

not be reached with Ameritech voluntarily, but rather would only be reached through arbitration. (See Letter from Neil Cox, dated March 5, 1996, attached as Exhibit A.) My letter to Larry Salustro, of AT&T, dated June 6, 1996, which is included as Attachment 6 to the Affidavit of Susan L. Z. Bryant, further details the negotiation history with AT&T.

7. As a result of AT&T's actions during the negotiations, Ameritech asked each of our five state commissions to mediate the negotiations, pursuant to Section 252(a)(2) of the Act. See Exhibit B. The state commissions granted Ameritech's request, and two separate mediations were conducted. One mediation was conducted by representatives of the Michigan Public Service Commission; the other mediation was conducted by representatives of the other four state commissions and chaired by Abby R. Gray, an Administrative Law Judge for the Indiana Utility Regulatory Commission. Neil Cox, the President of AIIIS, and I represented Ameritech in each of the mediation sessions. In fact, I participated in each and every substantive negotiation session and every mediation session. None of AT&T's affiants, on the other hand, including those whose affidavits contain statements about the negotiations, was a participant in either the negotiations or mediations.

8. Unfortunately, the mediation sessions did not produce agreement with AT&T on all open issues. Thus, AT&T filed a petition for arbitration on August 1, 1996. Ameritech also filed a petition for arbitration, on August 2, 1996. The

companies provided responses to each other's petition on August 26, 1996 and August 27, 1996.

9. The Michigan Public Service Commission conducted its arbitration presentation proceeding on September 24 and 25, 1996. I made a presentation during that proceeding. On October 28, 1996, the MPSC Arbitration Panel entered its proposed decision, and after both parties filed exceptions, the MPSC issued its arbitration award on November 26, 1996.

10. Thereafter, Ameritech and AT&T negotiated an Interconnection Agreement consistent with the arbitration decision. On January 29, 1997, AT&T and Ameritech executed an Interconnection Agreement (the "Interconnection Agreement") and submitted it to the MPSC for approval.

11. On January 24, 1997, AT&T filed a federal court lawsuit, challenging provisions of the Interconnection Agreement, or Ameritech's interpretation of the agreement, in four respects: (1) the absence of a provision allowing AT&T to purchase unbundled platform without Operator Services and Directory Assistance; (2) the absence of a provision requiring Ameritech to provide Route Indexing - Portability Hub as an interim number portability option; (3) Ameritech's refusal to provide "common transport" as defined by AT&T; and (4) Ameritech's entitlement to terminating access charges.

12. AT&T's witnesses in this proceeding make several statements about the negotiations that are incorrect. Those statements fall into three categories: 1) statements involving shared/common transport, 2) AT&T's request for Interconnection and the Interconnection Activation Date in the Agreement, and 3) the Bona Fide Request ("BFR") Process in the Interconnection Agreement. I will address each of those items as it relates to the negotiation history and the terms of the Interconnection Agreement. Mr. Edwards will address other aspects of those subjects in his affidavit.

13. First, AT&T's contention that Ameritech's actions during the negotiations led AT&T to believe that Ameritech had agreed to provide "common transport" as AT&T now defines it has no reasonable basis in fact. AT&T's argument is essentially that by changing references in the document from common transport to shared transport, Ameritech somehow was changing the product definition and requirements related to that Network Element. That is not true. Ameritech did not change anything other than the label for that Network Element. All of the substantive terms related to that Network Element—whether it is called Common Transport, Shared Transport or "George"—remained the same, and were agreed to by AT&T as early as October 21, 1996.

14. Those terms are principally contained in Schedule 9.2.4 of the Agreement.<sup>1</sup> Putting aside whatever controversy may exist regarding the name for Shared Transport in that Schedule, the terms and conditions for Ameritech's provision of Shared Transport to AT&T are set forth in the language of that Schedule. That language was agreed to by the parties, a fact that AT&T does not and cannot dispute.

15. Specifically, AT&T agreed that: (a) Shared Transport was a facility between the same locations specified for Dedicated Transport (See §§ 1.1 and 1.3); and (b) Shared Transport and Dedicated Transport permitted AT&T to request certain options and additional features (See § 3). Under AT&T's current definition of "Common Transport," it could not utilize those options since it proposes to use Ameritech's design specifications for Ameritech's own network.

