suggested minutes for items three and four.

COMMISSIONER METTNER: I'll second.

COMMISSIONER EASTMAN: All those in favor signify by saying I.

COMMISSIONER EASTMAN: I.

COMMISSIONER PARRINO: I.

COMMISSIONER EASTMAN: Okay, is there any miscellaneous business on the agenda.

THE CLERK: No miscellaneous business.

COMMISSIONER EASTMAN: Okay, then we move to Item Number five, Matters relating to the Satisfaction of Conditions for Offering InterLATA Service in Wisconsin.

COMMISSIONER PARRINO: Do you want me to lead off?

COMMISSIONER EASTMAN: Sure, Cheryl.

COMMISSIONER PARRINO: Maybe we should talk a little bit about how we wanted to approach this. I have at least laid out my thoughts and I've got five general categories, and I'll see if that's okay with you.

The first category would be what are the standards for review and working through those.

The second category would be what I call an analysis of the record and what did the record tell us about these issues.

Third, I would go to what I call findings. Is the operations system support tested and operational, and do competitors have nondiscriminatory access to the system and do *CLECs* have access to interface design specifications.

The fourth category I'd like to specifically address are the issues that Mr. Dawson raised in his oral arguments as well as what he called *(inaudible)*.

And, the fifth, is any next steps.

Does that sound like an okay framework?

COMMISSIONER EASTMAN: That's fine with me.

COMMISSIONER METTNER: Yeah, I can work with that.

COMMISSIONER PARRINO: Okay, and it'd be my preference if we would at least try to take a break between each one of those sections.

As far as standards for review, *(This section references the Statement of Generally Available Terms and Conditions (SGAT))*. I first went to Section 252, Sub F, Sub 1, which talks about a Bell operating company's ability to file a statement of terms and conditions that such company generally offers within that state to comply with the requirements of Section 251 and the regulations thereunder. Section 252, Sub F, Sub 2, provided directions to the state commission with regard to approval, and that section says that a state commission may not approve such statement unless the statement complies with subsection D

of this section, and Section 251, and the regulations thereunder.

Subsection G of Section 252 relates to pricing standards, which really does not apply in this particular circumstance, so Section 252 tells us that our standards are the requirements of Section 251 and the regulations, which are the FCC rules promulgated in response to Section 251.

If you go to Section 251 and look at Subsection C, Sub 3, it says that the duty is to provide nondiscriminatory access to network elements on an unbundled basis on rates, terms, and conditions, that are just and reasonable and nondiscriminatory.

And that the *RBOC* shall provide such unbundled *telecommunications* network in a manner that allows requesting carriers to combine such elements. So that's what Section 253 says with regard to an unbundled network and what it is. Section 251, Sub C, Sub 4 deals with resale, and it says with regard to resale that the RBOC is not to impose unreasonable or discriminatory conditions or limitations. So what Section 251 tells us is that there needs to be access to unbundled elements, that they need to be reasonable rates, terms, and conditions, and that it be nondiscriminatory. Resale is also access on a nondiscriminatory and reasonable basis.

If you go to the FCC rules, there are several findings that the commission made. *(This section refers to FCC Rules 96-325).* In Paragraph 516, they concluded that OSS falls squarely within the definition of a network element and, therefore, would be subject to the standards of Section 251, Sub C, Sub 3. In Paragraph 517, they conclude that OSS functions are subject to the nondiscriminatory access duty imposed by Section 251, C, 3 and the duty imposed in Section 251, C, 4. In Paragraph 518, it states that if competing carriers are unable to perform functions of preordering, ordering, provisioning, maintenance, and repair and billing for network elements and resale services in substantially the same manner, competing carriers will be severely disadvantaged.

In Paragraph 523, the FCC says that the RBOC must provide nondiscriminatory access to the OSS, which means preordering, order, provisioning, maintenance, and repair and billing. To the extent that the company has access and to the extent the incumbent has access to information during customer contacts, that same ability must be provided to competing carriers.

Finally, Paragraph 525 says the commission concludes that in order to comply fully with this section, meaning Section 251, there must be nondiscriminatory access to the operating system support.

COMMISSIONER PARRINO: In the second order on reconsideration, the commission in Paragraph 13 declined to wait for financial standards to be developed. In paragraphs 9 and 11, they reaffirmed the commitment that nondiscriminatory access to the OSS is a critical component and that such access must be at least equivalent or equal to the access the incumbent

provides itself.

In Paragraph 8, the commission found that the RBOC must establish and make known to requesting carriers the interface design specifications that the incumbent LEC will use. Information regarding interface design specifications is critical.

Finally in our order and notice we found that they need to comply with Section 251 and in the notice we ask the question -- Are Ameritech's operational support services tested and operational?

So for me, the critical issues are under Section 251, the FCC rules, and under our notice and previous order. Is there access to the defined functions, is the access nondiscriminatory, and do CLECs have access to the design specifications and information that they need? Those I find are the standards under which I will be evaluating whether the system is operational.

COMMISSIONER EASTMAN: I'd agree, I think you've set forth the federal and state provisions very, very clearly.

COMMISSIONER METTNER: I agree, too. The only thing on my analysis is virtually identical, I agree with the statutory standards and the FCC rules that you'd addressed. I'd only add I guess for purposes of theme the sentence left off at the end of section 518. After you indicated that the competing carriers have to have access for resale service to those OSS subcomponents, you identified in substantially the same manner that any incumbent has for itself. There is a sentence following the completion of that sentence which reads, "Thus providing nondiscriminatory access to these support systems functions, which will include access to the information *(inaudible)*. That's going to be a theme that I'll probably return to a couple different times today.

COMMISSIONER PARRINO: The second category would be what did we learn from our two days of hearing, and what is the record that's before us. And, I think Glenn Kelley laid out for me a very good way of analyzing the record, and that is to look at the cases that Ameritech presented, in that it was their burden to show that the OSS was operational, nondiscriminatory, and that carriers had access to the interface defined specifications.

