RECEIVED

MAY 23 1996

FCC MAIL ROOM

city of plano

May 16, 1996

DOCKET FILE COPY ORIGINAL

John Longstreet
Mayor

Dick Bode
Mayor Pro tem

John VanMaele
Deputy Mayor Pro tem

Cheryl D. Williams
Place 1

Rick Neudorff
Place 3

Steve Bonnette
Place 4

Jeran Akers
Place 5

David M. Smith
Place 7

•

Thomas H. Muehlenbeck
City Manager

Mr. Reed E. Hundt
Chairman
Federal Communications Commission
Room 814
1919 M Street, NW
Washington, DC 20554

Ms. Rachelle B. Chong
Commissioner
Federal Communications Commission
Room 844
1919 M Street, NW
Washington, DC 20554

Ms. Susan Ness
Commissioner
Federal Communications Commission
Room 832
1919 M Street, NW
Washington, DC 20554

Mr. James H. Quello
Commissioner
Federal Communications Commission
Room 802
1919 M Street, NW
Washington, DC 20554

RE: REDLINING/FAILURE TO SERVE BY OVS PROVIDER, CS DOCKET 96-46

Dear Chairman Hundt and Commissioners Chong, Ness and Quello:

The City of Plano is very concerned about claims by potential Open Video System "OVS" providers that they can "pick and choose" what areas to serve. This position by a potential OVS may lead to discrimination and redlining that will result in minority, low income and growing areas of our nation's municipalities from being served by an OVS provider.

The City of Plano is particularly concerned where the OVS provider is the only land-line video provider. This potential for discrimination may occur in a substantial number of our nation's communities, especially if cable operators are allowed to switch to becoming OVS providers (or through the provision of telephone service the cable operators claim they are entitled to provide OVS service). Also, under the new Telecommunications Act, telephone companies can buy out cable companies in certain situations; and the law of economics may result in there being only one video/data/telephone provider in a given area, which could well be an OVS provider. Municipalities have classically addressed service issues in their franchise ordinance for use of the public rights-of-way. The franchise ordinance requires service to all residents of a city, or serve all areas with X dwelling units per mile in exchange for the use of public property.

Thus, there is a substantial risk that the Open Video System provider could be the <u>only</u> wired, land-line video provider in many areas. If such a monopoly were to exist, and OVS provider has no restraints on where and whom it serves, it is likely to discriminate against or fail to serve large segments of our populations. The City of Plano is also concerned about the problem in lower density suburbs on the edge of urban areas where the OVS provider may claim there is not sufficient population density to warrant service.

No. of Copies rec'd 2
List ABCDE

printed on recycled paper

P.O. Box 860358
Plano, Texas 75086-0358
Area Code 214 – 424-6531

The City of Plano strongly urges the Commission to prevent OVS from becoming a "redlining" service where large segments of a population may not receive it. In this regard we urge you to consider and adopt in your OVS rules and recommendations such as those set forth in the May 14 letter to the Cable Bureau from Counsel for Michigan, Indiana and Texas Communities (MIT Communities) which has specific recommendations for Commission action to prevent these problems from occurring. A copy of this letter is attached.

Per the Commission's ex parte rules, a copy of this letter is being provided to the Secretary for inclusion in the public record.

Very truly yours,

John Longstreet
Mayor

cc: Councilmembers
Thomas H. Muehlenbeck, City Manager
Diane Wetherbeee, City Attorney

VARNUM, RIDDERING, SCHMIDT & HOWLETT LLP

ATTORNEYS AT LAW

BRIDGEWATER PLACE
POST OFFICE BOX 352 · GRAND RAPIDS, MICHIGAN 49501-0352
TELEPHONE 616 / 336-6000 · FAX 616 / 336-7000

JAMES N. DOBOER, JR.
WILLIAM K. VAN'T HOF
HILARY C. SNELL
PETER ARMSTRONG
ROBERT J. ELEVELD
KENT J. VANA
CARL E. VER BEEK
JON F. DEWITT
JOHN C. CARLYLE
DONALD L. JOHNSON
DANIEL C. MOLHOEK
GARY P. SKINNER
THOMAS T. HUFF
TIMOTHY J. CURTIN
JOHN E. McGARRY
DIRK HOFFIUS
J. TERRY MORAN
THOMAS J. MULDER
THOMAS J. BARNES