16. At no time during the negotiations or Commission-supervised mediations did AT&T's representatives ever discuss "Common Transport" as AT&T now seeks to define that term, or ever raise "Common Transport" as an issue that was in dispute.

17. I have reviewed the Exhibit to Ms. Bryant's Affidavit that is entitled "AT&T's Unbundled Wholesale Products that AT&T Expects to Purchase." That document was Attachment 1 to Bonnie Manzi's May 8, 1996, letter to Neil Cox,

---

<sup>1/</sup> The other terms and conditions relating to Shared Transport are contained in Schedule 9.2.6 and Schedule 9.5.

President of AIIIS. [See Bryant Affidavit at Paragraph 34.] Ms. Manzi's cover letter states that Attachment 1 includes a list of the wholesale unbundled product combinations and individual components that AT&T is interested in purchasing, a summary for each requested product, including a brief definition and expected functionality for each product, and an expanded definition of each unbundled component.

18. I carefully reviewed Ms. Manzi's letter and its Attachment 1 as part of my participation in AIIIS' negotiations with AT&T. I have reviewed the letter and Attachment 1 again in conjunction with my preparation of this affidavit.

19. AT&T's definition of Common Transport in Attachment 1 to Ms. Manzi's letter is quite different from AT&T's definition of Common Transport today. Indeed, AT&T's definition of Common Transport in that document is virtually identical to its definition of Dedicated Transport, and is very similar to the definition of Shared Transport that is contained in the Interconnection Agreements.

20. I arrived at that conclusion by comparing the definition and network diagram drawings for Common Transport (Pages 28-30 of the Appendix of Attachment 1) with the definition and network diagram drawings for Dedicated Transport (Pages 31-35 of the Appendix to Attachment 1).

21. That AT&T-prepared attachment states:

Common Transport is an interoffice transmission path between LEC Network Elements (illustrated in Figure xx).



Figure XX

Dedicated Transport is an interoffice transmission path between AT&T designated locations. Such locations may include LEC Network Elements, AT&T network components, other carrier network components, or customer premises. Dedicated Transport is depicted below:

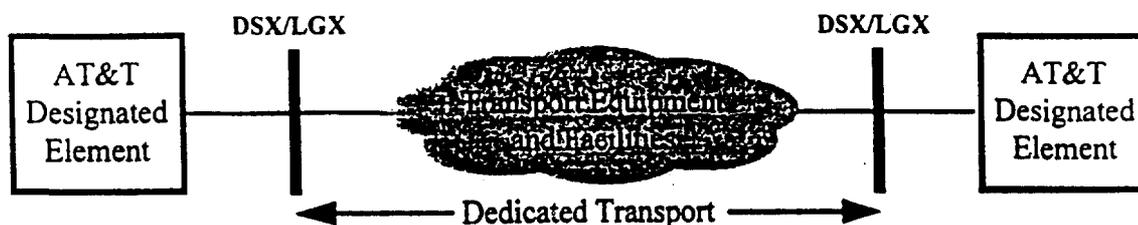


Figure zz

22. The portion of each diagram that illustrates AT&T's requested Network Element is the same: each begins and ends at the DSX (Digital Cross-Connect Panel) or LGX (Light Guide Cross-Connect Panel). And, what is between those end points and beginning points is exactly the same: "Transport Equipment and Facilities."

23. Ameritech carefully considered the Appendix when developing Schedule 9.2.4 of the Interconnection Agreement, and there are many provisions in AT&T's Appendix that are included verbatim in the Interconnection Agreement as I show in the mark-up attached hereto as Exhibit C. Significantly, the Technical References that both parties agreed to for Dedicated and Shared Transport are exactly the same. See Schedule 2.3 of the Interconnection Agreement, pages 2.3-2 - 2.3-4. And, the relevant terms and conditions are also the same, with minor noted exceptions.