Ameritech presented one witness in this case and that was Mr. Rogers. He did present to us that the system was operational, and it was fully tested, and the basis for that statement that all components were operational was a reliance on the statements from employees responsible for each of the component subparts.

He did not review specific analysis or tests for individual various components, and he did not review a trend analysis.

He did not have specific knowledge of information that was included in Exhibits 4, 6, and 7, which were various trouble logs that were presented as a result of the staff data request and were presented as exhibits by AT&T in

cross-examination of Mr. Rogers.

He did not know, again, the specific data regarding the out-of-order processing, the reason why some orders were rejected, the manual processing, or the reason for rejection. He did not know for those orders that were *pending,* what actually had occurred since the date of the log.

It was disclosed that there is a problem with 865, which we learned is order confirmation. We learned that a competing carrier as of this point is not notified that the order has been completed and that the customer has actually been transferred from an ILEC to the CLEC, and that this was a problem. Mr. Rogers also recognized that there was something called an 850 problem, which was as I recall, a problem when there's a change notice or some sort of change and that there's an inability to be notified on that change.

He did not know when these two problems or the handful of problems associated with these issues would be fixed.

Even though he identified that it was serious -- even though this was serious, the people under him still told him, advised him, that the system was fully operational.

We also found out through the cross-examination of Mr. Rogers that there is a potential double billing problem and that it could exist, but that he did not have time to fully investigate it.

I also learned that unbundled loops as of this point in time are processed essentially a hundred percent manually and his estimate of when that might change was June and that it was dependent on *(inaudible)*. He also provided us with some of the most recent information with regard to preordering and ordering. Questions demonstrated that things had improved significantly.

76 percent of orders were handled electronically and the rejection rate was down to 5 percent.

We did not get any specific information on the testing that was done on the maintenance and repair systems, at least with regard to how it would work for local services. He could not say when the 1P problem would be fixed, and he acknowledged that the 1P problem was an Ameritech problem.

We also learned that with regard to the 865 problem, which is confirmation that an order has been completed, that the problem was given a priority three rating by his staff, and that it really should have been a priority one because it was customer-impacting and very serious. And, again, with regard to 865, we do not know when that will be resolved.

He told us with regard to discrimination that the systems were designed to be nondiscriminatory, that the design of the system was such that -- or designed in a way that a competitor could access it in the same way that Ameritech accessed it. But when I asked whether or not there had been any test or whether there was any information to show, in fact, that it performed equivalently or equal,

there was no actual information on performance to show that, in fact, it would perform in a nondiscriminatory manner.

There were two exhibits presented by Mr. Rogers. The first one was with regard to capacity, and what that showed me is that it does look like they're doing a very good job of preparing to handle the capacity as it comes on line, even though they have not gotten information from all of the providers.

The second exhibit that was presented by Mr. Rogers was a testing-for-order functioning between AT&T and Ameritech for the period from October 7, 1996, to November 26, 1996, and what that showed us was that 67 orders were processed. About 67 percent of those were processed manually. Ninety orders were rejected, but only three of those orders were rejected because of a fault with the Ameritech system.

Then I turned to again Ameritech's admitted additional information to us, not in the record in this case, but in their filing they submitted under Exhibit 3. Again, AT&T presented that information to us as an exhibit in cross-examination of Mr. Rogers. That showed information through February 21, 1997.

What this showed us is that the error rates and order of rejection are pretty similar to the information that was presented by AT&T under Exhibit 2.

It does show a couple of trends although the data is not that good. It shows the requests processed are going up, and it shows us that Ameritech is meeting due dates about 90 to 100 percent of the time. But again, *(inaudible)* mentions that that's not an accurate account of due dates because it does not count orders that continue to be pending.

With regard to *Ann Wiecki'* testimony *(this was somewhat inaudible, we believe Parrino was referencing Wiecki's testimon)*, she put before us that statistically, manual processing has a statistically significant likelihood of not meeting due dates, as well as something that is processed electronically. Again, she said the due dates met are overstated because they do not count pending orders.

She also told us that *USOC* are not available or even created for unbundled network elements and that no significant testing has been done on some of the components. Again, the best trend analysis that we have in this record is that presented in Exhibit 26 by *Ann Wiecki.*. Again it shows us that some serious significant problems occurred on February 8th and there is an increase in pending orders that show up on February 22nd.

It also shows that there is significant manual processing that continues even as of the latest day that we have on that exhibit.

Mr. Connolly told us that trends were very important, and the only trending information we have is in Exhibit 26 presented by *Miss Wiecki*, and

Exhibit 3, which was introduced by AT&T, but prepared by Ameritech.

Mr. Connolly talked about the difficulty of ordering bundled elements and the impossibility of ordering bundled elements. We also found out from this witness that Ameritech knew about the 865 problem as early as the first week of February. He said that there were still major problems, and that they were not able to get information on why things continued to be processed manually and he cited a letter from an Ameritech employee saying that it was not important in his bottom line analysis and whether or not the system was tested and operational.

Ms. Miller was also concerned about the amount of manual processing and stressed that it did not meet the equivalency or nondiscriminatory test.

She also raised the potential about billing problems, one being that there's a potential that customers will be double billed, and Ameritech was not able to assure us that that would not happen.

She also talked about *SOCs (USOCs or SOCs)* not being available and the difficulty with identifying or certifying which *SOCs (USOCs or SOCs)* were to be used for what. She also mentioned circular hunting for small business customers was not available, and that initially MCI was billed for features that were not ordered. She also talked about the problems with no confirmation that the customer had actually been transferred.

Mr. *(Inaudible)* talked about the need for the system to go through changes and that the value has got to be greater than the cost of the change and people need to know when changes occur, what those changes are, and what specifications have been changed. And, there needs to be a plan for these changes.

