

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the matter of

Application of Ameritech Michigan
Pursuant to Section 271 of the
Telecommunications Act of 1996 to
Provide In-Region, InterLATA Services
in Michigan

CC Docket No. 97-137

**AFFIDAVIT OF PAUL F. QUICK
ON BEHALF OF AMERITECH MICHIGAN**

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

Paul F. Quick, being first duly sworn upon oath, deposes and states as follows:

1. My name is Paul F. Quick. My business address is 6812 Aetna Court, Wauwatosa, Wisconsin 53213. I have personal knowledge of the facts contained herein.

2. I graduated in 1981 from the University of Minnesota with two bachelor degrees, one in Architecture and another in Environmental Design. I have also completed several business courses in the Masters of Business Administration program at Marquette University.

3. Following my graduation from college in 1981, I went to work for the Wisconsin Bell Telephone Company as a Manager, Building Design. In this position, I served as company liaison to building industry design professionals and contractors and was

responsible for project design, scheduling, budgeting, bidding, construction management and close-out.

4. In 1986, I became Area Manager, Facility Management. In this position I provided real estate planning to in-house clients in administrative and equipment buildings in the Metro Milwaukee and Fox Valley areas. I was responsible for master planning, project definition and scope, and budget, as well as all client contact and coordination between services for each project.

5. In 1993, I was promoted to the position of real estate account manager for Ameritech, serving as real estate representative to three Ameritech business units, which together had over 1,600 employees. In this position, I served as a single-point of contact for all real estate services and was involved in strategic master planning issues impacting the entire Ameritech real estate portfolio, including alternative officing, building renovation, space guidelines and finance/budgeting. Ameritech's real estate holdings include approximately 50 million square feet in more than 5,000 owned and leased buildings.

6. Since 1996, I have been Director of Integrated Strategies for Ameritech in the real estate group. My job responsibility is to integrate the diverse real estate needs of Ameritech's business units into a cohesive real estate deployment strategy. In this role, I develop and execute business solutions through an examination and analysis of Ameritech business strategies and requirements. This is done by serving as an integral partner and facilitator in teams of business planners that examine strategies and develop and implement structured decision-making and analytical tools to assist business units in implementing Ameritech corporate strategies.

7. I have been registered as a professional architect in the State of Wisconsin since 1984. I have also been licensed in Wisconsin as a real estate broker since 1987. I have been involved with the Southeastern Wisconsin Chapter of the International Facility Management Association since 1987. I served as chairman of the Media Committee in 1990 and 1991, as well as vice president in 1991 and president-elect in 1992. In 1993, I served as Chapter president, and served as chairman of the Sponsor Committee in 1994 and 1995. I have also been a member of AIA -- American Institute of Architects/Wisconsin Society since 1984.

8. The purpose of my affidavit is to respond to criticisms of Ameritech Michigan's collocation cost studies contained in the affidavit of MCI affiant Dr. August Ankum. I will correct several misunderstandings or misstatements by Dr. Ankum regarding Ameritech Michigan's physical collocation cost studies and demonstrate that Ameritech Michigan's collocation prices are, in fact, reasonable, economic, and consistent with the Act and the FCC's currently-stayed pricing rules.

9. Before responding substantively to Dr. Ankum's criticisms of Ameritech Michigan's collocation prices, it is important to note that these prices have already been reviewed and approved by the Michigan Public Service Commission ("MPSC") as part of interconnection agreements between Ameritech Michigan, on the one hand, and AT&T and Sprint, on the other, which were arbitrated by the MPSC under Section 252 of the federal Telecommunications Act of 1996 ("Act"). Indeed, I should also point out that Dr. Ankum's assertions are identical to the assertions that he has made in TELRIC cost dockets before the MPSC and the state regulatory commissions in Illinois, Indiana and Ohio.

10. Turning to Dr. Ankum's specific claims, I would first like to explain how Ameritech Michigan developed its physical collocation prices. I participated in the identification of costs associated with portions of this collocation service, and was primarily responsible for the development of all real estate cost components.

