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A. The Access and Interconnection that Ameritech is Providing to Brooks Fiber, TCG and MFS Satisfies the "Competitive Checklist" in Section 271(c)(2)(B).

The access and interconnection that Ameritech is providing to Brooks Fiber, MFS and TCG pursuant to the approved interconnection Agreements between Ameritech and these carriers "meets the requirements of," and "fully implements[s]" the competitive checklist set out in, Section 271(c)(2)(B). See Sections 271(c)(2)(A)(ii) and 271(d)(3)(A)(i). This conclusion is based on the following:

1. The Brooks Fiber, MFS and TCG Agreements "include[] each of [the checklist items]." Section 271(c)(2)(B). As discussed below, most of these items are actually being furnished to one or more of these carriers today. The remaining items are available to all three carriers under their Agreements, again today, but are not currently being furnished to them because they have not been ordered.

2. As a result of painstaking negotiations — which consumed several thousand person-hours — and an extensive arbitration before the MPSC, Ameritech has achieved a comprehensive interconnection agreement with the Michigan operating affiliate of AT&T. (This agreement is referred to hereinafter as the "AT&T Agreement.") The AT&T Agreement was approved by the MPSC in an order dated November 26, 1996. In that order the MPSC determined that the terms, conditions and rates contained in the AT&T Agreement comply with

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the requirements of Sections 251 and 252(d) and the Commission's interconnection regulations.^{14/}

3. The AT&T Agreement "includes" and makes available to AT&T each of the checklist items. And it does so in a manner that fully complies with the applicable requirements of Sections 251 and 252(d) and the Commission's regulations. In particular, it makes available all of the elements, products and services identified in the Commission's Local Competition First Report and Order, in the manner specified therein.

4. The Brooks Fiber, MFS and TCG Agreements contain "most favored nation" clauses ("MFN clauses"). Brooks Fiber Agreement, § 28.15; MFS Agreement, § 28.14; TCG Agreement, § 29.13. For example, the Brooks Fiber MFN clause provides:

If either Party enters into an agreement (the "Other Agreement") approved by the [MPSC] pursuant to Section 252 of the Act . . . which provides for the provision of arrangements covered in this Agreement within the State of Michigan to another requesting Telecommunications Carrier, including itself or its Affiliate, such Party shall make available to the other Party such arrangements upon the same rates, terms and conditions as those provided in the Other Agreement.

^{14/} In its October 28, 1996 Decision, the Michigan Arbitration Panel expressly "conclude[d] that its resolution of the disputed issues . . . comports with the provisions of [the Telecommunications Act of 1996], the [Michigan Telecommunications Act], FCC orders and the appropriate federal rules." This conclusion was approved and adopted by the MPSC in its November 26, 1996 order approving the Panel's Decision and the Agreement.

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Pursuant to these MFN clauses in their Agreements, Brooks Fiber, MFS and TCG have available to them today all elements, products and services covered by the AT&T Agreement at the rates and on the terms and conditions specified in that Agreement.^{15/}

5. The provisions of the Brooks Fiber, MFS, TCG and AT&T Agreements are not mere "paper promises." With respect to most checklist items, Ameritech has demonstrated its ability to make good on its promises by responding to specific orders from these (and other) carriers and actually furnishing the ordered items in the manner contemplated by the Agreements and required by the Act. See Dunny Aff., ¶¶ 33, 58, 60, 73, 77, 94, 104, 106, 110, 125, 133, 140, 146, and 148.

6. The methods, procedures and operational aspects of making all checklist items currently available are described in detail in the affidavits of Messrs. Mayer (passim) and Kocher (¶¶ 17-28). With respect to all checklist items, including those not yet ordered by any

^{15/} In the event the Commission were to conclude that the Brooks Fiber, MFS and TCG Agreements may be used to satisfy the checklist requirement only as to those items actually furnished to those carriers, the AT&T Agreement "fills the gap" (i.e., those items that have not been ordered and taken by one or more of these carriers) and completes Ameritech's checklist compliance. Subsection 271(c)(2)(B) specifies that a BOC "meets the requirements" of that subsection so long as the "[a]ccess and interconnection provided [pursuant to (c)(1)(A)]" — i.e., to Brooks Fiber, MFS and TCG — "or generally offered" by the BOC "includes each of the" checklist items. The AT&T Agreement is such a general offering. It includes and makes available all of the checklist items, at rates and on terms and conditions that comply with both Sections 251 and 252(d) as well as Section 271(c)(2)(B); it is publicly available (see Sections 252(a) and 252(h)); and, pursuant to Section 252(i), all of its "terms and conditions" are "available to competitors" anywhere in the state. In the Matter of the Non-Accounting Safeguards of Section 271 and 272 of the Communications Act of 1934, as amended, First Report and Order, CC Docket No. 96-149, FCC 96-489 (rel. Dec. 24, 1996), ¶ 326.