Finally, I go back to our second witness, who was Mr. Parrish. He is a CLEC who is currently using the Ameritech system. He is using only CRS electronically because his business plan is such that he goes out to work with small business customers first, and actually does that, and then uses the on-line service. He has not tested on-line due dates or telephone number ordering.

He also mentioned that he had a problem with billing at first, but that those things have cleared up.

Mr. Parrish also mentioned, although the other competing electric witnesses suggested that the difference between manual and electronic processing mattered to CLECs, it did not matter to Mr. Parrish. The thing that was paramount to him was that the orders were prepared on time, and that the due dates that he was given were met.

So that's kind of a summary I believe of what we heard over the last two days.

COMMISSIONER EASTMAN: Okay, I concur with your summary.

I would point out that the record was somewhat thin on comparable data for the experiences of the CLECs versus the ILEC, and it would have been helpful to have a bit more data to compare internal and external results. But, your analysis of the facts are certainly quite accurate.

COMMISSIONER METTNER: I would agree. As a matter of fact, I would only add a couple different things that came out under testimony. I'll focus first on what isn't in the record. I'll concur with what Dan said that there is no record evidence concerning the experience during identical time periods presented by the exhibits, such as 5, 6, and 7, and I think Exhibit 26, that relates to the experience of Ameritech's own retail customers.

And, I can make my conclusion as to what that tells me later on. I'd also note that there is no record evidence of the testing of several OSS subcomponents, including maintenance, repair, and billing. I don't see any indication that the witness, Mr. Rogers, under redirect questioning by Mr. Dawson, attempted to resolve this by saying -- that there was no reason to believe that those systems did not test out well or weren't operational -- which I would regard of limited usefulness.

(Mettner was speaking quite rapidly during this section and we caught as much of his conversation as possible). But I also believe that *Ann Wiecki's* Exhibit 26 indicates that unpredictability of the kinds of errors that are coming up over time. *Others* identified the 865 and the 1P errors and those types of things. Cheryl's analysis stated many of the errors and difficulties. Also there were problems indicated on the 865 issue on the cross-examination of Mr. Rogers. I think this was observed by *Mr. Hughes* in oral argument. I had to conclude that the system was not operational with those types of errors and those types of difficulties.

I'd also observe confirmations that we had an exhibit I think attached to Mr. Connolly's prefiled testimony, it was identified in the course of the examination, and that was in a letter I believe I might have the recipient and sender wrong here, I have it was to *Mr. Carrdella (not sure of name)* and it indicated that in a response to request for data and data specification there was, in the view of the company, no benefit to expending resources in matters that were purely internal to Ameritech. I found that letter to be a very telling exhibit. Give me a second.

I would note also that the preorder and ordering statistics of 76 percent electronic processing was also accompanied by I believe a peak performance statistic of 85 percent, but note that those only related to two subcomponents of the larger realm of the OSS. And, that is, only preordering and ordering. I think you identified that, Cheryl, but I wanted to be clear. That's all I have to add.

COMMISSIONER PARRINO: Then what I would suggest that we talk about is whether or not Ameritech has met its burden of showing that the system is tested and operational, that it's nondiscriminatory, and that CLECs have access to interface defined specifications.

In regard to the tested and operational issue, I would find that they have not met that test. Simply having people say it's so without any concrete information or demonstration makes it difficult for me to make that finding.

Looking at the breadth of the information that was presented with regard to preordering and ordering, I find that there are still major problems and major problems that are Ameritech's, not just the CLECs.

On the 865 problem with the 850, I think another concern is the percent of orders and the preordering that was filled out manually. There was no trending information, again both Mr. *(inaudible)* and Mr. Connolly said that trending would be significantly -- in theory, important information for the commission and there was no trending information provided by Ameritech.

The trending information that was provided by *Ann Wiecki* certainly showed that new problems are creeping up or occurring, and that the system is not stable, predictable, or reliable, and there was no full testing data that was presented in this record by Ameritech.

With regard to provisioning, there was very little testimony that specifically dealt with that particular parameter.

So I have a hard time finding that the subcomponents are tested or operational.

With regard to maintenance and repair, again, the information that we have is that carriers are not yet using this because of their business plan, not Ameritech's fault. It is too expensive at this point in time given the number of customers that would implement and interface it and use it electronically, but we did not have any testing information either. What we had in the record was that Ameritech was sure that it would work because it was the same system that was used for access, but I believe that in the record that it was demonstrated that local service is different than access, and we have no testing information for how it will perform or operate for local service.

With regard to billing, I would find that that is not tested or operational either. My biggest concern is the double billing issue. I think the rest, the balance of the record, shows that there were initial billing problems, but they're getting better and are being identified.

With regard to nondiscriminatory equivalent or equal access as required under Section 251, I would find that the system is designed based on the evidence or the testimony from *Bell Power* in Exhibit 3 as well as the testimony of Mr. Rogers and the statements of Mr. Dawson that the system is designed to offer nondiscriminatory access.

Where the record falls short, *(inaudible)* is that the record is void of any actual comparison that it works in a manner in which it was designed.

A good example of this I think is, I can't remember whose testimony cited this but if an order has remarks on it, and CLECs ranks remarks, that order is processed in a different manner than an order from Ameritech that a customer service rep writes remarks on. I have a specific example of where it is not equal or equivalent.

Other examples came with regard to what components are available for electronic access, and we found or we heard that CENTREX is essentially manual, that there is still a significant amount of ordering and preordering that's forced to be manual for CLECs. And, again, if you can't have the same ability when your customers' on line to access information that Ameritech has, I find that that is discriminatory and a disadvantage. We also found that unbundled network elements are not likely to be fully electronic until possibly June.