11. The first step Ameritech took in developing the physical collocation rate elements was to determine the components of Ameritech's collocation service and then to calculate the costs associated with those components. The determination of the constituent components of Ameritech's collocation service began with Ameritech's experience with its 1993 FCC physical collocation tariff. I participated in developing costs for the real estate portions of that tariff. That experience gave us insights into the likely expectations and demands of new entrants for physical collocation, and also a framework from which to work. The FCC physical collocation tariff was for space in increments of 100 sq. ft., with an optional enclosure. While developing that tariff, Ameritech also developed a list, with the input of carriers seeking collocation arrangements, such as AT&T and MCI, of the buildings in which physical collocation was most likely to occur. This list provided the basis for the building list utilized in developing collocation-related costs.

12. The FCC physical collocation tariff was not the only source of information for the new collocation cost studies that Ameritech performed. The AVOIS (Ameritech Virtual Office Interconnection Service) tariff for virtual collocation had been available for several years, and Ameritech had customers under that tariff that had expressed an interest in converting to ACOI (physical collocation) when it became available. Therefore, Ameritech

included in its cost analysis buildings where AVOIS customers were presently located and where those carriers had expressed an interest in future physical collocation.

13. Development of the physical collocation cost-based prices required the efforts of numerous Ameritech personnel impacted by such collocation, including the product manager, collocation coordinator, service center manager, and representatives from central office engineering (CSPEC), outside plant engineering, digital transport engineering, power engineering and real estate management.

14. The TELRIC methodology calls for Ameritech Michigan to be compensated for costs that it expects to incur on a forward-looking basis. In order to develop the appropriate collocation charges, Ameritech Michigan broke down its collocation costs into three elements. The three items that make up the building rate elements of physical collocation are: 1) the recurring floor space charge, 2) the Central Office Build Out (COBO) charge, and 3) the enclosure charge.

15. First, as the name suggests, Ameritech Michigan's floor space charge is designed to recover just the costs associated with the physical space that is occupied by a collocator. In developing this rate element, Ameritech Michigan utilized the most current available cost data based on single-tenant central office buildings.

16. Second, since the floor space cost data does not take into account the additional expenses associated with creating a multiple-tenant central office or with building out collocation space to meet the specific needs of the collocator's equipment Ameritech Michigan developed a separate COBO charge to reflect these additional costs. The COBO charge includes costs associated with engineering the accommodations for the collocator's

specific equipment, configuring interior space, developing additional means of access/egress to the building and to spaces within the building, and enhancing security, all necessary to accommodate multiple tenants.

17. Finally, there is an optional enclosure charge to compensate Ameritech Michigan for costs associated with building and maintaining the actual collocation cage or enclosure (including taxes) that physically cordons off the customer's transmission node. The collocator may also make separate arrangements to have an enclosure constructed by an approved vendor. The enclosure charge is divided into "first" and "additional" costs to reflect the initial costs associated with providing an enclosure and the additional costs to enclose optional additional 100 sq. ft. increments of space ordered at the same time.

18. Ameritech Michigan's approach to developing these costs is reasonable and consistent with the FCC's TELRIC model. The cost data utilized in the floor space charge is for central offices that have been built over the past ten years, primarily for single tenants. The additional costs covered by the COBO charge and the enclosure charge are a reasonable determination of the costs that Ameritech Michigan would incur to provide collocation services on a forward-looking basis in a new multiple tenant central office, above and beyond the costs it would incur to build a new single tenant central office.

Floor Space Charge

19. Dr. Ankum asserts (Ankum affidavit, ¶¶ 40, 42, 52-54) that Ameritech Michigan should not gross-up its floor space charge from 100 square feet to 200 square feet. Since his testimony does not adequately address how the gross-up factor was calculated, I will briefly do so here.

20. The floor space charge is based on a nominal 100 sq. ft. transmission node space in a central office environment. For purposes of delivering a consistent product, Ameritech determined that the most efficient enclosure size would be approximately 9' x 11' (see Ex. 1), which also would provide a uniform level of expectation for the customer as well as a more consistent product. However, one significant hurdle to providing a consistent product is the configuration of central office buildings. The buildings are designed to accommodate telecommunications equipment and infrastructure, and by their nature they have obstructions, such as columns, pipes, telecommunications cable and cable racks. In addition, the 100 sq. ft. collocation space is the net usable space requested by the customer. The phrase "central office environment" refers to space with the necessary air conditioning, electrical and other support features that make it an appropriate environment in which to operate telecommunications equipment.

