Prepared reply comments for the Office of the People's Counsel of the District of Columbia In the Matter of Developing a Unified Inter-carrier Compensation Regime, FCC CC Docket No. 01-92.
- Assisted the Universal Service Administrative Company in managing the interstate common line and model support programs.

Industry Economist, GS 301-15
Federal Communications Commission
 May 1996 to April 2001

Responsibilities include:

- Established the criteria for choosing the universal service economic cost model;
- Evaluated and modified telephone cost models;
- Determined the input values used in telephone cost models;
- Served on the FCC staff of the Federal State universal service joint board;
- Developed and evaluated alternative universal service funding proposals;
- Developed and compared alternative jurisdiction separations allocators with regard to the impact of the allocators on state and federal jurisdictional responsibilities;

- Reviewed orders of other divisions to ensure that those orders complement the tasks and mandates of the Accounting Policy Division;
- Conducted special studies for use by the Chairman, Commissioners, Bureau Chief or Division Chief
- Provided technical economic advice to the division legal staff regarding common carrier operations and regulatory policy.

Director, Office of Economics
Public Service Commission of the District of Columbia,
 July 1993 to May 1996

Responsibilities include:

- Supervised the preparation of staff testimony in telephone, electric and gas utility cases.
- Represented the Commission on the Staff of Federal State Separations Joint Board.
- Prepared and presented testimony on the strategic approach to electricity demand side management and least cost planning principles.
- Represented the Commission on the National Association of Regulatory Utility Commissioners Communications Committee's universal service and access reform working groups.

Acting Director, Office of Economics
Public Service Commission of the District of Columbia,
 February 1993 to July 1993

Responsibilities include:

- Prepared comments on FERC Notices of Proposed Rulemaking.
- Represented the Commission on the telephone quality of service and low-income program working groups.

Senior Telecommunications Economist
Public Service Commission of the District of Columbia,
 May 1989 to the February 1993

Responsibilities include:

- Prepared and presented testimony regarding telephone rate structure, competition in telephone markets, embedded cost studies, and long run incremental cost studies.
- Represented the Commission on digital deployment and generic cost manual working groups.
- Represented the Commission on the staff of the 410B Joint Federal/State Conference on Open Network Architecture.
- Prepared comments on FCC Notices of Proposed Rulemaking.

Econometrician,
Indiana Utility Regulatory Commission,
 March 1988 to May 1989

Responsibilities include:

- Developed electric energy and demand forecasts.
- Supervised consultants developing economic and demographic models for utility service territories.
- Represented the Commission on the Executive Committee on Intrastate Access Charges.

Principal Utility Analyst,
Indiana Utility Regulatory Commission,
 January 1986 to March 1988

Responsibilities include:

- Prepared and presented testimony regarding demand forecasting for telephone and electric services, cost of equity and long run marginal cost.
- Contributed to staff reports on energy and demand forecasts.
- Developed financial forecasts for electric utilities.

International Consulting

Telephone Organization of Thailand, conducted a Tariff and Cost Workshop for Senior Management and Staff, Bangkok, February 5-7, 2001. Contractor: Booz, Allen & Hamilton, Inc.

Ministry of Communications, Indonesia, drafted a report on best practices guidelines for Universal Service Obligations, and conducted round-table with the Ministry of Communications staff and with the U. S. telecommunications community, Jakarta, August 20-September 9, 2000. Contractor: Nathan Associates, Inc.

Teaching

Assistant Professor,
James Madison University,
September 1983 to December 1985

Instructor,
James Madison University,
September 1979 to June 1983

Courses Taught: Industrial Regulation, Industrial
 Organization (undergraduate and MBA),
 Intermediate Macroeconomic Theory, Economic
 Analysis (MBA), Principles (Macro and Micro)

Other

Economist in the Office of Director, Bureau of Economic Analysis,
Department of Commerce, Washington D.C.,
November 1972 to September 1975

Publications

"The Telecommunications Act of 1996: Residential Rates and
Competition," *Utilities Policy*, September 2004.

"Universal Service: How much is enough?" *Journal of Economic
Issues*, June 2003.

"Public Interest Regulation, Common Costs and Universal Service,"
eds. Edythe S. Miller and Warren J. Samuels, *An Institutional
Approach to Public Utilities Regulation*, Michigan State
University Press, 2002.

"Price Cap Regulation: Problems and Solutions," *Land Economics*,
Vol. 71, Number 3, August 1995.

"Measuring the Total Service Long-Run Incremental Cost," *Ninth NARUC Biennial Regulatory Information Conference*, September 1994 (with David Gabel and Mark Kennet).

"The Proper Use of Stand Alone Cost Studies," *Ninth NARUC Biennial Regulatory Information Conference*, September 1994.

"State Experience in InterLATA Toll Deregulation," *Journal of Economic Issues*, Vol. XXVIII, No. 2, June 1994 (with Labros Pilalis).