With regard to access interdesign specifications, Ameritech has made everything that has been completed available to the competitors, and has worked hard I think to explain how those features work, and work through any problems that occur as a result of those changes, but what we also have in the record that there are not *USOCs* or that they had not even been created for unbundled network elements and that there still is a difficulty since network elements are ordered using two systems, the EDI and ASR. If a company wanted to combine network elements, there is no mechanism for combining, so I would find that Ameritech has not met the standard for technical operational and that they have not met the nondiscriminatory standard because CLECs do not have access to all the interface design specifications that are necessary.

COMMISSIONER EASTMAN: I agree with your analysis in general, but I have some individual points that I'd like to stress.

After hearing the testimony and reading the record, I've concluded that it's my view that the system is operational to a degree, but that it does not yet appear to be fully tested, and that there are some obvious shortcomings which I sense that we are seeing "work in progress" with respect to developing the system. And, as Peter from staff pointed out, migration from one system to another is hard enough, but new system development is harder still, and I think these projects take time, and we've been certainly on a regulatory fast track.

My general impression was that Ameritech is working diligently to make this system open and available. There are glitches, there are some bugs, and they were defined in the hearing. The CLECs have indeed taken the opportunity to make attempts to develop systems to interact with the operating system, but it's too soon and it's too early because we're not in an "end state." We're looking at "work in progress", and we're seeing situations that I don't necessarily know if it's nondiscriminatory, but I think we're just not there yet, and therefore, I'm not able

to determine if under the standards that are required, that it's fully tested and operational.

We have things that companies are going to have to continue working on to make progress so that the system falls finally within acceptable parameters.

I also point out that there is no comparable data and no trending information other than Exhibit 26 which does demonstrate some unpredictable results in that problems that are happening now weren't happening before. It's not clear whether three months of problems will evolve, and my sense is that even through you develop a system that is supposed to operate automatically, that additional situations will evolve.

The problem is trying to find some balance between the ability of Ameritech to develop a system that meets the criteria under the federal statutes, and at the same time, allow that to happen, while at the same time, protect the public by consistently moving forward to a point where the electronic system will be up and running.

At this point, I am not able to make a determination that it is in fact up and running, but I think we're a lot closer than we were and I was optimistic that progress has been made. So as far as specifications being available, I think the specifications or the basic services are available, but again there's a learning curve that was brought out in testimony that not only Ameritech, but the CLECs are *diligently struggling* to develop a system. It seems to be a reasonable attempt on both sides to make that happen.

(Mettner was agin speaking quite rapidly throughout this section making it difficult to capture the entire conversation)

COMMISSIONER METTNER: I would agree with what both of you have said in this discussion of the three elements of finding the test is operational, access or nondiscriminatory access, and then the provision of design specifications as needed. With respect to the first item, the record is incomplete that *(inaudible - talking to fast throughout this section)* show that the subcomponents of the OSS have been tested; it's simply void in certain areas.

With respect to maintenance repair billing, and I believe Cheryl you indicated with respect to provisioning, there's little testimony -- certainly not enough upon which to base a finding. With respect to the operational nature and operational readiness of the system, I, too, find that there is limited operational capability, but with significant flaws that given the absence of a record either on trending or an analysis of the -- for example, the number of errors, the number of rejections, the number and consequence of manual -- and I won't say manual processing, but manual intervention, I think Mr. Dawson has made a good argument that manual intervention is how it deals with *specific circumstances*.

The only problem where that is given is in *(inaudible)* exhibit and I find that the increased time delays caused by manual intervention and particularly with respect to the amount of orders that are spiking in from the most recent data available as pending orders for which they seem to be on some sort of status position phenomenon, that manual intervention or increased incidence of it, creates an inference for me, given the absence of swear bull data to convince me otherwise, that these systems to the extent they are operational, have been demonstrated to be so, are not so. Insubstantially, the same time emphasize under score time and manner that an incumbent can itself provide those services.

And when we get to our next step discussions, I'm going to have a few comments about what I think that *portrays* for our next view of this item which surely we will take another look at it.

As to the other operational issues of the other OSS and the billing. I think that there's very little data on provisioning and maintenance and requirements of the operational systems, Ameritech itself had said that because some of these components are too expensive for the CLECs to access at their current stage of development, that it is unclear, I mean, there is -- based on the comments, no record that's been made of the operational features of it.

Ameritech even tended by its cross-examination of Mr. Rogers, and I mentioned this earlier, and added to the my analysis of the record, if I ask again, is there any reason to believe that these systems are not operational, I think this is their way of getting at what they believe is a fairly minimal burden of demonstrating *equal* access to the system, and I think that that's an attempt to shift a burden of destruction to the competing local exchange carrier, and I think that is improper.

I think that *Ameritech* has an affirmative burden to make certain that each subcomponent of OSS is tested and is operational by whatever data, either live-time, or by a simulation, which developed with the cooperation of other parties, indicates the capability of sufficient competitive volume, live-time type experience with the systems, and there is simply no record of that.

The discriminatory access, again because there is no comparative data or trending comparative data for identical time periods, makes it impossible to know whether the access provided is discriminatory or not. We simply don't have a record that permits the ability to make a finding.

Under design specifications needed, I'll reiterate what both of you said about USOC problems, as well as the ongoing problems and changing upgrades of the system. I respect that Ameritech has to keep addressing system changes in order to correct the problems that have been identified for them. It seems to me, though, that the letter to *Miss Henfell* as well as the observations made by *Miss Marsh* in Exhibit 6 was only able to *be offered under regulatory process;* it was not forthcoming given to the competing local exchange change carriers in spite of

a record that they are asking for that type of information. I find that extraordinary.

I think that there is enough in the record to indicate that there is not full cooperation in relating that information as needed by the other parties. I don't think that this can be done to the better service of competition by handing over *information* only when regulatory processes got invoked or when the question is asked "just so." I don't think that that's either fair or promotional to competition.