21. Thus, more than 100 square feet is needed to provide a nominal 9' x 11' enclosure because one needs to account for building obstructions and access, as well as support systems.

22. Specifically, in order to provision 100 sq. ft. of net usable space in a central office equipment room, Ameritech Michigan needs to provide 150 sq. ft. of gross space in the central office equipment room itself. The additional space is necessary to accommodate dedicated access to the transmission node and to account for building obstructions such as columns, pipes and telecommunications cable racks. (See Ex. 1.)

23. In addition to the central office equipment room, a central office building has support space that services the central office equipment room. The central office equipment

room is the space that actually accommodates the telecommunications equipment. The support space includes, but is not limited to, access halls, mechanical equipment rooms, electrical service entry and equipment rooms, generator and fuel tank rooms, stairs, elevators, water entry and fire suppression system spaces, rest rooms and building delivery areas, all of which provide essential functions for the building.

24. In a typical central office, the central office equipment room represents approximately 75% of the floor space, and the support space represents the other 25%. Therefore, the size of a central office will actually be one-third (25% divided by 75%) larger than the space actually used for the central office equipment room itself. The related support space component allocated to the 150 square feet of equipment room space (the gross amount of equipment room space necessary to house a nominal 9' x 11' enclosure) is one-third of the central office equipment room space, or 50 sq. ft. The total gross building space necessary to provision a 100 sq. ft. transmission node space in a central office environment is therefore 150 sq. ft. plus 50 sq. ft., for a total of 200 sq. ft.

25. Contrary to Dr. Ankum's testimony, the support space does not include spaces such as storage areas and kitchens. (Ankum affidavit, ¶ 53.) Storage space is not a support function and was not included in calculating the gross-up figure. Moreover, kitchens are not found in central offices. Thus, it is entirely appropriate for Ameritech Michigan to recover costs based on the collocator's proportionate share of the space required to provision support functions, including, but not limited to, ventilation, electricity, fire suppression, and access to the building. Surely, MCI does not deny that it receives the benefits of these support functions.

26. Dr. Ankum is also incorrect when he asserts that Ameritech Michigan does not take into account the fact that multiple collocators may be housed in Ameritech Michigan's central offices. (Ankum affidavit, ¶ 54.) First, Exhibit 1 to this affidavit demonstrates that, in fact, Ameritech Michigan contemplated multiple collocators in its computation of the gross-up figure. Moreover, Ameritech Michigan's calculations may be rather conservative. In its Chicago Franklin central office, for example, where multiple collocators are present, Ameritech's experience suggests that 214 square feet of equipment room space is needed to furnish each nominal 100 square foot collocation node, far exceeding the 150 square foot figure upon which Ameritech Michigan's floor space charge is based. (See Ex. 2) Finally, there is no guarantee that a central office will in fact have multiple collocators.

27. Ameritech Michigan relied on a 1995 RS Means publication, Building Construction Cost Data, to identify the per square foot floor space costs of the net collocation space provided to collocators. The data in that publication is based on actual reported costs incurred by contractors that have built telephone exchanges during the past 10 years. RS Means then adjusts those cost figures utilizing current cost information, depending on variations in input costs. As a result, Building Construction Cost Data reflects advances and changes in constructing central offices that have occurred within the past 10 years.

28. According to the 1995 version of Building Construction Cost Data, the 75th percentile floor area construction costs per square foot for telephone exchanges is \$167. (See relevant excerpts contained in Ex. 3) According to Jeannene Murphy of RS Means, square foot of floor area is defined by RS Means as the total gross area of all floors, at grade and above, and does not include a basement. Therefore, the appropriate square foot figure to use

in calculating Ameritech's floor space costs for a standard 100 square foot net collocation space is the gross square foot figure, not the net square foot cost figure. Accordingly, as noted above, Ameritech Michigan "grossed up" the 100 sq. ft. net usable space to 200 sq. ft. gross building space, which is consistent with the RS Means data. Thus, the total investment cost for 100 sq. ft. of net usable space would be \$167/sq. ft. times 200 sq. ft., or \$33,400.