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competing carrier, Ameritech has put in place access to operations support systems ("OSS") functions, including both electronic and manual interfaces, procedures and methods, which guarantee that Brooks Fiber, MFS, TCG and AT&T (and all other competing carriers) enjoy the same access to information, elements, products and services that Ameritech provides to itself, its affiliates, and other carriers in all of those functional areas necessary to acquire and serve end-user customers: pre-ordering, ordering, provisioning, maintenance and repair, and billing. See AT&T Agreement §§ 10.13.2, 10.13.3, 10.16, Sch. 9.2.6, Sch. 9.5, § 6.0, Sch. 10.13 and Sch. 10.13.2.

Access to OSS functions is described in detail in the affidavits of Messrs. Mickens and Rogers. Among other things, OSS functions enable Brooks Fiber, MFS, TCG, AT&T and others to enter orders, select telephone numbers, determine provisioning due dates, track the receipt and status of trouble reports, bill customers accurately and efficiently, and exchange information and process claims and adjustments in the same manner as Ameritech. Access to OSS functions occurs through interfaces that are administered through gateways serving as single points of contact with the competing carriers and are consistent with applicable industry standards. See AT&T Agreement §§ 10.13.2, 10.13.3, Sch. 10.13; Mickens Aff., ¶¶ 27-93; Rogers Aff., ¶¶ 8-24.

The OSS functions have been tested and the results prove that they work "as advertised." Detailed specifications, usage guides and instructions for all of the OSS functions have been provided to Brooks Fiber, MFS, TCG and AT&T, as well as any other competing carrier that

has asked for them. Mickens Aff., ¶¶ 80, 87-89; Rogers Aff., ¶ 37. These materials comply with — and were distributed well before the issuance of — the Commission’s December 13, 1996 Second Order on Reconsideration relating to OSS. Specifically, Ameritech has provided information regarding the interfaces and standards used to provide access to its OSS functions sufficient to permit competing carriers to develop and maintain their own systems and procedures so that they can make effective use of those interfaces and functions. To ensure that access to OSS functions is fully operational whenever and however required by any competing carrier, Ameritech, at substantial expense to itself, has designed its OSS so as to make them capable of handling today several times the projected demand, as well as to make possible speedy and substantial additions to capacity. Rogers Aff., ¶ 38-65.

7. The Brooks Fiber, MFS, TCG and AT&T Agreements all contain performance benchmarks and standards and other provisions that ensure that all checklist items are available to them (and all other competing carriers) on a nondiscriminatory basis and at parity with what Ameritech provides to itself, its affiliates and any other competing carrier.^{16/} The affidavit of Mr. Mickens describes these benchmarks and standards in detail. That affidavit also describes Ameritech’s recent actual performance levels for Brooks Fiber and MFS. Mickens Aff., ¶ 26. Among other things, the benchmarks ensure the following:

^{16/} The AT&T performance benchmarks and standards (and related provisions) are the product of the parties’ arbitration before the MPSC.

- With respect to resale, Ameritech has agreed to (a) measure what it provides to resellers in the same way and on the basis of the same criteria that Ameritech uses to measure the service it provides to Ameritech's retail customers, and (b) generate monthly reports for each competing carrier that compare the quality of the service provided to that carrier with the service provided to Ameritech's retail customers, Ameritech's affiliates and other competing carriers. See AT&T Agreement, § 10.9, Sch. 10.9.2; Mickens Aff., ¶¶ 16, 23-24.
- With respect to interconnection, Ameritech has agreed to provide interconnection in the same intervals it uses when it provides comparable elements and services (e.g., interoffice transmission facilities) to itself. See AT&T Agreement, § 3.8, Sch. 3.8; Mickens Aff., ¶¶ 17, 23-24. Ameritech also will maintain records that compare the quality of interconnection it provides to itself with what it provides to its affiliates and to competing carriers.
- With respect to unbundled network elements, Ameritech has agreed to provision these on the basis of reasonable intervals derived from experience, including Ameritech's experience in providing approximately 27,000 unbundled loops in Michigan and Illinois in the last twenty months. Mickens Aff., ¶ 18. Ameritech also has agreed to work with AT&T to refine these benchmarks and to add new ones as (and to the extent) warranted by additional experience in provisioning and serving customers of unbundled network elements. AT&T Agreement, § 9.10.

Ameritech also maintains detailed records, available for review by competing carriers and regulators, which compare the quality of elements and services provided to itself with that provided to its affiliates and competing carriers. See id., § 9.10, Sch. 9.10; Mickens Aff., ¶¶ 23-24, 26.