I would just add maybe a couple editorial remarks. A very rigorous scrutiny of the record and a *rig rugs* application of these standards to Ameritech is not something being done to Ameritech to preclude them, for no particular reason, from getting into the long-distance market. I think that we have an obligation to exercise *(inaudible)* in the capital approval process because it is basically the key regulatory authority we hold to make sure that there is substantial progress toward local *competition* by making sure that the OSS systems are tested and operational. Among other things, that there is nondiscriminatory access to the systems and that the CLECs get the information they need on design specifications so that their input doesn't have an increased amount of errors because of the incompatibility of the input or its yields with the *error-tech* system. This is our duty not just to the CLECs so that they can get into competition, but to the general public at large.

I think there's substantial experience in the more "hiccup" phases of the long distance industry becoming competitive that indicate that if you do get double billed, or if you don't have access to a similar maintenance and repair system that's available to the incumbent, and some of the other problems that were identified, you have *a delay in getting* a new known number due dates are uncertain or remiss and *the problems are* ongoing. *This is all we're doing if we approve* by some rubber stamp action

We're merely creating an opportunity and an environment in which the *outlines the jurisdiction or* level of services they're getting. Our obligation to apply these standards of rigger to *Ameritech*. I'll discuss in our next steps our discussion of what I think ought to be done in the future and how we ought to approach this.

COMMISSIONER PARRINO: The next category I have is, I do want to specifically go through the points that Mr. Dawson made in his oral argument because it gives me the ability of *(inaudible)* that you both made, so this will be recreation I think of some of both your points.

COMMISSIONER EASTMAN: Cheryl, can I interrupt session for a minute.

COMMISSIONER PARRINO: Sure.

COMMISSIONER EASTMAN: I want to make a comment about one of Joe's comments about (*inaudible)* that were put out and while her point was well-taken I was concerned that that was a static snapshot of results as of a certain

time, and it seemed that those were two months old and a very short time horizon. If we were to look at the April 3rd data today, how much different would it be compared to what we had two months ago and I didn't review that as so much reluctant to *(inaudible)* is that information, *(inaudible)*. We've been working for six *weeks* on a system past those dates that show those errors.

COMMISSIONER METTNER: You may have a point. I guess the point I would make is that type of information, the kinds of information that we were only allowed to see for the *(inaudible - speaking too rapidly)* are reasons why we wouldn't see it, but there was an expression from the participation that they believe that this type of material ought to be forth coming on an ongoing basis, and I think it's precisely that kind information that the CLECs need, absent Ameritech having a candid conversations on matters they believe to be internal -- or have only internal relevance. Access to that kind of information on a continuing *basis* by the CLECs is necessary for them not only to evaluate their own progress, but to evaluate whether they're being fairly dealt with by the incumbent. So you may be right that the exhibit is of limited usefulness for operational evaluation, but it's more the access information I guess which concerns me.

COMMISSIONER EASTMAN: You go for *real time* satisfaction to the information rather than a paper exhibit two months late.

COMMISSIONER METTNER: I can't say real time access, but perhaps the paper exhibits themselves. I'm not sure that it was known that there was a resale problem this long for example without having the regulatory process like our hearing circumstance to go through which would necessitate some sort of discovery, informal or otherwise, and then low and behold *(inaudible)* there's enough to find if Ameritech is affirmatively misleading. But, I don't think there's a record that *shows Ameritech was* completely forth coming about the availability of the information. Now we know. And I think people know more what to ask as time goes on. I'll address it in the next steps, but you make a good point about the relevance.

COMMISSIONER EASTMAN: Thank you Cheryl.

COMMISSIONER PARRINO: Okay, and I'll come back to some of those points.

Mr. Dawson made the point that no system will ever be perfect and I absolutely agree, and I can't remember whether it was Dan or Joe that said we're not expecting a system to be *error-free*. I think that there will never be a *perfect system*, some things will continue to be processed manually. I think the critical thing is predictability and reliability, and some standardization, and knowing what level we're talking about.

The second point he made is there will never be a good interface unless both people really want it, and then I also agree with that comment.

I think both of you -- or as I recall at least Dan, made the comment that Ameritech has been working very hard to get this system up and running. We're talking about a brand new computer system, and the ability for someone else to access programs that have been in place and Ameritech has been using for several years. This is not an easy task when you're designing a new system, and at least the information I get at the national level is, if you look at what's being done by all of the RBOCs, Ameritech is working harder and has a system that functions much better than any other RBOC in the country.

I also would find that the CLECs are working very hard on some of the testing and information and the analysis that was presented by the CLECs in this case. I thought it was extremely valuable, but yet I recognize that there is a tension -- that there is an incentive for Ameritech to say that it's working, maybe a little bit earlier than it is, and there's also an incentive for a CLEC to say that it's not working and Ameritech cannot get into the long distance business. I think we need to be careful about that.

Mr. Dawson also made the comment that if Ameritech cannot force people to compete, and I think that was an extremely valid point, then that will play into how I look at what's the standard or what are the next steps, because Ameritech is not the person deciding whether or not a competitor comes into a new market. That is completely within the control of AT&T, MCI, and others, and which markets they'll hit first, second, or third.

Mr. Dawson also made some statements that the electronics route are in-place, he talked about that. I did not agree; they are not in place. To the extent that the manual percentage is still very high, they're not in place for CENTREX or for unbundled loops. He made the comment that there is nondiscriminatory access. Again, I believe we've made a finding and made several points to show that there is not nondiscriminatory access.

He made a comment that the competitors used the same paths as Ameritech. Again, the testimony with regard to how orders *are processed* points that there are indeed different tasks that are an important criteria here and the fact that *"more tell"* is critically important to competitors, but not to Ameritech.

With regard to system changes, I agree that there will always be system changes. The critical thing is to provide the information to the competitors on when the changes are going to occur and what the specifications are to deal with the changes and to have a plan for migration.