ROBERT D. KULLGREN
RICHARD A. KAY
LARRY J. TITLEY
BRUCE A. BARNHART
FREDRIC A. SYTSMA
JACK D. SAGE
JEFFREY L. SCHAD
THOMAS G. DEMLING
JOHN W. PESTLE
ROBERT P. COOPER
FRANK G. DUNTEN
NYAL D. DEEMS
RICHARD A. HOOKER
RANDALL W. KRAKER
PETER A. SMIT
MARK C. HANISCH
MARILYN A. LANKFER
THOMAS L. LOCKHART
ROBERT L. DIAMOND

BRUCE G. HUDSON
BRUCE G. GOODMAN
JOSEPH J. VOGAN
ERIC J. SCHNEIDEWIND
TERESA S. DECKER
JEFFREY R. HUGHES
RICHARD W. BUTLER, JR.
LAWRENCE P. BURNS
MATTHEW D. ZIMMERMAN
WILLIAM E. ROHN
JOHN PATRICK WHITE
CHARLES M. DENTON
PAUL M. KARA
JEFFREY D. SMITH
H. LAWRENCE SMITH
THOMAS C. CLINTON
MARK L. COLLINS
JONATHAN W. ANDERSON
CARL OOSTERHOUSE

WILLIAM T. LAWRENCE III
GREGORY M. PALMER
SUSAN M. WYNGAARDEN
KAPLIN S. JONES
STEPHEN P. AFENDOULIS
DAVID E. KHOREY
MICHAEL G. WOODRIDGE
TIMOTHY J. TORNGA
PERRIN RYNDERS
MARK S. ALLARD
TIMOTHY E. EAGLE
DAVID A. RHEM
DONALD P. LAWLESS
MICHAEL S. McELWEE
GEORGE R. DAVIS
JACQUELINE D. SCOTT
N. STEVENSON JENNETTE III
DAVID E. PRESTON
JEFFREY W. BESWICK

ELIZABETH JOY ROSSEL
JOEL E. BAIR
JOAN SCHLEEF
SCOTT A. HUIZENGA
RICHARD J. McKENNA
MICHAEL F. KELLY
KATHLEEN P. FOCHTMAN
JEFFREY J. FRASER
RICHARD D. FRIES
JAMES R. STADLER
RICHARD R. SYMONS
JEFFERY S. CRAMPTON
MAUREEN POTTER
VICKI S. YOUNG
ANDREW J. KOK
PATRICK A. MILES, JR.
ERIC J. GUERIN
STEVEN J. MORREN
KEVIN ABRAHAM RYNBRANDT

THOMAS J. AUGSPURGER
MICHAEL X. HIDALGO
THOMAS G. KYROS
ALFRED L. SCHUBKEGEL, JR.
PAMELA J. TYLER
MARY C. BONNEMA
JON M. BYLSMA
JOSEPH B. LEVAN
EDWARD J. McNEELY
MARK M. DAVIS
LINDA L. BUNOE
ANTHONY R. COMDEN
BEVERLY HOLADAY
ERIC C. FLEETHAM
RICHARD B. EVANS
RANDALL J. GROENDYK
MARC DANEMAN
CHRISTIE BATY HEINZE

Counsel
WILLIAM J. HALLIDAY, JR.
EUGENE ALKEMA
TERRANCE R. BACON
PETER VISSERMAN
H. RAYMOND ANDREWS
MICHELLE ENGLER
JAMES R. VIVENTI

Of Counsel
JOHN L. WIERENGO, JR.
F. WILLIAM HUTCHINSON
R. STUART HOFFIUS
GORDON B. BOOZER
H. EDWARD PAUL

May 14, 1996

RECEIVED
MAY 23 1996
FCC MAIL ROOM

Ms. Meredith Jones
Chief
Cable Services Bureau
Federal Communications Commission
2033 M Street, NW
Room 918
Washington, DC 20554

Re: OVS Rulemaking -- Area Served

Dear Meredith:

Thank you for taking the time to meet with representatives of the Michigan, Indiana and Texas (MIT) Communities last Friday. Your doing so is greatly appreciated.

You asked the communities to respond on the issue of whether an OVS provider has a "universal service" requirement. In summary, we believe that OVS providers are subject to federal and local restrictions on where they serve. This is necessary to prevent discrimination, redlining and "economic redlining" which would result in minority, low income and growing areas of our nation's municipalities from being served by any cable or OVS provider.