- With respect to access to poles, ducts, conduits and rights-of-way, Ameritech has established a Structure Leasing Coordinator to serve as the single point of contact for all structure access by anyone, including Ameritech itself. AT&T Agreement, §§ 16.7, 16.22. The Coordinator provisions and monitors access on a first come, first served basis. Mayer Aff., ¶ 92. No one, not even Ameritech or its affiliates, receives any preference in the allocation of space or is permitted to reserve space for future use. AT&T Agreement, § 16.8. Records reflecting the operations of the Coordinator are generally available to competing carriers and regulators to ensure that the nondiscrimination and parity mandates are fulfilled. See Mayer Aff., ¶¶ 130-131.

The Brooks Fiber, MFS, TCG and AT&T Agreements provide for penalties, credits and prompt access to regulatory complaint procedures (before the MPSC or the Commission or both) in the event that Ameritech fails to live up to its quality and parity commitments. See, e.g., AT&T Agreement, § 9.10.5 and Sch. 10.9.6. The reporting and recordkeeping requirements ensure that both competing carriers and regulators will be able to easily determine on an ongoing basis whether and/or to what extent these commitments are being satisfied. Mickens Aff., ¶¶ 23-24.

8. The rates for unbundled network elements, interconnection, and transport and termination of local traffic and the discounts for resold services in the Brooks Fiber, MFS and TCG Agreements are the product of private negotiations.^{17/} These rates and discounts comply with the requirements of Section 252(d): The rates for unbundled network elements and interconnection are based on Ameritech's costs and include a reasonable profit; the rates for transport and termination of local traffic permit the mutual and reciprocal recovery of the parties' additional costs of terminating traffic on one another's network; and the wholesale discount applicable to resold services tracks the existing Michigan tariff and is based on retail rates less avoided costs, the Section 252(d)(3) standard.

Moreover, even if these rates and discounts did not satisfy the standards enunciated in Section 252(d), all of the rates and discounts contained in the AT&T Agreement are available to Brooks Fiber, MFS and TCG through the MFN clauses in their Agreements, and there can be no doubt but that these rates and discounts comply fully with the Section 252(d) pricing standards. The AT&T rates and discounts are all the product of arbitration. The MPSC has specifically found that they all comply with Section 252(d)'s pricing standards. Moreover, the manner in which they were determined makes clear that the rates do not exceed the cost-based rates required by Section 252(d)(1) and (2) and that the discounts are not less than those required by Section 252(d)(3). With respect to unbundled network elements, interconnection, local

^{17/} In the case of TCG, the rates for local transport and termination were established in an arbitration proceeding. All other rates and discounts in the three Agreements were the product of negotiations.

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transport and termination, and collocation, the rates reflect a conservative estimate of direct, forward-looking incremental costs — total element long run incremental cost ("TELRIC") or total service long run incremental cost ("TSLRIC") — determined in accordance with the Commission's now-stayed pricing rules, and do not include any joint (or shared) costs, common costs, retail costs, embedded costs or profit. The wholesale discount — a single 22% discount applicable to all services — is, in fact, substantially greater than the discount level (about 13%) determined by applying the methodology set out in 47 C.F.R. § 51.609. See Palmer Aff., ¶¶ 8-20.

B. Ameritech Has Fully Implemented Each Item of the Competitive Checklist.

The affidavits of Messrs. Dunny, Palmer, Mayer, Rogers, Kocher and Mickens describe the products and services, prices, operational systems and performance benchmarks that Ameritech is providing to implement each item of the competitive checklist. The following summary provides an overview of Ameritech's implementation of each item through its Agreements with Brooks Fiber, MFS, TCG and AT&T. (The headings ((i), (ii), etc.) correspond to the headings that appear in Section 271(c)(2)(B).)

(i) Interconnection.

Ameritech currently is furnishing Brooks Fiber, MFS and TCG with interconnection at the trunk side of a local switch and at the trunk interconnection points of a tandem switch, as well as virtual collocation in a number of wire centers — all pursuant to their approved Agreements or tariff. See Brooks Fiber Agreement §§ 4.0-6.0; MFS Agreement §§ 4.0-6.0;

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TCG Agreement §§ 4.0-6.0; Dunny Aff., ¶ 33.^{18/} In addition, these carriers have available to them interconnection at any technically feasible point on Ameritech's network, including the line side of the local switch, the central office cross connect points, out-of-band signaling transfer points necessary to exchange traffic and access call-related databases, and all technically feasible points for access to unbundled network elements, as well as physical collocation, on terms and conditions and at rates established in the AT&T Agreement. AT&T Agreement Articles IV, V, XII. Mr. Mayer describes how such interconnection is provisioned in his affidavit (¶¶ 15-48). The AT&T Agreement complies with every requirement of Section 251(c)(2) and the FCC's regulations regarding methods and quality of interconnection. See Dunny Aff., ¶¶ 15-32. As of mid-December 1996, about 9,250 interconnected trunk lines of competing carriers were in service in Ameritech's territory in Michigan, up from 5,524 trunks in May of 1996, and competing carriers were virtually collocated in 21 Ameritech wire centers in Michigan, with 5 more wire centers scheduled for activation in early 1997. Dunny Aff., ¶ 33; Mayer Aff., ¶¶ 32-48.