24. One significant deletion from the AT&T requirements that I personally insisted upon during the negotiations, and to which AT&T agreed, was the provision in AT&T's Dedicated Transport requirements that Ameritech would provide Dedicated Transport as a system. At the time this issue was discussed with AT&T's negotiation team, I told AT&T that Ameritech was not required to provide Network Elements as a "System"; rather AT&T would have to order Network Elements individually (or have Ameritech combine such discrete Network Elements), and would receive only facilities and equipment and their associated functionalities, but not a service. This was consistent with Ameritech's position, as I always expressed it to AT&T, including in my June 6, 1996, letter to AT&T, that Network Elements were discrete facilities and equipment, not services. AT&T then agreed to delete references to Interoffice Transport as a System.

25. Thus, AT&T is wrong when it implies that AT&T requested what it now calls "common transport" from the beginning of our negotiations and that Ameritech deceived AT&T by re-labelling common transport as shared transport. During the negotiations of the Interconnection Agreement, AT&T never requested "common transport" as it now defines that term.

26. For the same reasons, the Network Element Platform Combination (which AT&T has now given the name UNE-P) does not include AT&T's current definition of "common transport" because the Network Element Platform Combination includes Shared or Dedicated Transport as those Network Elements are defined in Schedule 9.2.4.

27. Similarly, AT&T's allegations that Ameritech improperly rejected AT&T's orders for the Unbundled Network Element Platform are also misplaced because the orders that AT&T submitted were inconsistent with the Interconnection Agreement. Attached as Exhibit D is AT&T's first order for the Network Element Platform. Contrary to the requirements of Schedule 9.2.4 and Schedule 9.2.6 of the Interconnection Agreement, AT&T did not include the required ordering information. AT&T's order designated only the state in which it wanted the Network Element Platform, without providing any of the Trunk Side Information it was required to provide under Schedule 9.2.6 of the Interconnection Agreement, including the locations between which AT&T wished Ameritech to provide Interoffice Transport. In

fact, AT&T refused to provide any information about the Network Elements that are part of the Network Element Platform Combination. Similarly, AT&T still failed to provide some of that information when it reordered the Network Element Platform. See Letter from Bonnie Hemphill to Eddy Cardella, dated May 21, 1997, attached as Exhibit E. Without this information, Ameritech could not process AT&T's orders since it did not know where to provide the Network Elements or the quantity to provide, among other things. Ameritech has offered to assist AT&T with placing its Network Element Platform Orders, but AT&T has not taken Ameritech up on this offer.

28. AT&T is also confused about the Interconnection Activation Date and the Interconnection provisions of the Interconnection Agreement. I will focus on three issues: (1) The methods of Interconnection AT&T requested during the negotiations and mediations; (2) the Implementation Activation Date; and (3) the provision of the Interconnection Agreement relating the Interconnection provisions with the provisions providing access to Network Elements.

29. During the negotiations, AT&T repeatedly stated that its preferred method of Interconnection with Ameritech was Collocation. In that regard, AT&T provided Ameritech with its proposed Network Architecture. See Exhibit F. That Network Architecture included only Collocation as the Interconnection Methodology. Ameritech also offered to provide Interconnection via Mid Fiber Meet.

30. For that reason, the Interconnection Agreement provisions relating to Interconnection methodologies provide for Collocation and Mid Fiber Meet. All other requested Interconnection methodologies are subject to the parties' mutual agreement. These Interconnection provisions were hotly debated during the negotiations and mediations and Ameritech filed arbitration petitions in each state in which it raised as one of the issues AT&T's obligation to provide Interconnection to Ameritech when AT&T selected Collocation as an Interconnection methodology.

31. AT&T's claim that Interconnection for its so-called Digital Link service was crucial to its market entry is at odds with AT&T's conduct during our negotiations: Not once during the negotiations (or during mediation or arbitration) did AT&T even mention, let alone press for, Interconnection for Digital Link service. And this despite that fact that there was very extensive discussion of Interconnection generally, including discussion of such matters as the availability of eyewash kits in Collocation space. In fact, the first time AT&T raised Digital Link Interconnection was on February 14, 1997 -- well after the Interconnection Agreement was signed.