We are particularly concerned about this in the situation where the OVS provider is the only land line video provider, which is likely to occur in a substantial percentage of the nation's communities. This could occur, in particular, if cable operators are allowed to switch to becoming OVS providers (and is an additional reason why this should not happen).

Further detail explaining the preceding points is as follows.

OVS Overbuilding Not Only Scenario: Much of the discussion to date on OVS has implicitly focused on the "overbuild" situation, that is, where an OVS provider would be serving an area already served by an incumbent cable operator. Although overbuilding may occur in some instances (and it has been rare in the U.S. to date) serious concerns from allowing an OVS operator discretion on where and whom to serve arise in the more likely situation of the OVS provider being the only (i.e. - monopoly) land-line video provider. This is discussed next.

OVS the Only Provider: The likely situation in many instances is that the only land line video provider will be an OVS provider. This could occur a number of ways:

(1) -- The incumbent cable operator switches to becoming an OVS provider. This is particularly likely to occur if the cable provider provides local telephone service. As you know, having cable companies provide phone service was stressed by Vice President Gore in his recent speech to the NCTA convention; was encouraged by the 1996 Telecommunications Act; and now is starting to occur. For example, attached are the first few pages of Continental Cablevision's May 9 application to provide telephone service in those areas of Michigan where it has cable systems. This includes the state capital -- Lansing -- as well as numerous other cities.

It is highly likely that other cable operators in Michigan and other states will follow Continental's example such that they will be local exchange carriers and thus claim that they can switch to being OVS providers.

(2) -- In many areas, the phone company can buy out the cable company as is now expressly allowed under new Section 652 of the Communications Act (added by the 1996 Act). Section 652 in general allows such buyouts in more rural areas, for all but the largest cable operator in the top 25 television markets, and for certain cable systems outside the top 100 television markets.

(3) -- In the medium to longer run, the laws of economics (in particular those relating to natural monopolies) may result in there being "one wire" to many subscribers homes which provides both telephone, video and data. This could be the result of either the cable operators displacing the phone companies or vice versa. In either case, the resulting entity will be a local exchange carrier and claim that it can be an OVS provider.

Thus, either by cable operators providing telephone service today or other mechanisms the nation is likely to face large numbers of areas where the OVS operator is the only wired video provider, as opposed to the OVS provider being an overbuilder.

Redlining/Discrimination: A monopoly OVS provider with no restraints on where and who it serves is likely to discriminate against large segments of the nation's population in the provision of service. These groups -- predominately minorities, low income groups or growth areas on the edge of municipalities -- will either have no video service or distinctly inferior service (as current 1960's or 70's cable systems are not upgraded, while more affluent areas are upgraded to a fiber standard). The reason for the discrimination would be the desire of the OVS operator to focus on more affluent -- and thus more profitable -- areas.

Examples of this could be the following:

-- As you are aware in Washington, the cable company has had significant difficulties providing cable service in the Anacostia area. If it is an OVS provider and there are no constraints on where and whom it serves, Anacostia is likely to be left with distinctly inferior cable service, if any at all.

-- In Detroit, Dallas, New York, Los Angeles and other major urban centers, the low income inner city areas are likely to not be served by OVS, or again receive inferior service. For example, Detroit has 62% of its population below the poverty line and has only 31% penetration on cable, less than half the national average. The figures and risks for Dallas are comparable. A current example of such redlining comes from San Francisco, where we are informed that the current operator (Viacom/TCI) does not serve certain minority/low income areas of the city (who thus have no cable service) because it claims that it is not required to do so because (according to the operator) language requiring this was not contained in its franchise to serve the city.

These illustrations show how the lack of any requirement on where and who to serve could lead to major discrimination in the provision of OVS services. The resulting harm is particularly great where OVS is the only wired provider.

To prevent these types of problems cable franchises typically contain a density requirement, which if met, requires the cable operator to serve all residents of the area in question. For example, a franchise might require service without any line extension charge by the cable operator wherever there are X dwelling units per mile of street (pro-rated up or down for areas of more or less than one mile).

Municipalities with denser populations typically require in their cable franchises that service be available to all residents, with service to any low density areas being more then compensated for by high density areas.

Finally municipalities have "anti-redlining" provisions in their franchises, for example as directed by Section 621(a)(3) of the 1984 Cable Act. Often such provisions predate or are more expansive in the list of invidious criteria than Section 621(a)(3).