^{18/} Ameritech also is furnishing interconnection to MCI Metro pursuant to tariff. See Ameritech Michigan's Submission of Information, In the Matter, on the Commission's Own Motion, to Consider Ameritech Michigan's Compliance With the Competitive Checklist in Section 271 of the Telecommunications Act of 1996, Case No. U-11104, Attachment B, Response to Question No. 1, pp. 2, 5 (Mich. Pub. Serv. Comm'n) (dated Dec. 16, 1996) ("Ameritech MPSC Submission, Attachment B").

(ii) Unbundled Network Elements.

In addition to the unbundled elements specifically required by the checklist and discussed below, Ameritech currently is furnishing access to network interface devices ("NIDs") (in conjunction with unbundled local loops) and OSS functions to both Brooks Fiber and MFS pursuant to their Agreements. Dunny Aff., ¶¶ 58, 60. Brooks Fiber, MFS and TCG have available to them under their Agreements (i) all of the elements that the Commission required to be unbundled, on the terms and conditions and at the rates specified in the AT&T Agreement, as well as standard combinations of elements as described in that Agreement, and (ii) sub-element unbundling, to the extent technically feasible, pursuant to Bona Fide Request ("BFR") procedures that the MPSC specifically approved for this purpose. See Dunny Aff., ¶¶ 45-56, 72. Access to OSS functions for unbundled network elements, as well as the systems, methods and procedures by which the nondiscrimination and parity mandates are satisfied, are described supra, Section IV.A.6. See also Mickens Aff., ¶¶ 11-15, 18, 23-93; Rogers Aff., ¶¶ 8-17. Mr. Mayer describes Ameritech's operational readiness to provide all core unbundled network elements, as well as combinations of elements, in his affidavit (¶¶ 61-72, 133-212, 231-238).

(iii) Poles, Ducts, Conduits And Rights-Of-Way.

Ameritech currently is making available to Brooks Fiber, MFS and TCG under their Agreements nondiscriminatory access to poles, ducts, conduits and rights-of-way. See Brooks Fiber Agreement, § 15.0; MFS Agreement, § 15.0; TCG Agreement, § 15.0; Dunny Aff., ¶¶ 68-69. These carriers also have available to them such access at the rates (which conform

to the requirements of Section 224) and on the terms and conditions contained in the AT&T Agreement (Article XVI). The procedures and methods by which Ameritech provides such access and ensures nondiscrimination and parity are described supra, Section IV.A.7 and in greater detail by Mr. Mayer (¶¶ 74-132). To date, Ameritech has furnished competing carriers (including Brooks Fiber and MCI Metro) with access to approximately 20,000 feet of conduits and ducts and 140 poles in Michigan. Dunny Aff., ¶ 69.

(iv) **Local Loops.**

Ameritech currently is furnishing unbundled local loops to both Brooks Fiber and MFS pursuant to their Agreements (Brooks Fiber Agreement, § 9.0; MFS Agreement, § 9.0; Dunny Aff., ¶ 73), and both carriers are using the loops to provide local service.^{19/} Both have available to them at least eleven different loop types — four varieties of 2-wire analog loops, a 4-wire analog loop, and six varieties of digital loops — on the terms and conditions and at the rates provided for in the AT&T Agreement (Sch. 9.2.1). Dunny Aff., ¶ 71. Currently, approximately 16,000 unbundled local loops, leased from Ameritech, are in service in Michigan. See id., ¶ 73. The systems, methods and procedures by which the nondiscrimination and parity requirements for unbundled loops are satisfied have been implemented. See Mickens Aff., ¶¶ 11-15, 18-19, 22-24, 26-93; Mayer Aff., ¶¶ 133-181.

^{19/} See Ameritech MPSC Submission, Attachment B, Response to Question No. 4(e) and (f), p. 19.

(v) **Local Transport.**

Ameritech currently is furnishing unbundled local transport to Brooks Fiber, MFS and TCG under Ameritech's access tariff. Dunny Aff., ¶ 77. Local transport, in the form of both dedicated and shared inter-office transmission, as defined by the Commission (see 47 C.F.R. § 51.319(d)), also is available to these carriers under their Agreements on the same terms and conditions and at the same rates as those specified in the AT&T Agreement (Sch. 9.2.4). See Dunny Aff., ¶ 76; Mayer Aff., ¶¶ 182-193.