32. In post-arbitration discussions, Ameritech has agreed to provide Digital Link Interconnection to AT&T subject to the resolution of certain terms and conditions. However, AT&T has attempted to force Ameritech to accede to its demand that Ameritech provide such Interconnection on AT&T's stated terms (e.g., demanding that Ameritech pay more for Collocation than Ameritech charges AT&T for such

Collocation), ignoring the unambiguous provisions in the Interconnection Agreement, including the requirement that the parties mutually agree on new Interconnection methods. AT&T has engaged in unreasonable behavior in this process such as (1) threatening to engage in a "chicken-like" game of "what'll you do, Ameritech, if I place orders for this Interconnection before we agree on the terms," and (2) claiming that Ameritech is acting anticompetitively if it does not provide such Interconnection on AT&T's terms.

33. AT&T is wrong when it suggests that it can unilaterally advance the agreed-upon Interconnection Activation Date in the Interconnection Agreement. At the outset, I would note that it was AT&T that specified the dates that appear in Schedule 2.1 of the Agreement; Ameritech only concurred that it could meet those dates. AT&T now focuses on the words "on or before" in Section 2.1 of the Interconnection Agreement to argue that it can unilaterally advance the agreed dates in Schedule 2.1.

34. AT&T's position is indefensible. As Section 2.1 of the Interconnection Agreement provides, the Interconnection Activation Date may be modified only by agreement of the parties, and consistent with Section 3.4.4 of the Agreement.

Section 3.4.4 of the Agreement provides:

The Interconnection Activation Date in each new LATA shall be mutually established based on then-existing force and load, the scope and complexity of the requested Interconnection and other relevant factors. The parties

acknowledge that, as of the Effective Date, the average interval to establish Interconnection via Collocation or Fiber-Meet is one hundred fifty (150) days. Within ten (10) Business Days of Ameritech's receipt of AT&T's notice specified in **Section 3.4.1**, Ameritech and AT&T shall confirm the AIWCs, the ATIWCs and the Interconnection Activation Date for the new LATA by attaching a supplementary schedule to **Schedule 2.1**.

Thus, the words "on or before" cannot possibly mean that AT&T may unilaterally change the Interconnection Activation Date.

35. AT&T is also incorrect when it states that Ameritech's obligation to provide access to Network Elements is unrelated to Interconnection. Sections 2.1 and 9.1.1 of the Agreement clearly provide that Interconnection will be used to provide AT&T access to Ameritech's unbundled Network Elements.

36. Finally, AT&T's affiants complain that the BFR process includes items that should not be included. What AT&T fails to mention is that it agreed that each and every one of those items should be provided pursuant to the BFR process. In fact, with the exception of OS/DA, none of these items were even arbitrated. With respect to OS/DA, the final order adopted Ameritech's position. This is not the only instance where AT&T is attempting to back away from agreed-upon language in the Interconnection Agreement. In its appeals of the Interconnection Agreements, AT&T

challenges a provision relating to access charges taken verbatim from the FCC Rules—a provision to which it agreed during the negotiations and did not arbitrate.<sup>2</sup>

II. LCI

37. LCI requested negotiations under the Act on March 5, 1996. LCI withdrew that request for negotiations on June 20, 1996, and resubmitted its request on August 20, 1996. LCI requested that Ameritech provide Resale Services to LCI, and Ameritech and LCI have executed two such Resale Agreements, and Resale Services agreements in Ameritech's three other states, will be executed shortly.

38. In addition, LCI has requested that Ameritech conduct a trial of its proposed Network Element Platform. At no time did LCI ask Ameritech to negotiate or enter into an agreement for the provision of Network Elements, Interconnection, or any service other than Resale Services.

39. As Ms. Bingaman correctly states in her Affidavit, LCI requested that Ameritech employees come to LCI's offices in McLean, Virginia, to discuss a proposed trial of LCI's proposed Network Element Platform. As Ms. Bingaman also correctly states, I readily consented to the request, and LCI and Ameritech met on February 28, 1997.

---

<sup>2/</sup> In its June 27, 1997 Opinion, the U.S. Court of Appeals for the Eighth Circuit upheld this provision of the FCC Rules as it applies to interstate access charges.