The problem is equally acute in growth areas and lower density areas towards the edge of urban areas where cable operators (for example) often contend that the housing density is too low for them to provide service. A good example of what could occur comes from Las Vegas, NV where the cable operator refuses to serve much of the growing suburban areas because it claims its franchise lacks any "dwelling units per mile" requirement.

This type of problem is fairly widespread towards the edges of metropolitan areas and in more rural areas where the single biggest cable issue is not cable rates or cable channels, but the inability of subscribers to obtain cable service. Again, municipalities address this problem through density (dwelling units per mile) requirements described above.

In conclusion, there is thus a major risk that without requirements on OVS providers of where and whom they serve, that minority, inner city and growth areas of the nation's municipalities may be left without any kind of wired video service. The numbers in question could be large, e.g. 20-40% of the nation's population.

Control Right-of-Way/Compensation: One element of the compensation which a municipality receives for the use of its right-of-ways is adequate assurance that its citizens will be served and will not be discriminated against. The exact language will vary from community to community, such as the dwelling units per mile or "serve all residents" examples described above. Such provisions affirmatively prevent discrimination based on race, income level, public assistance status or housing density.

The key is that rights-of-way are owned by the public. The public, through the municipality, is constitutionally entitled to just compensation for use of the rights-of-way. Such compensation takes a variety of forms, including not only monetary compensation but requirements such as those set forth above to ensure that public rights-of-way are used to serve the public generally and to prevent their use in a discriminatory fashion. Such provisions ensure that as many residents as reasonably possible are provided service.

Note that the preceding provisions extend not just to who is provided service but are often applied to such factors as the timing of the building (or rebuilding) of a system so that an operator cannot obtain indirectly (by a 15 year build of a 10 mile system) what it could not do directly.

Municipalities thus have the authority, as a part of the just compensation they receive and to prevent discriminatory use of public property, to take analogous actions in the OVS area.

FCC Authority and Rules Needed: For the reasons set forth above, the matter of where and whom OVS operators serve is an issue this Commission must address. Casting the issue as a "universal service" issue is probably not correct because, as the Commission is aware, cable operators currently do not serve all (or nearly all) residents of the United States (in contrast to phone companies, which effectively do provide service to most U.S. residents), and OVS is likely to be more like cable than telephone. It would be very unfortunate if this Commission were to adopt rules which would have the effect, as early as the summer or fall of this year, of allowing

cable companies to start discriminating against minorities, low income groups or lower density geographic areas as described above.

We thus believe the Commission should, at minimum, do the following in its OVS rules: First, it should set forth a minimum density requirement for service of no more than 10 dwelling units (occupied or unoccupied) per mile of street. All areas meeting this requirement (pro-rated up or down for areas more or less than one mile) would have to be wired for OVS service within two years. An OVS provider could deviate from this requirement only if it has obtained the advance concurrence of the municipality being served, and if such deviation is approved by the Commission in the certification process. Adopting a single standard would provide the OVS providers with a simple, clear test of general applicability, yet would require them to consult with local municipalities -- who without question are most knowledgeable as to local conditions -- in situations where deviations from this standard are warranted.

As an example, municipalities have seen variations in density and service area requirements based upon such peculiarly local factors as terrain (mountains, rivers, lakes), man made obstacles (mining areas, Federal installations), and unique variations in demographics, housing and other residential occupancy patterns.

Second, the Commission should enunciate strong rules against discrimination on invidious grounds analogous to (but more extensive than) those set forth in Section 621(A)(3) of the Cable Act and make clear that any violation of such provisions would automatically result in OVS certification being terminated and the operator becoming a cable operator. An example of such language is attached.

Third, the Commission should take strong action to prevent cable operators from "redlining" cities with large minority populations. For example, it should prevent an OVS operator from electing to serve only the Maryland suburbs but <u>not</u> serving Washington D.C. at all. Actions such as this are essential to see that the nation's major urban centers with substantial minority populations, such as Detroit, Newark and many others are not denied service on racial, invidious or other self-serving grounds, while nearby communities <u>are</u> served. Thus the Commission should require an OVS operator providing service in an area near a municipality with a significant minority or low income population to start providing service to the latter municipality within two years of its starting to provide service to the nearby community (and to provide service to all areas of the minority/low income community within four years of starting to provide service in the nearby community). Only an absolute requirement such as this will prevent OVS operators from redlining many of this nation's cities. If OVS operators wish to have the benefits of relaxed regulation they must accept the burden of strong measures against discrimination.

