

**BEFORE THE VIRGINIA STATE CORPORATION COMMISSION**

In The Matter of )  
Verizon Virginia Inc. )  
 ) Case No. PUC020046  
To Verify Compliance with the )  
Conditions Set Forth in 47 U.S.C. § 271(c) )

**TESTIMONY OF MARTIN W. CLIFT, JR.  
on behalf of CAVALIER TELEPHONE, LLC**

**May 3, 2002**

**Case No. PUC020046**  
**Martin W. Clift, Jr. Testimony**  
**Cavalier Telephone, LLC**

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

2 A. My name is Martin W. Clift, Jr. My business address is 2134 W. Laburnum Ave.,  
3 Richmond, VA

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

5 A. I am employed by Cavalier Telephone, LLC, as Vice President of Regulatory Affairs.  
6 I have been involved in that capacity with Verizon and its interconnection matters since  
7 Cavalier was first formed in October 1998. I came to Cavalier from Brooks Fiber  
8 Communications, a CLEC in Grand Rapids, Michigan. While at Brooks, I directed the  
9 first CLEC interconnection arrangement with Ameritech in 1994; two years prior to the  
10 Telecommunications Act of 1996. Prior to that I was a Director in SNET's  
11 Interconnection Services group, where we developed interconnection for interexchange  
12 carriers and independent telephone companies. Thus most of my professional career has  
13 dealt with inter-carrier interconnection and its evolution.

14 **Q. What does your testimony specifically address?**

15 A. My testimony will describe the chaos that Verizon exploits in having discriminatory  
16 interconnection with Cavalier and other CLEC's. Because of this discriminatory  
17 treatment Verizon does not pass the 271 checklist.

18 **Q. Why do you say that there is chaos?**

19 A. Verizon's practices have forced several CLEC's into bankruptcy. Once there was  
20 many other CLEC's providing competitive local exchange service, but not anymore.

21 **Q. Was Ambrose a competitive CLEC?**

22 A. Yes.

23 **Q. Where are they?**

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1 A. Bankrupt.

2 **Q. Was Ntegrity a competitive CLEC?**

3 A. Yes.

4 **Q. Where are they?**

5 A. Bankrupt.

6 **Q. Was Mpower a competitive CLEC?**

7 A. Yes.

8 **Q. Where are they?**

9 A. Bankrupt.

10 **Q. Was Broadstreet a competitive CLEC?**

11 A. Yes.

12 **Q. Where are they?**

13 A. Bankrupt.

14 **Q. Was Broadslate a competitive CLEC?**

15 A. Yes.

16 **Q. Where are they?**

17 A. Bankrupt.

18 **Q. Was Adelphia a competitive CLEC?**

19 A. Yes.

20 **Q. Where are they?**

21 A. Bankrupt.

22 **Q. Was Espire a competitive CLEC?**

23 A. Yes.

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1 **Q. Where are they?**

2 A. Bankrupt.

3 **Q. Was XOXO a competitive CLEC?**

4 A. Yes.

5 **Q. Where are they?**

6 A. Purportedly on the verge of bankruptcy.

7 **Q. Was PICUS a competitive CLEC?**

8 A. Yes.

9 **Q. Where are they?**

10 A. Bankrupt.

11 **Q. Was Net2000 a competitive CLEC?**

12 A. Yes.

13 **Q. Where are they?**

14 A. Bankrupt.

15 **Q. Was McLeod a competitive CLEC?**

16 A. Yes.

17 **Q. Where are they?**

18 A. Bankrupt.

19 **Q. Was Alltel a competitive CLEC?**

20 A. Yes.

21 **Q. Where are they?**

22 A. Not bankrupt, but have pulled out of the local exchange business.

23 **Q. Did all of these CLEC's have faulty business plans?**

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1 A. Well they made two big mistakes.

2 **Q. How so?**

3 A. First, they relied upon a Verizon self-designed and self-policed OSS system, that  
4 proved to be not workable. Second, they thought that the regulators would enforce the  
5 1996 Telecommunications Act more vigorously.

6 **Q. Are there any CLEC's left in business?**

7 A. Just a few.

8 **Q. How are they doing?**

9 A. Terrible.

10 **Q. Why do you say that.**

11 A. Let's look at Focal Communications. Their stock price has fallen 99%. It now sells  
12 for pennies. That is not the sign of a prospering company.

13 **Q. Are there other examples?**

14 A. Allegience's stock has also fallen 97.5%.

15 **Q. Isn't Allegience known as one of the better CLEC's?**

16 A. Yes.

17 **Q. So the best CLEC's are suffering.**

18 A. Well I do not call penny stocks a good thing.

19 **Q. Do you know of any CLEC that is prospering?**

20 A. No.

21 **Q. Why do you think that is so?**

22 A. One major reason must be the OSS systems that these CLEC's must use to obtain  
23 Verizon's loops. Verizon has invented an OSS system, which is designed, in my view, to

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1 put CLEC's out of business. Under its discriminatory applications, CLEC's just cannot  
2 deliver its services in a timely and efficient manner.