29. The distinction between gross building space and net usable space is a recognized distinction in the real estate industry. The real estate industry makes distinctions between different building spaces based on their occupancy or use. Exhibit 4 to my affidavit contains a set of standard methods of measuring floor space published by BOMA -- Building Owners and Managers International.

30. Furthermore, the calculation of gross square foot of building space and usable square foot of building space is documented in the IFMA (International Facility Management Association) 1994 Research Report #13, entitled "Benchmarks II," and attached as Exhibit 5 to my affidavit. Page 19 of this document identifies the gross, rentable and usable space within reported buildings by industry type and facility use. IFMA defines the Utilities group as one that includes utilities, communications and transportation companies. Ameritech Michigan would be classified as a utility for purposes of this report. The ratio of usable square footage of building space to gross square footage of building space in buildings reported in the Utilities group is 56% (236,028 / 419,668), far lower than the 75% (150 / 200) factor I applied in our cost work. (See Ex. 5.) Thus, Ameritech Michigan has used a conservative figure for the ratio of support space necessary to serve the central office equipment room.

31. Dr. Ankum claims that, because the RS Means costs figures include such things as building support components, Ameritech Michigan's procedure of grossing up the net usable collocation space results in double counting. (Ankum affidavit, ¶¶ 42-43.) His assertion is incorrect. While it is true that the RS Means costs include basic support elements in the total building costs, Dr. Ankum misunderstands the nature of the RS Means data. The RS Means data does not address the total amount of gross space necessary to deliver a 100 square foot net usable collocation space. Instead, as noted above, RS Means provides square foot costs based on the total construction costs divided by the total square footage of floor area of the building, not divided by the net usable space. Thus, the relevant square foot figure to use is the total square footage needed to provide a nominal 9' x 11' enclosure which, in this case, is 200 square feet. Under Dr. Ankum's faulty analysis, Ameritech Michigan would be able to recover only the floor space costs of the net usable space, or 100 sq. ft., which would enable it to recover only 50% of the floor space costs incurred to provide collocation to the requesting carrier.

32. Dr. Ankum also states (Ankum affidavit, ¶ 56) that the floor space charge should reflect "medium cost" central offices, rather than "high cost" central offices. Ameritech Michigan utilized the 75th percentile cost figures from the 1995 version of Building Construction Cost Data because Ameritech Michigan believes that this figure is more inclusive of the forward-looking costs associated with a central office building and more accurately reflects the high quality of Ameritech's central office construction. As I explained above, Building Construction Cost Data is based on actual costs incurred by contractors who actually built telephone exchange buildings. As is evidenced by a

comparison of Ameritech's central office specifications to those used by the Square Foot Costs model, Ameritech builds high quality buildings. Thus, Ameritech determined that it was necessary and appropriate to utilize the figure associated with the 75th percentile of costs reported, instead of the median.

33. Moreover, the cost reported in Building Construction Cost Data is not the full cost that Ameritech Michigan would incur if it were to build a new central office. First, Building Construction Cost Data reports results by general contractors and does not include the design fees of architects and engineers. (See Ex. 6, p. 443.)¹ Second, there are no land costs and transaction fees in the RS Means data. Third, as an owner, Ameritech Michigan would also incur costs in the management of new construction.

34. Also, Dr. Ankum states that "it is obvious that a central office in New York would be more expensive than a central office in Michigan." (Ankum affidavit, ¶ 56.) That opinion is simply irrelevant; in fact, the RS Means cost figures are national averages that do not reflect geographical cost differences. Indeed, RS Means provides separate location factors to adjust for that type of geographical cost difference. Ameritech Michigan chose not to use these geographical factors because they tend to increase costs in urban locations, where demand for physical collocation is likely to be greatest.

Central Office Build Out Charge

¹ Dr. Ankum asserts inaccurately that the figure that Ameritech Michigan has used includes such design fees. (Ankum affidavit, ¶ 42, n.7.) In fact, Dr. Ankum relies on the wrong RS Means publication. Ankum cites to Square Foot Costs (*id.*); however, Ameritech Michigan uses Building Cost Construction Data, which does not include such costs.