40. Ameritech was represented by five individuals: myself; Sarah Buerger, Senior Product Manager — Resale; Judy Armes, Marketing Project Manager — Rebundling; David Moser, Director Technical Planning; and Ron Lambert, Ameritech in-house Counsel. Ms. Buerger, Mr. Moser and Mr. Lambert are the members of one of the negotiating teams which I directly supervise and which negotiated Resale Service Agreements with LCI. LCI had at least six attorneys and one regulatory person at that meeting.

41. Mr. Gillan, who represented himself as a consultant for LCI, described LCI's proposed trial of the Network Element Platform.

42. Contrary to the statement in Ms. Bingaman's affidavit, at no time did I state that "Ameritech was willing in concept to enter into the test as we [LCI] had proposed it." Rather, as Ms. Bingaman's March 4, 1997, letter notes, I proposed two alternatives at the meeting, which LCI rejected. Indeed, as Ms. Bingaman's letter states, the parties agreed to schedule another meeting to discuss LCI's request, and I agreed to review LCI's proposal and provide a response to that proposal. During the February 28 meeting, I specifically told LCI that I was not agreeing to a trial, but would further consider LCI's proposal. Thus, I am at a loss to understand how Ms. Bingaman could have believed that I agreed, in concept or otherwise, to LCI's proposed trial during the February 28, 1997, meeting.

43. I responded to LCI on March 19, 1997. My letter is attached to Ms. Bingaman's affidavit as Exhibit G.

44. Ms. Bingaman's March 24, 1997, letter revealed that, as was true during the meeting on February 28, 1997, the parties disagreed about several key concepts related to the LCI's proposed Network Element Platform trial.

45. LCI and Ameritech met again, in Chicago, on April 10, 1997. As a result of that meeting, and as Ms. Bingaman's April 11, 1997, letter states, after further discussions, it was apparent to both parties that there was a disagreement regarding Ameritech's proposed Unbundled Local Switching (ULS) offering. During the meeting, I held out little hope that we would reach agreement on LCI's proposed platform with that and other disagreements still outstanding, but agreed to consider the matter further and provide a response to LCI.

46. I provided that response to LCI on April 16, 1997. As I stated in my letter, and based on very direct questions I asked one of the LCI business people who joined the meeting by conference call, either Ron Kelly or Wayne Charity, I believed that LCI and Ameritech had a common understanding, although no agreement, regarding LCI's requirements for its proposed Network Element Platform. In my April 16, 1997 Letter to Ms. Bingaman, I detailed what I believed were LCI's requirements for the Network Element Platform based on the answers I received from either Mr. Kelly or Mr. Charity. One of the key disagreements between Ameritech

and LCI involved the functionality and product definition of Ameritech's Unbundled Local Switching offering. For example, Ameritech and LCI had and have a fundamental disagreement regarding the functionality and product definition of Unbundled Local Switching Trunk Ports. See April 16, 1997 Letter at Page Two. Indeed, Ms. Bingaman's April 25, 1997, letter itself admits that LCI and Ameritech had not agreed on the product definition of Unbundled Local Switching. See April 25, 1997 Letter at 1. For that reason, I cannot understand how Ms. Bingaman or anyone else at LCI could have reasonably concluded that I had agreed to LCI's proposed Network Trial when LCI and Ameritech were unable to agree on key elements of the trial.

47. When I received Ms. Bingaman's April 25, 1997 Letter, I responded and asked her to tell me how the description of LCI's proposed trial in my April 16, 1997 letter was incorrect so that I could reconsider Ameritech's position. Again, I highlighted that our disagreement appeared to focus on the product definition for Unbundled Local Switching. Nothing In Ms. Bingaman's subsequent letter dated May 22, 1997, demonstrated that that disagreement had disappeared or that I had not correctly understood LCI's request related to the definition and functionality of the Unbundled Local Switching offering. It also continued to appear that the parties had a disagreement relating to LCI's request for "common transport." As stated in Ms. Bingaman's May 22, 1997 letter, LCI continued to insist that when it purchased what

it termed "common transport"—a service which Ameritech has declined to provide as a Network Element—LCI would also receive other Network Elements, including directory assistance, operator services, signaling and access to databases and tandem switching, in addition to interoffice transport. Thus, given these fundamental differences that were clearly stated during each and every meeting or discussion with LCI, I cannot understand why Ms. Bingaman would contend that I agreed to a trial of a product/service when we could not agree on what that product/service was.