(vi) **Local And Tandem Switching.**

Local and tandem switching, as defined by the Commission (see 47 C.F.R. § 51.319(c)(1) and (2)), currently is available to Brooks Fiber, MFS and TCG under their Agreements — again, on the same terms and conditions and at the same rates as those specified in the AT&T Agreement (Article IX and Sch. 9.2.3). Dunny Aff., ¶¶ 78-89; Mayer Aff., ¶¶ 194-205. To date, no competing telecommunications carrier has ordered unbundled local or tandem switching from Ameritech. Dunny Aff., ¶ 89. However, Ameritech currently is prepared to furnish unbundled switching if and when such an order is made. In his affidavit, Mr. Kocher discusses Ameritech's operational readiness to provide unbundled switching when ordered, including how Ameritech has developed and tested the product and support systems. Kocher Aff., ¶¶ 17-28.

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(vii) **911, Directory Assistance, Operator Call Completion Services.**

Ameritech currently is furnishing Brooks Fiber and MFS with access to 911 and E911 service pursuant to their Agreements. See, e.g., Brooks Fiber Agreement, § 18.0; MFS Agreement, § 18.0; Dunny Aff., ¶¶ 91-94. Other carriers, such as TCG, MCI Metro and WinStar Wireless, also are obtaining these services.^{20/} These services also are currently available to Brooks Fiber, MFS and TCG on the same terms and conditions and at the same rates as those specified in the AT&T Agreement, §§ 3.9, 9.4, 10.12.4 and Sch. 9.2.4. As of December 31, 1996, there were twenty-three 911 trunks in service for competing carriers. Dunny Aff., ¶ 94.

In addition, Ameritech is furnishing directory assistance service to Brooks Fiber and MFS, pursuant to their Agreements, and to MCI Metro pursuant to tariff. Dunny Aff., ¶ 104. Similarly, operator services currently are being furnished to Brooks Fiber, MFS and TCG under their Agreements. Id. As of December 31, 1996, 30 directory assistance trunks and 24 operator services trunks from switches of competing carriers were in service in Michigan. Id. These services are provided at parity with the service Ameritech provides to itself. AT&T Agreement § 9.4, Sch. 9.2.7; Dunny Aff., ¶¶ 95-104; Mayer Aff., ¶¶ 207-212.

^{20/} Ameritech MPSC Submission, Attachment B, Response to Question No. 7(a)(3) and (4), pp. 30-31.

(viii) **White Page Listings.**

Ameritech currently is furnishing white page listings to Brooks Fiber, TCG and MFS pursuant to their Agreements. Brooks Fiber Agreement, § 18.0; MFS Agreement, § 18.0; TCG Agreement, § 15.0. White page listings also are available under the AT&T Agreement at no charge for both facilities-based and resale customers. AT&T Agreement, § 15.2.5. To date, more than a dozen carriers in Michigan have provided listings to Ameritech for inclusion in white page directories. See Dunny Aff., ¶¶ 105-106.^{21/}

(ix) **Number Administration.**

Although it is in the process of relinquishing the responsibility, Ameritech is at this time the Central Office Code Administrator in Michigan. In that capacity, it furnishes nondiscriminatory access to telephone numbers for assignment to the networks of competing carriers, in accordance with the Central Office Code Assignment Guidelines and the NPA Code Relief Planning Guidelines, under the oversight and complaint jurisdiction of the MPSC and the Commission. Mayer Aff., ¶¶ 214-230. Ameritech has furnished, and under the Brooks Fiber, MFS and TCG Agreements continues to furnish, telephone numbers to these carriers. Dunny Aff., ¶ 110. As of December 1996, Ameritech had assigned 112 central office codes (typically the first three digits of a telephone number, referred to as an NXX) to competing local exchange

^{21/} See also Ameritech MPSC Submission, Attachment B, Response to Question No. 8(d)(2), p. 38.

carriers in Michigan. Each NXX code can serve about 10,000 telephone numbers; thus, over one million numbers now are available. Id.

(x) **Signaling And Call-Related Databases.**

Ameritech currently is furnishing access to its signaling and call-related databases to Brooks Fiber, MFS and TCG. See Brooks Fiber Agreement, § 16.0; MFS Agreement, § 16.0; TCG Agreement, § 17.0. Each also has available to it all of the access to signaling networks, call-related databases, and service management systems that is provided in the AT&T Agreement on the same terms and conditions and at the same rates as those provided for in that Agreement (Article IX, Sch. 9.2.5 and Sch. 9.5, § 6.0). Dunny Aff., ¶¶ 111-125. The systems, methods and procedures by which such access is provided, and the nondiscrimination and parity requirements are satisfied, have been implemented. See Kocher Aff., ¶¶ 47-51; Mayer Aff., ¶¶ 231-238. With respect to in-service quantities, approximately 1.1 million queries to call-related databases were billed by Ameritech to other carriers in Michigan during the month of September 1996 alone. Dunny Aff., ¶ 118. Currently, more than 50 entities, including interexchange carriers, independent telephone companies, cellular carriers and others are interconnected to Ameritech Michigan for purposes of access to call-related databases and signaling.^{22/}

^{22/} See Ameritech MPSC Submission, Attachment B, Response to Question No. 10(e)(3), p. 44.