With regard to Mr. Dawson, he raised a number of issues (inaudible). He declared that the Michigan commission has said that the system is working. I went back and I looked at the Michigan order and what the Michigan commission said. They do not make a finding that I can find that says that the system is tested, operational, nondiscriminatory, or that competitors have access. What Michigan said in their order is, it appears that Ameritech Michigan is providing OSS that

enabled at least two competitors to provide local exchange service. Again, I do not see that they made a finding that it's tested and operational. They said that it appears that it at least allows two competitors to get into a local exchange market. With regard to capacity and whether or not it's *ready*. I don't think it's *ready*, I think it's a severe *use* issue that they are thinking and looking and preparing for increases in volume even though not all competitors have provided them with information.

Another *issue* suggested was national standards and we *reviewed* a lot of testimony on this, and basically it came out to say there is no standard, but yet competitors were complaining that Ameritech was not complying with standards. Well, you cannot comply with a standard that has not been set. We also had testimony that to the best of my knowledge -- I believe *(inaudible)* testimony was that Ameritech at the time they were developing their systems, they did indeed comply with the standards that were done at the time and most importantly, the FCC has said we are not going to wait until there are national standards before we move forward.

With regard to testing, Dan, you talked about old information, and Exhibit 6, I believe. Mr. Dawson said that the competitors were just putting in old stuff, and I think *Miss Marsh* made a very good point that the oldest information in the record was Exhibit 2 that was presented by Ameritech. Ameritech has this information. It is -- It's always going to be changing. The Department of Justice in their brief suggested that we waited until we have actual information and that the difficulty is that we're looking forward and that's hard to do. Well the commission is always looking forward, you will always have to look forward, there's always going to be new information.

And then finally, manual intervention he raised as an *issue*, and again, I do not find that it's a *(inaudible)* to the extent that the volumes are large. It does relate to discrimination, and to the extent that manual processing is more likely to cause Ameritech to miss a due date, it is certainly relevant in high analysis. That's all the comments that I had. Any further comments before get into the next step?

COMMISSIONER EASTMAN: I guess I'll make two abbreviated comments on Mr. Dawson's argument. He did stress that the system was operational and I observed in the hearing and considered the record, that the system is operating to some degree, so I felt that that in my mind this was progress and systems will evolve, they start out operational, very roughly and they will become smoother over time.

Now the second point that I wanted to comment on is the manual intervention and I also don't see a problem with manual intervention from time to time. It wasn't clear as to every delay or how long some of the delays were because of the manual intervention -- whether it was just some person has given in testimony entering something into a blank field or whether it required days of

shuffling paper or going to a fax machine -- but I think that that information would be more helpful as the system evolves to determine whether manual intervention has a place and what percentage of orders should be subject to that, and if subject, what is the data *(inaudible)* or is it just a system maintenance or system operational point. So, Joe?

(Mettner again spoke quite rapidly making it difficult to capture the entire conversation.)

COMMISSIONER METTNER: I've jumped the gun and made most of my, I guess argument-based comments already. The only thing -- excuse me for a second -- that I would offer is that I disagree with Mr. Dawson's characterization one and I'll agree with the other. I'll disagree with, first somehow the CLECs can do how they excuse and I'm quoting his words exactly and that to me characterizes the idea of CLEC application and getting into competition as largely a matter of *whether or not* everything is available to them.

And, they take advantage of it I think that that's not *completely genuine* which is I think to some extent we saw this in the testimony of Ms. Reeves and the arguments of Sprint and Time Warner's people. I don't look at it largely as a matter of will, but of assurance of readiness.

I think that that's more appropriate. I do agree with Mr. Dawson that the wrong standard to apply when ultimately we revisit this, is that the system is tested and operational, access is nondiscriminatory, and you're getting all the design specifications you need when AT&T says so or for that matter when any potential competing carrier says so. I think it's going to be left to this commission at another time and place to make a call on the ability to meet these various standards, and *conclude* so, as we do so today, by weighing the arguments and the representations of the various parties. So I think that Ameritech is correct, they have a bug-free system, they do rely on some good faith from potential competitors, but we *rely* on their good faith as well, and when they are substantially tested, operational, and providing the access on the basis that they do for themselves and they have a showing of that, which there's not here, then I think we'll be in a position to revisit that information. And, I wanted to address what might be the appropriate process in the next steps as I will what I think needs to be some proposal that we have to evaluate to examine the criteria for system change and *upgrades*, and I'll *refer back to this* when we get into the next step discussion.

COMMISSIONER PARRINO: So that brings us to what are the next steps and where are we at. With regard to the decision that we make, I would suggest that we reject Ameritech's SGAT capital filing. This is not to say that I want to redo everything and reargue every issue. To the extent that we finalize

those items and those tariffs are on file, and we've approved those tariffs, those certainly would not be redone or reargued or debated at the point that Ameritech can demonstrate that the OSS is operationally tested and the other criteria. But, I think rather than conditionally rejecting and allowing Ameritech to come back again *(inaudible)* does not make sense at this point in time. So, I would reject the capital filing as -- in its -- as a complete document. That's not to say that I reject the component parts that have complied with the commission's order. I would approve those tariffs and I would put them on file.

I do believe that there ought to be some sort of threshold or burden of proof for the commission to commit the level of resources that we have in these last three reviews of the capital filing. I do not -- I would not have as a criteria though that there be actual competitors or that there be competitors using the OSS for a six-month period.

Again, I agree with Ameritech's comments that competitors make the choice on when they come and Ameritech necessarily should not be hung up because people did not want to come into the State of Wisconsin first, that just because they choose Detroit or Chicago. Again, Ameritech should not be hamstrung.

My standards, and again they're not well *outlined*, but they give at least some guidance on what I'm thinking about, and I would ask that the staff maybe build in all of our thoughts today and come back to us with maybe a more complete list of what these standards or thresholds would be, but some ideas, some thoughts to throw out, that there should be access to all this information. In other words, the USOCs ought to be created. There ought to be the availability to access all of the component parts in the system, not just the preordering, ordering, and billing. I agree with Miss Miller, MCI's witness, that there are two ways that you could test that the system is tested and operational. One would be the CLEC test that you actually have competitors that are using it at a significant volume.