48. Based on Ms. Bingaman's subsequent correspondence, I understood that LCI was interested in participating in the current trial with AT&T. However, LCI did not want to limit its role in that trial to observer and also insisted that it conduct its own trial with Ameritech because its requirements are allegedly different from AT&T's. Ameritech has agreed to LCI's participation in the AT&T trial as an observer, and Ameritech understands that AT&T has also agreed to such participation. Ameritech is willing to participate in a trial with LCI. However, before we can do so, we must, as we did with AT&T, agree on what we will be testing. With AT&T, we had our existing Interconnection Agreement, which contained provisions relating to the Unbundled Network Element Combination, and we are negotiating a separate trial agreement. Ameritech has offered to execute the AT&T Interconnection Agreement with LCI and to attempt to enter into a trial agreement with LCI on mutually-agreeable terms and conditions. Ameritech is awaiting LCI's response to that offer.

#### IV. MCI

49. I will discuss the following issues raised in MCI's comments and in the affidavits of MCI witnesses Davis and Sanborn: 1) Ameritech's so-called refusal to negotiate a region-wide Interconnection agreement, 2) Ameritech's alleged failure to allow MCI to place test orders, 3) status of the Michigan Interconnection Agreement, 4) the BFR process, 5) Sub-Loop unbundling, 6) provision of loops over Integrated Digital Loop Carrier (IDLC), and 7) Ameritech's obligation to provide short-term promotions at the promotional rate.

50. When MCI states (Davis, ¶20) that Ameritech refused to negotiate a regionwide Interconnection Agreement, MCI is telling a half-truth. It is true that Ameritech, consistent with the Act, stated that Interconnection Agreements would have to be separately filed for each state in which MCI sought an Interconnection Agreement. However, Ameritech negotiated those agreements with a single negotiating team, and absent specific state law or arbitration decision differences, those negotiations included terms and conditions that are virtually identical in each of the five states. MCI did not object to such a process during the negotiations, and certainly it invoked its right to seek arbitration in each of Ameritech's five states.

51. MCI is correct that Ameritech did not permit MCI to place so-called test orders (Davis, ¶34; King, ¶ 44), before it executed an Interconnection Agreement. Ameritech's decision was based on: (a) the need to ensure that the orders were

actually test orders and not live customer orders; and (b) the unlimited liability which Ameritech would face without any protection from tariff or contractual provisions.

Where the services that MCI sought to test were tariffed, Ameritech offered MCI the right to place those orders under tariff. Ameritech also offered MCI the opportunity to enter into a test agreement pursuant to which some testing would occur. MCI flatly declined this opportunity. Many of the test orders involved actual customers, and Ameritech reasonably required that the terms and conditions of providing service to such customers should be established before testing could begin.

52. Ms. Sanborn's statement that no Michigan Interconnection Agreement exists because of Ameritech's insistence on industry-standard limitation of liability provisions (Sanborn, ¶14) also fails to state the relevant facts. First, to the extent that Ms. Sanborn's statement implies that Ameritech insisted on its preferred limitation of liability provisions, that is simply false. Ameritech offered MCI several options for resolving the limitation of liability issue: 1) using any arbitrated or negotiated limitation of liability provision in any approved Ameritech Michigan Interconnection Agreement, or 2) using MCI's own limitation of liability provisions in its carrier-to-carrier tariffs. MCI rejected each of those offers. In any event, the Michigan Commission has resolved this issue by requiring the parties to include the AT&T arbitrated limitation of liability provision in the MCI /Ameritech Michigan

Interconnection Agreement which was filed with the Commission on June 17, 1997, and which is pending approval.

53. With regard to MCI's claims regarding the BFR process (Sanborn, ¶11), MCI agreed to or arbitrated and lost the provisions it now complains about. Particularly with regard to provisions it agreed to, Ameritech fails to understand how MCI can validly complain about such provisions. (I would also note that Ms. Sanborn signed the Interconnection Agreements for MCI and should be aware of their terms.)