35. Dr. Ankum's criticism of Ameritech Michigan's proposed COBO charges (Ankum affidavit, ¶¶ 46-51) is baseless. The COBO charge is intended to recover costs associated with accommodating a particular customer's request for physical collocation. Costs of accommodation are broken down into two divisions -- the preliminary engineering, or estimating, and the design firm order, or provisioning. The COBO charge includes cost inputs from the collocation coordinator, outside plant engineering, power engineering, CSPEC, digital transport engineering and real estate. Furthermore, COBO charges are broken down into 'first' and 'additional' costs to reflect the initial incremental costs associated with providing physical collocation and the additional incremental costs related to additional 100 square foot increments of space ordered at the same time.

36. In developing the real estate cost inputs for the COBO charge, Ameritech Michigan used the list of buildings where AVOIS customers were presently located and in which they expressed an interest in physically collocating in the future, as a sample of buildings most likely to have physical collocation customers. This list totaled 85 central office buildings distributed throughout the Ameritech region.

37. For each of these buildings, Ameritech surveyed the premises to determine the incremental cost to design, build and deliver a 100 sq. ft. physical collocation transmission node. Ameritech assumed as part of the survey that different central office buildings would have differing levels of collocation activity, essentially based on the size of the wire center customer base. Costs for items that benefited more than one collocator were distributed over the potential number of 100 sq. ft. transmission nodes that Ameritech estimated would be

requested in the central office building. The main cost categories in our survey were architectural/general construction, security, electrical and mechanical. (See Ex. 7.)

38. Ameritech used the average cost for each of these categories as a basis for determining the COBO rate element for a 100 sq. ft. transmission node. Ameritech then added the costs associated with managing the physical collocation projects, which is a fee that Ameritech pays to the provider of such project management services. (Id.) This type of estimating and project management process is consistent with our standard real estate practices.

39. Dr. Ankum maintains (Ankum affidavit, ¶¶ 44, 46-47) that Ameritech Michigan should not be entitled to any COBO charges because he claims that these costs are already included in the RS Means per square foot investment costs. His assertion is wrong. The costs in the COBO charge represent incremental forward-looking costs to accommodate the collocating customers in a central office, which are in addition to and distinct from the costs of building the central office itself, i.e., the floor space costs. Indeed, most of the costs which comprise the COBO charge have nothing to do with real estate-related central office costs; rather they involve the costs associated with engineering the accommodations for the collocator's telecommunications equipment.

40. In addition, the portion of the COBO cost components that is related to central office construction and real estate is not recovered by the floor space charge. The floor space charge is based on construction costs which reflect single-occupant central offices, and do not include accommodations required for multi-tenant occupancy. Dr. Ankum conceded this in his Ohio cost docket deposition, agreeing that most central office buildings were

designed for single tenants because, at the time they were built, the FCC had not ordered collocation (Ex. 8, p. 310). As a practical matter, Ameritech Michigan will modify existing central offices in order to provide physical collocation. By determining the forward-looking costs of this process, Ameritech Michigan's approach is consistent with TELRIC methodology and is a reasonable approximation of the cost Ameritech Michigan would incur even if it were to build a new central office, complete with the necessary configuration, space and support systems for physical collocation by other carriers.

41. Dr. Ankum's attempt to analogize the provision of collocation space in a central office to a student renting an apartment (Ankum affidavit, ¶ 51) is completely inappropriate. The modifications that Ameritech Michigan must make to provide a collocation space are, as noted above, different than the costs incurred in building a single-tenant central office. A more appropriate analogy might be where a tenant sought to structurally modify leased commercial real estate space to meet his or her specific needs. In that instance, a landlord would surely seek to recover costs to make such modifications, as well as to return the space back to its original marketable condition.

42. There are several expenses involved in a multiple-tenant situation which are not involved in single tenant situations. One of the main differences between a single-tenant and multiple tenant environment is the need for effective access/egress for secondary tenants. In addition, state and local building codes dictate the design of buildings to ensure that occupants can exit the building in case of emergency. At this point in time, existing central office buildings are not in conflict with these building codes because of their single-use status. However, as Ameritech reconfigures its central office buildings to accommodate

physical collocators, it encounters additional costs associated with complying with the applicable building codes.