"Price Caps and Cross-subsidization," *Eighth NARUC Biennial Regulatory Information Conference*, Ohio State University, 1992.

"The Institutional Conditions for Technological Change: Fiber to the Home," *Journal of Economic Issues*, Vol. XXV, No. 4, December 1991.

"Fiber to the Home: A Competitive Analysis," *Seventh NARUC Biennial Regulatory Information Conference*, Ohio State University, 1990.

"The Return of the Electric Utility Holding Company and the Future of the Electric Supply Industry," *Journal of Economic Issues*, Vol. XXIII, No. 2, June 1989.

"Impact of the National Appliance Energy Conservation Act on Residential Energy Consumption within a Service Territory," *Sixth NARUC Biennial Regulatory Information Conference*, Ohio State University, 1988 (with Katri Clodfelder).

A Summary of Future Demand Trends and Capacity Plans for Major Electric Utilities in Indiana, Public Service Commission of Indiana, Indianapolis, Indiana, 1987 (with Wayne Lash, et al).

Electric Demand and Supply Planning for the State of Indiana, Public Service Commission of Indiana, Indianapolis, Indiana, 1985 (with Wayne Lash, et al).

"District Heating and Regulatory Reform," *Proceedings of the Seventy-Fifth Annual Conference of the International District Heating Association*, Washington D.C.:IDHA 1984.

State and Local Regulation of District Heating and Cooling Systems: Issues and Options, Argonne, Illinois: Argonne National Laboratory, 1981 (with Philip Kier, et al).

"Michigan's Hydroelectric Potential," *The Michigan State Economic Record*, Volume 20, Number 7 (July-August 1978), Division of Research, Graduate School of Business, Michigan State University.

Staff Testimony

Before the Public Service Commission of the District of Columbia:

Formal Case No. 929 The Application of Potomac Electric Power Company for an Increase in its Retail Rates for the Sale of Electric Energy.

Principal Issues: Class Revenue Responsibility, Rate Structure and Low Income Rates.

Formal Case No. 926 The Application of The Chesapeake and Potomac Telephone Company for Authority to Establish a Revenue Requirement and to Increase and Restructure its Schedule of Rates and Charges

Principal Issues: Centrex burden and the Centrex embedded cost study.

Formal Case No. 917

Phase II The Application of Potomac Electric Power Company For Approval of its Third Least Cost Plan

Principal Issues: The Strategic Approach to DSM Develop and Implementation, Level of DSM Spending, Appropriate Standards by Which DSM Expenses Should Be Judged Prudent, and Rate Design and Least-Cost Planning Principles.

Formal Case No. 891 The Application of Chesapeake and Potomac Telephone Company to Offer Return Call and Caller ID Within the District of Columbia

Principal Issues: Tying Arrangements Between Sales of Equipment and Services, and Public Policy Issues Associated With the Offering of Caller ID

Formal Case No. 850 Investigation into the Reasonableness of the Authorized Return on Equity, Rate of Return, and Current Charges and Rates for Telecommunications Services Offered by the Chesapeake and Potomac Telephone Company

Principal Issues: Rate Design, Incremental Cost and Embedded Cost Studies

Formal Case No. 814

Phase III Investigation into the Impact of AT&T Divestiture and Decisions of the Federal Communications Commission on the Chesapeake and Potomac Telephone Company's Jurisdictional Rates

Principal Issues: Flexible pricing, incremental cost studies, tests for the existence of competition, criteria for measuring alternative regulatory plans.

Formal Case No. 814 Investigation into the Impact of AT&T Divestiture and Decisions of the Federal Communications Commission on the Chesapeake and Potomac Telephone Company's Jurisdictional Rates

Principal Issues: The Use of Cross Elasticity Studies and Market Surveys to Define Markets for Telecommunications Services

Telephone Tariff

91-3 Investigation of the Chesapeake and Potomac Telephone Company's General Regulations Tariff No. 201, Section 1

Principal Issues: Regulatory safeguards and costs of pre-approval of special assemblies

Before the Indiana Utility Regulatory Commission:

Cause No. 38665 Joint Petition of Century Telephone Enterprises, Inc., Odon Telephone Co., Inc. and Colonial Telephone Company, Inc.

Principal Issue: Approval of the Purchase of Odon by Century

Cause No. 38560 Petition of Northern Indiana Public Service Company

Principal Issues: Economic Development Rates and Long Run Marginal Cost

Cause No. 38426 Petition of GTE-Indiana

Principal Issues: Revenue Adjustment, Cross-Subsidization, Cost Methodology and Demand Repression