(xi) **Number Portability.**

Ameritech currently is furnishing interim number portability ("INP") to Brooks Fiber, MFS and TCG pursuant to their Agreements via Remote Call Forwarding ("RCF") and Direct Inward Dialing ("DID"). See Brooks Fiber Agreement, § 13.0; MFS Agreement, § 13.0; TCG Agreement, § 13.0. These carriers also have interim number portability available to them via Local Exchange Routing Guide ("LERG") Reassignment (NXX Migration) on the same terms and conditions as those contained in the AT&T Agreement (Article XIII). See Dunny Aff., ¶¶ 126-133. None of these carriers currently is paying anything for INP; cost-based rates are in effect but collection has been suspended pending MPSC approval of a competitively neutral cost recovery mechanism. Palmer Aff., ¶ 22. All of the procedures designed to permit numbers to be ported without service interruption are in place and operational. See Mayer Aff., ¶¶ 239-247. As of November 30, 1996, more than 19,000 numbers had been ported in Michigan. Dunny Aff., ¶ 133. Implementation of long-term number portability in Michigan is scheduled to begin in the fourth quarter of 1997.

(xii) **Local Dialing Parity.**

Ameritech currently is furnishing local dialing parity (through interconnection, number portability and nondiscriminatory access to phone numbers) to Brooks Fiber, MFS and TCG pursuant to their Agreements. Brooks Fiber Agreement, § 14.0; MFS Agreement, § 14.0; TCG Agreement, § 14.0; Dunny Aff., ¶ 140; Mayer Aff., ¶¶ 248-258. Local dialing parity also is being furnished to other carriers, including MCI Metro. With respect to in-service quantities,

more than 35.4 million minutes of local inter-network calls were completed during September 1996 with full local dialing parity. Dunny Aff., ¶ 140.^{23/}

(xiii) **Reciprocal Compensation.**

Ameritech currently furnishes reciprocal compensation for the exchange of local traffic to Brooks Fiber, MFS and TCG under their Agreements. Brooks Fiber Agreement, § 5.0; MFS Agreement, § 5.0; TCG Agreement, § 5.0; Dunny Aff., ¶ 146. The rates provided for in the Brooks Fiber and MFS Agreements were the product of private negotiations between the parties, while the rates provided for in the TCG Agreement were arbitrated. All three carriers also have available to them the reciprocal compensation rates provided for in the AT&T Agreement (§ 4.7). A substantial amount of local traffic is being exchanged on an ongoing basis between Ameritech, on the one hand, and Brooks Fiber, MFS, TCG and other competing carriers, on the other. In fact, in September 1996, Ameritech handled 35.4 million minutes of incoming and outgoing traffic subject to reciprocal compensation. Dunny Aff., ¶ 146.

(xiv) **Resale.**

Ameritech currently is furnishing resale services to MFS, and is making such services available to Brooks Fiber and TCG, pursuant to their interconnection Agreements. Brooks Fiber Agreement, § 10.0; MFS Agreement, § 10.0; TCG Agreement, § 10.0; Dunny Aff., ¶¶ 147-

^{23/} Although intraLATA toll dialing parity is not a checklist item, as of the date of this filing Ameritech Michigan has implemented intraLATA toll dialing parity in exchanges representing 70 percent of its access lines. The remaining exchanges and access lines will be activated at least 10 days prior to the provision of in-region interLATA service in Michigan by Ameritech. Mayer Aff., ¶¶ 270-277.

148. Also available to both carriers are resale services on the same terms and conditions as those contained in the AT&T Agreement (Article X). The systems, methods and procedures by which these services are ordered, provisioned, billed, etc., and by which the nondiscrimination and parity requirements are satisfied, are described supra, Section IV.A.7. See also Mayer Aff., ¶¶ 260-269; Mickens Aff., ¶¶ 11-16, 23-24, 27-93; Rogers Aff., 8-10, 18-24. As of October 1996, approximately 12,500 resold Centrex lines were in service in Michigan through MFS and others (e.g., Frontier Telemanagement). Dunny Aff., ¶ 148.

* * *

The foregoing demonstrates that Ameritech has satisfied the requirements of Sections 271(c)(2) and 271(d)(3)(A)(ii): It is providing access and interconnection pursuant to approved agreements with providers of local service to business and residential subscribers that "includes each of the [items]" in, and thereby "fully implement[s]," the "competitive checklist in subsection (c)(2)(B)." Moreover, through the AT&T Agreement, which implements the checklist in a manner that fully satisfies not only the dictates of Section 271(c)(2)(B) but those of Sections 251 and 252(d) as well, all carriers throughout the state have available to them, pursuant to Section 252(i), all elements, products and services covered by that Agreement at rates and on terms and conditions no less favorable than those that the most powerful long distance carrier was able to obtain through negotiation and arbitration. In short, the door has been opened wide to local exchange competition in Michigan. The extent of entry now is in the hands of competing carriers.