43. Central office security issues are also more complex and more costly in a multiple tenant environment, and are complicated by building code requirements. For example, Ameritech Michigan may have to secure and separate from the collocator access route rooms or passages that otherwise would offer egress for code compliance. To be in code compliance in a multi-tenant situation, Ameritech Michigan must introduce alternative solutions, such as alarmed doors or doors with automatic releases connected to the alarm system. In addition, there are also rooms along the collocator access/egress route that need to be secured to protect supplies or equipment. These additional security measures are necessary incremental costs of constructing a building for multiple tenant use. (See generally Ex. 7.)

44. The COBO charge also covers the cost of such items as specific engineering, mechanical and electrical work to accommodate the collocator's telecommunications equipment in its transmission node, including lighting in the specific collocation area, one dedicated power receptacle, additional fire alarm coverage (if required) and construction of a security separation between the collocation space and Ameritech Michigan equipment. In addition, the equipment a collocating customer deploys requires a proper environment if it is to perform properly. The most important aspect of that environment is proper cooling, distributed to the node space. Ameritech Michigan accomplishes this by installing ductwork from the main building distribution system to deliver air directly to the collocation nodes. This involves engineering and contractor work and is engineered and installed specifically to

accommodate collocation. Distribution ducts are typically placed in conjunction with the actual deployment of the collocated equipment to ensure proper sizing and air distribution. (See generally Ex. 7)

45. Dr. Ankum also objects to the non-recurring nature of the COBO charge, claiming that some of these real estate costs would not be incurred if a current collocator vacated the premises and a new collocator came in. (Ankum affidavit, ¶ 55.) Dr. Ankum's claim is wrong, since each collocator has different requirements and may require a different node size or a different equipment layout. Thus, costs will be incurred to adjust such items as light fixtures, ductwork and power receptacles, to name a few. There is also no certainty that another customer would request collocation. In fact, vacant central office space may be used for other purposes, requiring Ameritech Michigan to remove the light fixtures, AC and heating ducts, security systems, etc.

Transmission Node Enclosure Charge

46. Dr. Ankum disputes (Ankum affidavit, ¶ 58) Ameritech Michigan's net present value calculations used to derive its transmission node enclosure charge. Dr. Ankum's complaint is baseless. For the convenience of our collocation customers, we added together all recurring costs and one-time costs to produce a one-time, upfront charge for constructing and maintaining the physical collocation enclosure, or collocation cage. Moreover, a collocator always has the option of constructing its own collocation cage conforming to the applicable specifications, rather than using Ameritech Michigan to perform that function.

Ordering and Space Reservation Charges

47. Dr. Ankum (Ankum affidavit, ¶ 59) also objects to the ordering and space reservation charges for physical collocation, saying that each should be limited to only one hour of labor time each. His position is groundless. To begin with, Dr. Ankum has never observed the ordering and space reservation process for physical collocation, and provides no basis for his one hour labor time figure. In addition, Dr. Ankum mistakenly believes that the costs that Ameritech Michigan is attempting to recover in these charges are costs (such as certain engineering and administrative costs) that are recovered elsewhere. In fact, they are not. The administrative procedures involved in reserving and ordering space are more than nominal, as our cost study demonstrates, and the associated costs are recovered only if a customer submits a firm order for physical collocation.

48. Dr. Ankum incorrectly asserts that Ameritech Michigan's charges for "equipment" are based on engineered, furnished and installed ("EF&I") investments. Of course, Dr. Ankum has no support for this proposition, and nowhere does he define what charges or types of equipment are purportedly based on EF&I investments. Certainly, a collocation node is not a piece of equipment, as the term is commonly used. Dr. Ankum does not identify any piece of equipment or service involved in providing collocation space that is priced based on EF&I investments.