The second approach would be a rigorous test. I would suggest that if the rigorous test route is going to be used, that the industry, and when I say industry, all the participants have some input on the design of that testing, or Ameritech wants to have an outside person do the testing for them, we need concrete data, not just people saying that the system is doing good.

Again, we've been through that route, and I guess I'm not comfortable, given the information that surfaced with the problems with 865 and 850, that Mr. Rogers is going to get the right answer when he goes to his people because it seems like they are going to tell him that everything is working okay, so there's got to be concrete data that we look at.

We need some predictability or stability and some decrease in the number of orders that are processed manually. The most recent information that Ameritech gave us was really good. If we can keep that level of manual

processing for a period of time, again, that would help to go demonstrate the predictability issue for me.

With regard to nondiscrimination, Ameritech will have to show actual information, how many of their orders are processed manually, how many of their orders are rejected, how often do they meet their due date versus a competitor's due date, we need to have things that are pending considered "not met due dates", and how long does it take for a CLEC to access the system.

I think those are all the specific standards I have. But again, I think it's important that there be a showing by Ameritech before we spend a significant amount of resources. Maybe again to provide an incentive, I don't think -- it's hard for me to set a time by which you have Ameritech come back. They're the ones that know, they're the ones that have access to the information. I can't tell when the system is going to be up and operating. That's Ameritech's call.

But again, to give them some incentive to have all of the information, I certainly would be willing to consider something like if there's a "false start" or if they don't meet their burden of proof, that we would not come back to the issue for some proper period of time -- whether it's two months, six months, or what have you. But again, I think it's important that all the information be pulled together and presented to us before we put forth a significant amount of resources again.

COMMISSIONER EASTMAN: I agree with your conclusion. I think that I'm somewhat ambivalent to either the time deadline or benchmarks for some showing that progress has been made. I'm not -- I don't necessarily think you have to get to a CLEC testimony for six months to determine if a system is operational and fully tested. At least it's operational at the moment, but I think with the rigorous test format, I'm a little bit concerned that we could end up in a situation where the test is never going to be good enough because it's not done under real conditions, so I guess I would sort of leave it to the staff at this point to come up with the measure to somehow ensure that the time and resources of the agency are spent for one last time either approving or disapproving rather than *reviewing* this for a fifth time. I do think it's in the public interest that we do get the system up and running as soon as possible so local competition can develop quickly in Wisconsin, and I'm impressed with what I've seen with respect to development to date. There's certainly more work to be done, but I'm optimistic the parties will be able to put this "something" in short order. Joe.

COMMISSIONER METTNER: I agree. I share similar concerns. I'm going to tell you what my grocery list, which is not an exhaustive one, is. It's subject to further clarifications by staff. But before we begin at that, and Cheryl maybe this is something you were otherwise going to address, but we have a couple different trains on the track right now. We have not issued an interim order that would be the result of our decision of February 20, 1997 meeting. Secondly

we have findings of facts, conclusions of law, and an order as a result of our review of the record concerning OSS basically the paper trail of our action today, and we also have the latest *filing* of Ameritech as capital filing dated March 3, 1997, up for comment.

We also have scheduled hearings for -- in a couple weeks on some of the other remaining issues, and I think it's time to catch our breath on some of these issues. I think we've been running wind sprints so on some of these areas, and I see *Mr. Burns* is laughing -- he probably hasn't got much sleep lately either, but I think we need to consolidate some of our efforts on these things and I think that the interim order, the findings of fact, conclusions of law concerning the OSS discussions we had today and the *SGAT* capital filing should be the subject for review down the road.

I also think that along with whatever goes out on our OSS decision today, that we do have to articulate, with staff's assistance, some threshold criteria in coming back, and I don't think it ought to be something like response time has to be down to "x" seconds for each type of subcomponent or that there is some minimum percentage falling to manual intervention to have been shown. I don't think that's very helpful, but some qualifications *(speaking too rapidly)* for the future *SGAT* capital filing until *certain* elements are met, is evidence of testing of sufficient volume and that would have to be subject to some agreement as to what that's going to mean, whether live or simulated testing of each component of the OSS that we've identified from preordering to billing, and I think that this testing has to be *incorporated* and accomplished by input of concerned parties, the requesting CLECs, the CLECs requesting interconnection, and it cannot be unilaterally done, nor can it be expected that we can uncitedly review a unilateral statement of Ameritech. There's going to have to be some evidence of cooperation in accomplishing that. There also has to be minimal evidence of operational status involving each subcomponent of OSS, which we didn't have today, by -- and I think that that has to indicate that activity by each competing local exchange carrier requesting interconnection.

I think that it to indicate the incidence and description of certain types of errors experienced, the incidence of rejection as well as rates and projection, if incidence of manual intervention and the delays that that might cause, as well as any resolution problems that have been identified and solved, the average time period within which average *(inaudible)*. I also think that the record should include any associated correspondence which involves requests for information by competing local exchange carriers and Ameritech, and I want to know by paper trail what the pattern of accordance or noncooperation is.

I also think that comparative statistics have to be included indicating for the evidence concerning operational readiness that I've just identified evidence similar -- I'm sorry, comparable evidence not (speaking too rapidly) identical time

periods for Ameritech's own retail customers and what they're *experiencing.* Absent that, we're never going to be the in a position to declare that access is nondiscriminatory, we just don't have the data to do it. I also think we should entertain a proposal from staff, and I also encourage them to work with parties on this, on a proposal for managing the change in business rules or specifications as it's going on.