V. AMERITECH MICHIGAN AND ACI SATISFY THE REQUIREMENTS OF SECTION 272 OF THE 1996 ACT.

Section 272 of the 1996 Act prescribes safeguards that, in combination with pre-existing statutory and regulatory requirements, dispel any concern that Ameritech could engage in improper discrimination, cross-subsidization or any other form of anticompetitive conduct. Paramount among these safeguards is the separate affiliate requirement of Section 272(a). To meet this requirement, Ameritech has established an affiliate, ACI, that is separate from the Ameritech Bell operating companies. As discussed below and detailed in the affidavits of Messrs. La Schiazza and Julian, ACI will provide in-region interLATA services in Michigan in conformity with Section 272 and with the Commission's rules and regulations in Docket Nos. 96-149 and 96-150.^{24/} Any wholly owned subsidiary of ACI that ACI may later create or acquire similarly will be separate from the Ameritech Bell operating companies and in all respects will comply with Section 272. As the Commission has concluded, the Section 272 safeguards "ensure that a section 272 affiliate must follow the same procedures as its competitors

^{24/} In the Matter of Implementation of the Non-Accounting Safeguards of Sections 271 and 272 of the Communications Act of 1934, as amended, First Report and Order, CC Docket No. 96-149, FCC 96-489 (rel. Dec. 24, 1996) ("Non-Accounting Safeguards First Report and Order"); In the Matter of Implementation of the Telecommunications Act of 1996: Accounting Safeguards Under the Telecommunications Act of 1996, Report and Order (rel. Dec. 24, 1996) ("Accounting Safeguards Report and Order"). As the Commission noted in the Non-Accounting Safeguards First Report and Order (¶ 5), it has not yet determined whether BOC long distance affiliates are to be classified as dominant or non-dominant. If the Commission does determine that such affiliates are to be classified as dominant, ACI will comply with all rules and regulations governing dominant carriers, including those relating to 47 U.S.C. § 214.

in order to gain access to a BOC's facilities," and they constitute "a flat prohibition against discrimination."^{25/}

A. Ameritech Michigan and ACI Will Comply with the Structural and Transactional Requirements of Section 272(b).

Section 272(b) establishes five structural and transactional requirements for the separate affiliate established pursuant to Section 272(a). As shown in the affidavits of Messrs. La Schiazza and Julian, Ameritech Michigan and ACI comply and will continue to comply with all of these requirements.^{26/}

1. Section 272(b)(1) provides that the separate affiliate "shall operate independently from the Bell operating company." The Commission concluded that this provision precludes: Ameritech Michigan and ACI from jointly owning transmission and switching facilities, as well as the land and buildings where such facilities are located; ACI from performing operations, installation or maintenance functions on Ameritech Michigan's switching and transmission facilities; and Ameritech Michigan and its non-Section 272 affiliates from performing such functions on facilities that ACI either owns or leases from a non-Ameritech entity. Non-Accounting Safeguards First Report and Order, ¶¶ 156-170, 47 C.F.R. § 53.203(a). Ameritech Michigan and ACI operate and will continue to operate independently, in compliance with Section 272(b)(1) and the Commission's rules and regulations. See Julian Aff., ¶¶ 13-14.

^{25/} Non-Accounting Safeguards First Report and Order, ¶¶ 15 and 16.

^{26/} References to "Ameritech Michigan" in this section of the Brief encompass all Ameritech Bell operating companies. See Section 3(4) of the Act.

2. Section 272(b)(2) provides that the separate affiliate must "maintain books, records, and accounts in the manner prescribed by the Commission which shall be separate from the books, records, and accounts maintained by the [BOC] of which it is an affiliate." ACI complies and will continue to comply with this requirement. See Julian Aff., ¶ 15. In addition, Section 272(c)(2) provides that a BOC must "account for all transactions with [its separate] affiliate[s]" in accordance with "accounting principles designated or approved by the Commission." All transactions between ACI and Ameritech Michigan have complied and will continue to comply with the Commission's existing Parts 64 and 32.27 requirements. All transactions between ACI and Ameritech Michigan will comply with the accounting requirements set forth in the Accounting Safeguards Report and Order when such requirements become effective. See La Schiazza Aff., ¶ 22; Julian Aff., ¶¶ 15-16.

3. Section 272(b)(3) provides that the separate affiliate "shall have separate officers, directors, and employees from [an affiliated] Bell operating company." ACI already complies with this obligation, and will continue to do so. See Julian Aff., ¶¶ 17-19. For example, ACI presently maintains a staff of 484 employees, none of whom is an employee of an Ameritech Bell operating company. ACI, like all of the Ameritech Bell operating companies, currently has no board of directors. Further, the officers of ACI are not officers of any Ameritech Bell operating company.