49. Ameritech Michigan's service ordering process for collocation is essentially an inquiry as to the availability of space in a central office for the purposes of collocation. There are several steps in the service ordering process (see Ex. 9):

1. Service Center -- receives request and date-logs order.

2. Collocation Coordinator -- determines who investigates and schedules investigation of space availability.
3. CSPEC Space Planner -- checks office for space availability.
4. Collocation Coordinator -- verifies space availability and communicates to service center.
5. Service Center - sends answering letter:
 - If no space for physical, does requesting carrier desire AVOIS or another service
 - If space available, provides COBO information
6. Customer initiates firm order for ACOI and remits a 50% COBO payment, or customer cancels ACOI application.
7. Service Center -- upon receipt of a firm order for COBO, the service center establishes a CLLI code address and builds TIRKS database.

The Collocation Coordinator acts on the order by establishing an Ameritech undertaking (cost tracking account).

50. As I noted above, service order charge applies only if the customer submits a firm order for physical collocation and remits a 50% COBO payment. If the customer cancels the application or proceeds with another service, the customer is not charged for the labor time spent (on average 3 hours) to process the service order.

51. With respect to Ameritech Michigan's space reservation charge, that charge is calculated to recover Ameritech Michigan's forward-looking costs associated with the space

reservation process. The space reservation process enables CLECs to reserve space in Ameritech Michigan buildings where physical collocation is available.

52. Reservations are made via the ACOI order form and can be ordered at the time an initial transmission node is requested or separately at any future time. Reservations are for future space in the central office requested, but not necessarily for contiguous space. When a reservation order is placed, the Ameritech service center tracks and logs the request. Ameritech Michigan then examines the central office building and verifies that the amount of requested space is available. CSPEC checks and verifies space and documents and tracks all reservations.

53. There is therefore a one-time charge for the ordering of a space reservation to cover the administrative costs associated with checking, verifying, documenting and tracking all reservations.

Asbestos Assessment and Cancellation Charges

54. Dr. Ankum also objects to an "asbestos assessment" cost purportedly included in Ameritech Michigan's calculation of its "cancellation charge" for collocation orders. (Ankum affidavit, ¶ 61.) Dr. Ankum's complaint is a red herring. As Dr. Ankum knows, Ameritech Michigan's agreements do not impose a standard predetermined collocation cancellation charge. Rather, if a collocation order is subsequently cancelled, the actual costs are offset against any COBO payments refunded by Ameritech Michigan to the carrier. Moreover, Dr. Ankum misunderstands the nature of asbestos abatement costs. Those costs are incurred only if there is asbestos contained in the flooring of the area where the collocators' equipment is to be placed. If there is no asbestos in the area, there will be no

requirement to remove it. Of course, in order to ascertain whether there is in fact asbestos contained in the floor of the collocated equipment area, samples of the floor area are taken.

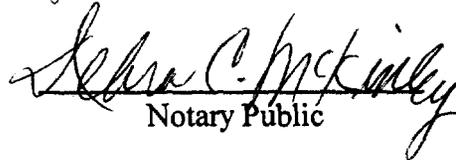
55. I should emphasize that there is no "cancellation fee" in Ameritech Michigan's collocation prices in its interconnection agreements. A "cancellation fee" was originally calculated for cost study purposes on the assumption that a fee reflecting the costs to accommodate the collocation request might be applied if the customer terminated the project. However Ameritech Michigan's interconnection agreements instead provide that a portion of the COBO charge will be paid up-front at the time of the firm order commitment. Under the current process, then, receipt of the initial COBO payment initiates establishment of an Ameritech undertaking (a costs tracking account) for the project. If, at some future date, the customer chooses to cancel the order, the costs incurred up to the date of cancellation will be accounted for in the undertaking. Recovery of the costs in this manner is consistent with FCC Tariff No. 2 (§ 2.4.3--Cancellation of an Order for Service). Resolution of cancellation costs is described in paragraph 5.4.3(B)(3) of FCC Tariff No. 2. (See Ex. 10.)

Further affiant sayeth not.