3 **Q. What other evidence do you have?**

4 A. Under the SBC/Ameritech merger conditions, SBC was by now to start marketing  
5 local exchange service out of region, including territories in Verizon and in Virginia.  
6 They have all but given up.

7 **Q. What does SBC say about that?**

8 A. They say that they there is no money in it. They simply cannot deal with the OSS  
9 system used by Verizon for interconnection. Because they are part of the ILEC/RBOC  
10 family they cannot say much about it.

11 **Q. So you have not seen SBC or other ILEC actively marketing local exchange  
12 services in Virginia?**

13 A. No. I do not recall any ads.

14 **Q. Wasn't Verizon supposed to start selling local exchange services out of its own  
15 territory?**

16 A. Yes.

17 **Q. Have you heard that they are doing so?**

18 A. No. I believe that they may be reselling Centrex, but are not doing what other  
19 CLEC's have tried.

20 **Q. What is that?**

21 A. Competing on a facilities-based basis, with collocation and one's own network. Since  
22 they invented their own OSS used for CLEC interconnection, they understand first hand  
23 the frustration that this causes, and that CLEC's simply cannot compete on even terms.

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1 **Q. But Cavalier has customers, do they not?**

2 A. And gods bless them.

3 **Q. Why do you say that?**

4 A. Customers have had to go through many trials and tribulations to have their service  
5 converted. Customers find that a conversion to Cavalier is a trying experience to say the  
6 least. God bless them for taking this risk.

7 **Q. But Cavalier is still around?**

8 A. Yes, but we struggle everyday. Our future is uncertain. The antiquated OSS systems  
9 that Verizon employs need to be overhauled if we ever want to compete on non-  
10 discriminatory terms.

11 **Q. How can you say that?**

12 A. A simple demonstration will suffice.

13 **Q. Go ahead.**

14 A. First I dialed, Cavalier, 422-4000 and requested a second line added to 741-5096. I  
15 was told the second line could be added within 10-15 business days. An actual cutover  
16 date could not be provided. Next, I dialed 954-6222 and requested the same service from  
17 Verizon.

18 **Q. Describe what happened.**

19 A. I called Verizon to request that a second line be added to 590-0878. I was told that  
20 the line could be added on April 15.

21 **Q. Is this typical?**

22 A. Yes. The attached complaint filed with the VSCC from Mr. Jonathan Moretz tells the  
23 story (see Exhibit 1).

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1 **Q. What is wrong with this picture?**

2 A. Cavalier does not have a clue if and when it can provide the second line, or any  
3 service for that matter. This is because Verizon OSS systems are discriminatory and  
4 inadequate. Cavalier simply has no idea when Verizon will deliver an unbundled loop.  
5 Cavalier plays a fishing game. Many times there are simply no facilities from Verizon to  
6 deliver the service. Verizon on the other hand does play fish. They provide the customer  
7 with a firm date.

8 **Q. How has this hurt Cavalier?**

9 A. If one believes that service quality and sales are positively correlated, then this has a  
10 direct result in lost sales. Every month we log in what we call “void” orders. This log  
11 describes the reasons why customers cancel their order with us. When we cannot provide  
12 a customer a firm date, and even when customers place an order, customers get tired of  
13 waiting to have their service installed. They either do not place an order, or cancel their  
14 order. For January 2002, we had to cancel 113 customers who were told “no facilities”  
15 on the install date. For February the total was 101, and for March the total was 130.

16 **Q. Has any customer called Cavalier and said that wanted Cavalier service because**  
17 **the Verizon installation was too fast?**

18 A. No. It is safe to say that customers like faster service rather than slower.

19 **Q. Is there anything else to add to your testimony?**

20 A. Yes. What more evidence does one need? CLEC’s are going out of business every  
21 day. The CLEC’s number one supplier (Verizon) remains the number one barrier to  
22 accessing an essential wholesale product. As will be shown in Cavalier’s panel  
23 testimony, the OSS systems engaged by Verizon for Cavalier and other CLEC’s are



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1 materially flawed. If permitted, a simple service request demonstration seeking the same  
2 services from Verizon and then compared with a similar service request from Cavalier  
3 will aptly reveal that Cavalier can not even come close to provide service at parity with  
4 Verizon. Verizon's OSS system is a huge handicap that Cavalier has to deal with. Many  
5 others have not and have fallen like flies. The industry is in a state of chaos. There used  
6 to be many players around, but not anymore. The fact that most have gone bankrupt is  
7 not indicative of a robust competitive market, where interconnection is performed with  
8 ease.

9 **Q. Don't you have to deal with the details provided by Verizon about its OSS**  
10 **systems?**

11 A. No. On its face it is flawed. If it were so good, one would have seen competition  
12 thriving. The fact is, competitors are suffering and going bankrupt. What more proof  
13 does one need?

14 **Q. But wasn't the Verizon OSS tested?**

15 A. I put as much credibility in the KPMG test as I do an Arthur Andersen audit. That  
16 subject will be dealt with in the panel testimony.