Cause No. 38415 Petition of Public Service Company of Indiana

Principal Issue: Financing Authority

- Cause No. 38302 Joint Petition of Indiana Gas Company, Inc.
and Westport Natural Gas Company, Inc.
Principal Issue: Acquisition Adjustment
- Cause No. 38158-S1 Investigation to Determine the Extent of
Regulation of Pay Telephone Equipment
Principal Issue: Regulation of IXC-Owned Pay Phones
- Cause No. 38158 Investigation to Determine the Extent of
Regulation of Pay Telephone Equipment
Principal Issues: Deregulation and Rate Structure
- Cause No. 38061 Petition of Midwest Natural Gas Corporation
Principal Issue: Cost of Equity
- Cause No. 38059 Petition of Indiana Bell Telephone Company, Inc.
Principal Issues: Local Measured Service and Long Run
Marginal Cost
- Cause No. 38045 Petition of Northern Indiana Public Service
Company
Principal Issues: Demand Forecasting, Financial Viability
and Regulatory Policy with Regard to Excess Capacity
- Cause No. 38034 Petition of Odon Telephone Company, Inc.
Principal Issues: Acquisition Adjustment, Cost of Equity,
Financing Authority, and Service Improvement Program
- Cause No. 37938 Petition of Northern Indiana Public Service
Company
Principal Issues: Economic Development Rates
- Cause No. 37927 Petition of United Telephone of Indiana
Principal Issues: Cost of Equity
- Cause No. 37866 Petition of Hoosier Energy Rural Electric
Cooperative, Inc., et al.
Principal Issues: Economic Development Rates and Long Run
Marginal Cost
- Cause No. 37814 Petition of United Telespectrum of Indiana, Inc.
Principal Issue: Certificate of Territorial Authority
- Cause No. 37735 Petition of Westport Natural Gas Company, Inc.
Principal Issue: Cost of Equity

Cause No. 37706 Petition of Midwest Natural Gas Corporation
Principal Issue: Cost of Equity

Cause No. 37686 Petition of Indiana Bell Telephone Company, Inc.
Principal Issue: Demand Repression

Cause No. 37414 Petition of Public Service Company of Indiana
Principal Issues: Forecasting Methodology and Capacity
Planning

Lectures

"Network Neutrality and Service Quality," and "Telecommunications Pricing," NARUC Advanced Regulatory Studies Program, June 2006.

"Public Utility Pricing," "Retail Pricing in Telecommunications," and "Cost Models in Telecommunications," NARUC Annual Regulatory Studies Program, August 2004.

"Retail Pricing in Telecommunications," NARUC Annual Regulatory Studies Program, August 2003.

"The Evolution of Telecommunications Pricing," NARUC Annual Regulatory Studies Program, August 2002.

"Federal Restructuring of the Telecommunications Industry," "Federal Universal Service Programs," and "State Universal Service Programs," NARUC Annual Regulatory Studies Program, August 2001.

"Cost Modeling in Telecommunications," NARUC Annual Regulatory Studies Program, August 2000.

"Cost Modeling in Telecommunications," NARUC Annual Regulatory Studies Program, August 1999.

"Cost Modeling and Universal Service," NARUC Annual Regulatory Studies Program, August 1998.

"Cost Modeling in Telecommunications," NARUC Annual Regulatory Studies Program, August 1997.

"Policy Issues Raised by Performance-Based Incentive Systems," Public Policies Toward Competition in the Electric Power Industry, Wisconsin Public Utility Institute, October 1994.

"Cost Allocations in Broadband Networks," NARUC Annual Regulatory Studies Program, August 1994.

"Pricing Concepts and the Control of Price Discrimination in Advanced Telecommunications Networks: Issues and Methods," NARUC Advanced Regulatory Studies Program, January 1994.

"Cost Allocation in Advanced Telecommunications Networks: Issues and Methods," NARUC Annual Regulatory Studies Program, August 1993.

"A Review of Incentive Regulation," CAMPUT 7th Annual Regulatory Conference, Banff Canada, May 1993.

"New Social Contracts: Telecommunications Policy for the 21st Century," Annual Meeting of the Association of Evolutionary Economics, January 1993.

"Modernization: Who Pays? Who Benefits?," NARUC Annual Regulatory Studies Program, August 1992.

"Who Determines the Costs and Prices for Access to the Infrastructure," Telecommunications Policy: Agenda for the 21st Century Conference, The Michigan Divestiture Research Fund, March 1992.

"The New Social Contract," State Policies for Developing the Telecommunications Infrastructure Forum, Wisconsin Public Utility Institute, December 1991.

"RBOC Strategic Reactions to Entry," Atlantic Economic Society Annual Conference, Washington, D.C., October 1991.

Industry Committees

Federal Staff of the Federal-State Joint Board of CC Docket No. 80-286 (June 1999 to April 2001).

Federal Staff of the Federal-State Joint Board of CC Docket No. 96-45 (May 1996 to April 2001).

National Association of Regulatory Utility Commissioners (NARUC) Staff Subcommittee on Communications (1994-1996).

State Staff of the Federal-State Joint Board of CC Docket No. 80-286 (1991-1996) .

Professional Associations

Member: American Economic Association
 Association for Evolutionary Economics

References for Dr. Robert Loube

William Black
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207-287-2445

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