4. Section 272(b)(4) provides that the separate affiliate "may not obtain credit under any arrangement that would permit a creditor, upon default, to have recourse to the assets of the

Bell operating company." ACI fully complies with this requirement: neither Ameritech nor any of its affiliates has co-signed any contract or made any other arrangement with, or on behalf of, ACI that would allow a creditor to obtain recourse to Ameritech Michigan's assets in the event of a default, nor will it do so in the future. See Julian Aff., ¶ 20.

5. Section 272(b)(5) requires that the separate affiliate "conduct all transactions with the Bell operating company of which it is an affiliate on an arm's length basis with any such transactions reduced to writing and available for public inspection." As Mr. Julian's affidavit explains in detail, ACI and Ameritech Michigan will comply with Section 272(b)(5). See Julian Aff., ¶¶ 21-25.

B. Ameritech Michigan Will Comply with the Nondiscrimination Safeguards Set Forth in Section 272(c)(1).

Section 272(c)(1) provides that, in its dealings with its separate long distance affiliate, a Bell operating company "may not discriminate between that company or affiliate and any other entity in the provision or procurement of goods, services, facilities, and information, or in the establishment of standards."^{27/} In order to ensure that there is no discrimination in violation of Section 272(c), Ameritech Michigan will make provisioning, procurement and standard-setting decisions without regard to whether the other party is an affiliated entity. In addition, Ameritech Michigan will require ACI to obtain goods, services, facilities and information from it in the same way and on the same terms and conditions as are available to any other entity. Such

^{27/} The Section 272(c) nondiscrimination requirements do not apply to joint marketing authorized by Section 272(g). See 47 U.S.C. § 272(g)(3).

transactions will be readily auditable; ACI will document each transaction, and these documents will be made available for public inspection. See La Schiazza Aff., ¶ 10-17.

C. Ameritech Michigan Will Comply with the Audit Requirements Set Forth in Section 272(d).

Section 272(d) requires that a Bell operating company "shall obtain and pay for a joint Federal/State audit every 2 years" to determine whether it has complied with Section 272, the Commission's regulations pursuant to Section 272, and, in particular, the separate accounting requirements in Section 272(b). Ameritech Michigan will comply with this audit requirement and the rules adopted in the Commission's Accounting Safeguards Report and Order. The first such audit will begin at the close of the first full year of ACI's long distance operations. See La Schiazza Aff., ¶ 23-26.

D. ACI and Ameritech Michigan Will Comply with the Nondiscrimination Requirements Set Forth in Section 272(e).

Ameritech Michigan also will comply with the nondiscrimination requirements in Section 272(e). It will fulfill requests from unaffiliated entities for installation and repair of telephone exchange and exchange access services within the same intervals in which it fulfills such requests from ACI. More generally, it will provide all services and facilities, as well as information relating to exchange access service, on a nondiscriminatory basis. In providing services to ACI, Ameritech Michigan will use the same facilities, systems and procedures that it uses to provide comparable services to unaffiliated carriers. The facilities, systems and procedures by which it provides these services are largely automated, thereby further minimizing

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the risk of discrimination. See Kocher Aff., ¶ 4; Mickens Aff., ¶¶ 27-93. To police nondiscrimination and to document compliance with these obligations, Ameritech Michigan will provide competing local exchange carriers with detailed monthly reports that will enable such carriers to verify that it is not unlawfully discriminating against them or in favor of ACI in the provision of any element of service.^{28/} See La Schiazza Aff., ¶¶ 27-41.

E. ACI and Ameritech Michigan Will Comply with the Joint Marketing Provisions Set Forth in Section 272(g).

Section 272 authorizes Bell operating companies and their long distance affiliates to engage in joint marketing and sale of services and provides that such joint marketing and sales "shall not be considered to violate the nondiscrimination provisions of subsection (c)." Section 272(g)(3). Such joint marketing, however, is subject to two statutory restrictions. First, Section 272(g)(1) provides that the long distance affiliate "may not market or sell telephone exchange services provided by the Bell operating company unless that [operating] company permits other entities offering the same or similar service to market and sell its telephone exchange services." Second, Section 272(g)(2) prohibits the Bell operating company from marketing and selling the interLATA service of its long distance affiliate within any of its in-region states until the operating company through its separate affiliate "is authorized to provide interLATA services" in that state pursuant to Section 271(d). ACI and Ameritech Michigan will

^{28/} Ameritech Michigan will augment its parity reports if necessary to comply with any additional requirements that the Commission may impose as a result of its Further Notice of Proposed Rulemaking, CC Docket 96-149, ¶¶ 362 et seq.