Municipalities would still be able to act in the certification process or pursuant to the right to obtain just compensation if the result of the preceding were inappropriate for the municipality in question.

OVS Unavailable to Cable: The reasons set forth above further illustrate why cable operators should not be able to "switch" to being an OVS operator. This would lead to claims on their part that the dwelling units per mile, anti-redlining or other requirements in their franchises no longer apply, with the risks of no cable service or discrimination in service described above.

Conclusion: Again, we appreciate your meeting with us. We believe this issue which you raised is one with serious implications and hope the preceding analysis and recommendation is helpful.

With best wishes,

Very truly yours,

VARNUM, RIDDERING, SCHMIDT & HOWLETT LLP

John W. Pestle

JWP/nk

cc: Mr. Rick Chessen, Cable Services Bureau
Mr. Gary Laden, Cable Services Bureau

EXHIBIT A

Operator shall not fail to provide service, deny service, deny access to service or otherwise discriminate in the area served, availability, quality, content, rates, terms or conditions of service provided to actual or potential subscribers on the basis of race, color, creed, religion, ancestry, national origin, sex, disability, age, location, marital status or status with regard to public assistance. Operator shall comply at all times with all applicable federal, state and local laws and regulations relating to nondiscrimination.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **Continental Telecommunications of Michigan Inc.** for a license to provide basic local exchange service in certain cities and townships in the Detroit and Lansing LATAs	)	Case No. U-11090

MICHIGAN PUBLIC SERVICE COMMISSION
RECEIVED
MAY - 9 1996

APPLICATION OF CONTINENTAL
TELECOMMUNICATIONS OF MICHIGAN, INC.

and

PREPARED TESTIMONY AND EXHIBITS

RECEIVED
MAY 23 1996
FCC MAIL ROOM

By Its Attorneys
CLARK HILL P.L.C.
Roderick S. Coy (P12290)
Joseph R. Assenzo (P41405)
200 N. Capitol Ave., Ste 600
Lansing, MI 48933
517/484-4481

Dated: May 9, 1996

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of **Continental Telecommunications of Michigan Inc.** for a license to provide basic local exchange service in certain cities and townships in the Detroit and Lansing LATAs	)	Case No. U-11090

RECEIVED MAY 23 1996 FCC MAIL ROOM

APPLICATION

Introduction

Continental Telecommunications of Michigan, Inc. ("Applicant"), a Michigan corporation, hereby applies to the Michigan Public Service Commission, pursuant to §301(1), §301(2), and §302(1) of the Michigan Telecommunications Act, 1991 PA 179 et seq., as amended ("MTA"), for license to provide basic local exchange service in 44 communities in the Detroit and Lansing LATAs, as more specifically identified below.

Applicant is a wholly-owned subsidiary of Continental Telecommunications Corp., a Delaware corporation, which in turn is a wholly owned subsidiary of Continental Cablevision, Inc. ("CCI"), a Delaware corporation. Applicant's principal offices are located in Southfield, Michigan. On February 27, 1996 CCI announced an agreement to merge with U.S. West Media Group, a wholly-owned division of U.S. West, Inc. and a sister corporation to U.S. West Communications Group, a Regional Bell Operating Company. The agreement is pending regulatory approvals with a target closing date before year-end 1996. This application is not conditioned upon the closing of the merger transaction. Once completed, however, the merger will contribute to Applicant's financial and technical ability to provide service.

CCI is one of the largest and most experienced providers of video and other communications services in the world. CCI is currently rebuilding and upgrading its Michigan and

other U.S. systems to create advanced hybrid fiber optic and coaxial cable networks that will serve as an infrastructure to carry enhanced video, high-speed data and telephony services.

Applicant proposes to offer basic local exchange services consisting of two-way local lines/trunks for residential and business service. Applicant also proposes to provide local calling (usage) for these access lines, including message rate service for business customers and the required calling options for residential customers. It will offer, directly or by reselling such services obtained from existing providers, operator assistance services, lifeline, hearing impaired services, directory assistance and directories, free 900 prefix call blocking and switched access services. Applicant will also offer unregulated custom calling features on an optional basis to customers of regulated services. It will also offer intraLATA and interLATA toll services on a 1+ and 0+ basis. Applicant's services are described in the illustrative tariff attached in support of this Application. (Exhibit 1).