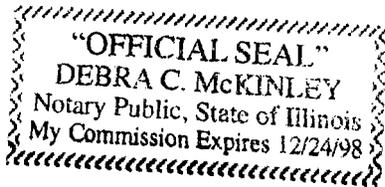
I hereby swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

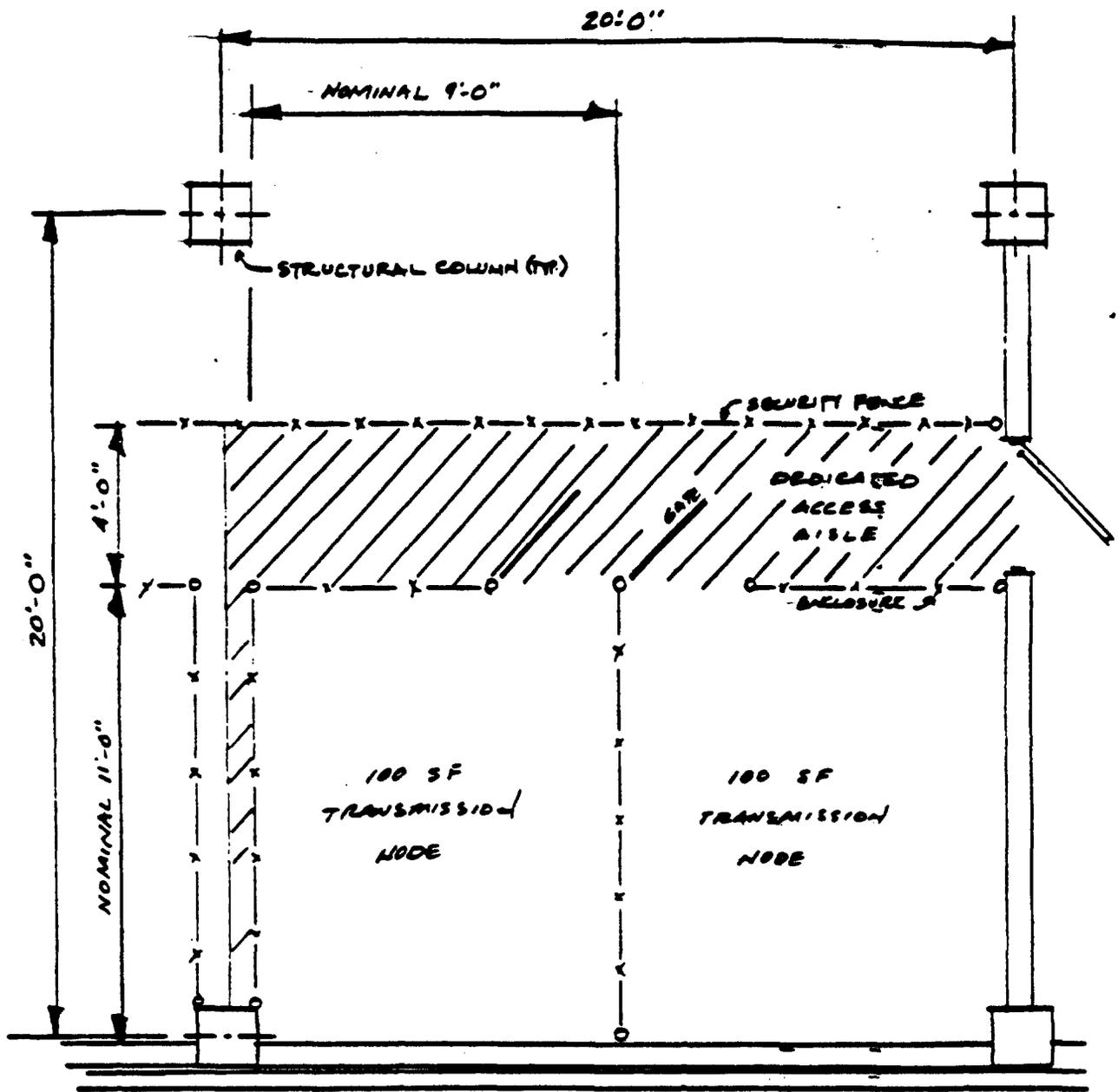

Paul E. Quick

Subscribed and sworn before me this 3rd of July, 1997.


Notary Public

My Commission expires: 12/24/98





Proposed 100 SF
Transmission Node
Configuration

Scale 1/4" = 1'-0"