(Inaudible). I don't know if single or multiple versions of 2.1 2.3 or 2.3 are going to be made to pair tech systems to accommodate, and in many cases, the changes are not going to require system redesign or respecification, but simply involve *feedback* that needs to be provided to CLECs about how they're are doing it wrong, if they are. But, when business rules are going to be changed or the criteria of the OSS system changes because of some large batch of items, I think that that has to be timed appropriately with information given to people who have to use the system on a resale basis so that they can adjust accordingly. Ideally this could be done without "hiccups". I know not every change can be done subject to this, but I think to the extent possible these things ought to be batched and made known to the parties affected by them. I don't want to see a check in business rules however necessary for *(inaudible-speaking too rapidly)* that the ongoing need for change. I just don't think a system change ought to be used as an opportunity to recapture customers who have gone to a competitor and I think that could be the case if *CLECs are* left in the dark as to how the system the operates, so I think at a minimum those things have to be involved in any new capital filing. I think at a minimum that should have been what came in today, but I think we're all learning. I reiterate that this is not an exhaustive list and I would entertain staff's additional comments and I think this should also go out to the parties for comments. We should pick a period of time in which we shall accomplish this, but I would think that we would not entertain the SGAT capital filing with serious review as we've given the other version prior to today before 30 days after any order is issued summarizing what we've done so far.

I just think that there is evidence that we're getting to the point where cooperation with the system is smoothing itself out, but I don't know that the evidence that I've indicated here could correctly be gathered. I would postpone the *evaluation of some of the other issues.* I don't want to make record findness the middle of this month and then 45 days from now, use those for purposes of making our 271 conclusions when the data will be maybe 40 days old or something like that. I don't think it would serve us well, I think we might be putting ourselves in an apples and oranges position, and it would allow somebody who'd benefit from the earlier findings to exploit it. I think it would unnecessarily confuse things to make record findings that may not be relevant when we reach this issue again, so that's what I would propose, and I don't know what your comments are on that.

COMMISSIONER PARRINO: Well, with regard to notice, I would agree with you that we ought to reconsider and not issue the notice that's on the board today because I do not think it makes sense to go to hearing because I would likely want to go to hearing again to get the most recent information. I think we ought to change our mind on the notice that was previously approved under notice Number 1.

With regard to what comes out of this decision, I would also agree with your recommendation that we issue one order which would combine our discussion of the issues from our February 20th open meeting, that we would also include in this order what our findings are with regard to the third compliance filing that is out for comment right now, as well as this decision on OSS that we're making today.

I'm also comfortable with your suggestion that the earliest we would expect to see information refiled would be some time after this order is issued.

I don't know that I'm comfortable necessarily with 30 days, but we need to get this order out. The staff -- we put the staff in a position of not even being able to issue the order from the February 20th decision. That caused Ameritech some difficulty in knowing exactly how to comply, but the staff could not draft the order because we forced them into the position of analyzing the OSS and getting testimony and things read for this hearing that we scheduled.

COMMISSIONER EASTMAN: I'm fine with the proceedings with respect to withdrawing the notice of today, I think it's the most efficient and best use of the staff's time.

COMMISSIONER METTNER: I just think that -- and I talked about this with staff, and it's my sense we'll have to take the hail storm from the parties, but we're dealing with this on a you know "hurry up almost brush fire basis" a lot of focus was going into the OSS *provisions*. I would hope that we haven't wasted a lot of the parties's time being spent in preparing for what we indicated the last time would be a middle of the month issue that hasn't been resolved by comment. I hope if they're like me, they take these things one at a time and maybe *(inaudible)* haven't invested too much time into the middle-of-month-hearing. But, I'm *aware* that that would have been the next order of business for most people that are involved in this.

COMMISSIONER EASTMAN: Well, it's a fast track process and we've been scrambling for months. I think we do it as best we can. This is the most efficient way to proceed and certainly going through the hearing process when we redo it, *has value*.

COMMISSIONER METTNER: That's our thoughts.

COMMISSIONER EASTMAN: So are there any questions or comments from the staff?

STAFF: You gave us all we needed and more. (Laughter).

COMMISSIONER EASTMAN: Well I guess if there is no miscellaneous business, then we will adjourn.

(END)

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Exhibit TMC - 014

1 BEFORE THE

2 PUBLIC SERVICE COMMISSION OF WISCONSIN

3 -

4 MATTERS RELATING TO SATISFACTION

5 OF CONDITIONS FOR OFFERING INTERLATA Docket No.

6 SERVICE (WISCONSIN BELL, INC., D/B/A 6720-TI-120

7 AMERITECH WISCONSIN)

8 -

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11 EXAMINER BARBARA JAMES PRESIDING

12 VOLUME 1

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15 VICKY L. ST. GEORGE, RMR.

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21 HEARING HELD: TRANSCRIPT PAGES

22 March 31, 1997 1 - 282, Incl.

23 Public Service Commission EXHIBITS

24 Madison, Wisconsin 1 - 11

25 10:00 a.m.

SCHINDHELM & ASSOCIATES, INC.
(414) 271-0566

1 forecast for one or more CLECs would impact
2 Ameritech's retail and other CLECs?
3 A. I'm sorry, I don't understand that question.
4 Q. If any of these forecasts were flawed or if
5 certain CLECs did not give you any forecast, would
6 it change the results that you have here?
7 A. These results are because -- based on some CLECs
8 doing just what you said. These are the results
9 based on CLECs not providing us forecasts. Not
10 all CLECs not providing us forecasts.
11 MS. BOWLES: I have no further
12 questions.
13 EXAMINER JAMES: Mr. Hughes.
14 MR. HUGHES: Thank you.
15 Cross-Examination
16 By Mr. Hughes:
17 Q. Mr. Rogers, I have a couple questions. When you
18 use the phrase the systems are fully tested and
19 operational, what do you mean by that?
20 A. Well, that they went under testing both by the
21 vendors in the case when we had third-party
22 providers and that they went through integration
23 testing once we received them. We tested the
24 system.
25 Q. Does that phrase encompass the thought that