Under Section 203 the Commission is not required to hold a hearing on this application. If a hearing is ordered, however, the Commission has 180 days to issue its final decision in this matter. If the Commission is inclined to order a hearing on this application, then Applicant requests the Commission exercise its authority to grant Applicant a temporary license pursuant to Section 301(2) of the MTA, without notice and hearing pending its final determination on the application. Granting Applicant a temporary license to conduct limited technical and market trials will bring the benefits of competition to residential customers more quickly. It will allow Applicant to provide some service while its request for a permanent license is pending and it will allow a more rapid deployment of services once the permanent license is granted. Applicant will limit the scope of services provided under a temporary license to serving no more than 1,500 customers without further approval from the Commission.

License Requirements

Section 302(1) of the MTA identifies two requirements which must be met for the approval of an application to provide basic local exchange services under a permanent license: (a) the applicant possesses sufficient technical, financial, and managerial resources and abilities to provide basic local exchange service to every person within the geographic area of the license, and (b) the granting of a license to the applicant would not be contrary to the public interest. This application and the materials submitted in support of it demonstrate that the statutory requirements are met and Applicant should be granted a license to provide basic local exchange services in the proposed service territory.[1]

I. DESCRIPTION OR IDENTIFICATION OF GEOGRAPHIC AREA FOR WHICH THE LICENSE IS SOUGHT

Applicant's proposed service territory is defined by municipal or township boundaries rather than by the incumbent local exchange company's exchange boundaries. Applicant proposes to offer basic local exchange service within the following 44 communities: Ann Arbor (City and Twp), Barton Hills, Belleville, Blackman Twp, Brighton (City and Twp), Canton Twp, Dearborn Heights, Delhi Twp, Eaton Rapids (City and Twp), Genoa Twp, Green Oak Twp, Hamtramack, Hazel Park, Howell, Jackson, Keego Harbor, Lansing (City and Twp), Lathrup Village, Madison Heights, Northville (City and Twp), Oak Park, Oceola Twp, Orchard Lake, Pittsfield Twp, Plymouth (City and Twp), Romulus, Roseville, Royal Oak Twp, Scio Twp, Southfield, Superior

[1] The Uniform Filing Requirements (UFR), adopted by Opinion and Order dated February 23, 1993 in Case No. U-10129, pre-date the 1995 amendments to the MTA and would appear to be superseded by them. Nonetheless, this Application follows the structure of the UFR and demonstrates compliance with them.

Twp, Sylvan Lake, Van Buren Twp, Webster Twp, West Bloomfield Twp, Westland, and Ypsilanti (City and Twp).

Applicant intends to provide facilities-based services in all areas of the communities listed above and to utilize facilities leased or obtained from Applicant's cable affiliate, which has a cable franchise for each of these communities. Although Applicant's service territory is defined by municipal and township boundaries, the local calling area for Applicant's customers will be the same as the incumbent carrier's existing exchange boundaries.[2] This means that Applicant's customers will have the same local calling area as if they remained customers of the incumbent provider.

II. DESCRIPTION OF THE APPLICANT'S GENERAL FINANCIAL, TECHNICAL AND MANAGERIAL RESOURCES AND ABILITIES TO PROVIDE BASIC LOCAL EXCHANGE SERVICE TO EVERY PERSON WITHIN THE GEOGRAPHIC AREA OF THE LICENSE.

Technical, Financial, and Managerial Qualifications

Background

Applicant is financially qualified to offer basic local exchange services in its proposed service territories. As a subsidiary of CCI, Applicant has the financial support necessary to procure, install and operate facilities and to hire and train the personnel necessary to operate those facilities. As an indication of this support, Applicant's management has already approved initial 1996 expenditures of $10 million for development of its telephone operations. Applicant's

[2] The 44 communities in Applicant's proposed service territory fall into the following 29 zone and exchange areas as currently defined in Ameritech's tariffs: Ann Arbor, Belleville, Birmingham, Brighton, Commerce, Detroit, Dexter, Dimondale, Eaton Rapids, Fenton, Holt, Howell, Jackson, Lansing, Livonia, Mason, Northville, Plymouth, Pontiac, Potterville, Romulus, Roseville, Royal Oak, Southfield, Walled Lake, Wayne, West Bloomfield, and Ypsilanti.