54. With regard to MCI's claims about Ameritech's failure to provide sub-loop unbundling (Sanborn, ¶21), MCI raised and lost this issue in arbitration.

55. With regard to MCI's claims regarding Ameritech's provision of Loops that are served by Integrated Digital Loop Carrier (IDLC) (Sanborn, ¶34), Ameritech notes, as we informed MCI during the negotiations, that Ameritech's position is consistent with Paragraph 384 of the FCC First Report and Order. Moreover, MCI agreed to the provision in the Agreement that reflects the terms under which Ameritech will provide IDLC loops that MCI now complains about. See Schedule 9.5, § 2.1.2.

56. Finally, MCI's complaint about the resale rates that apply to Ameritech's offering of short-term promotions (Sanborn, ¶91) is equally without merit: MCI agreed to those provisions, too.

57. This concludes my affidavit.

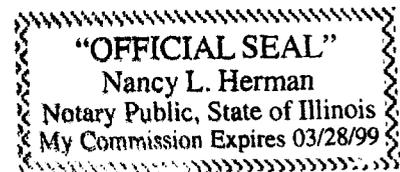
I swear, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge and belief.

*H. Edward Wynn*

H. Edward Wynn

Subscribed and sworn before me this 2 day  
of June, 1997.

*Nancy L. Herman*  
Notary Public



My Commission expires: 3-28-99

---

**A**



Information Industry Services  
350 North Orleans, Floor 3  
Chicago, IL 60654  
Office 312/335-6626  
Fax 312/527-3780  
Cellular 312/802-6626  
Pager 1-800-SKYPAGE  
Pin #2558136

Neil E. Cox  
President

March 5, 1996

Ms. Bridget B. Manzi, Vice President  
Central States Local Services Organization  
AT&T  
227 West Monroe, Suite 1300  
Chicago, IL 60606

Dear Ms. Manzi:

Notwithstanding our discussion yesterday, I am hopeful that Ameritech and AT&T will successfully conclude our negotiations for interconnection under Sections 251 and 252 of the Telecommunications Act. Although you stated that AT&T's goal was to be purchasing services from Ameritech within 270 days of your request for negotiations, Ameritech would hope that we could reach agreement quickly, so that AT&T could begin purchasing those services shortly.

Toward that goal, and as you requested, I am writing you to summarize our discussions yesterday and provide our preliminary input on the issues you raised during that meeting.

At the outset, though, I must express serious concern that AT&T is not viewing our discussions as good faith negotiations under the Telecommunications Act of 1996, but as a discovery process prior to the arbitration process detailed in the Act. As we noted yesterday, AT&T's providing Ameritech with a "Information/Document Request" in a form not unlike that utilized in a regulatory proceeding, not only is not contemplated by the Act, but it is inconsistent with the concept of our discussions being negotiations. We would prefer to handle your requests as though our discussions were in fact negotiations, and will respond to your requests as such, as I will discuss later in this letter. Your explicit reference to 270 days as the time frame in which we will have an Agreement, an apparent reference to Section 252(b)(4)(C) of the Act, is also troubling.

Ms. Bridget B. Manzi  
March 5, 1996  
Page 2

Despite these concerns, let me re-affirm Ameritech's desire to reach agreement with AT&T on a negotiated basis. For that reason, as I have in other negotiations with my unit's customers, let me try to set out Ameritech's preliminary positions on the issues you raised yesterday, and on those issues where we need further information, I will detail the further information that Ameritech needs to respond fully to your requests. Please treat those requests in that frame of reference only: we will not be serving formal interrogatories or document requests on AT&T during our negotiations, and to the extent that you believe that any of the information is confidential or proprietary, we have proposed amending our existing nondisclosure agreement to address those concerns. If you do not respond to a request, that is fine, too. We will use the best available information we have to respond as completely as we can to your requests.

1. Local Exchange Resale Services

As we discussed, Ameritech currently offers Local Exchange Resale Services pursuant to tariff in Illinois, and a pending tariff in Michigan. In addition, Ameritech will offer local exchange resale services in the other three Ameritech states. As we also discussed, Ameritech will modify its local exchange resale offering to include all telecommunications services that the Act requires Ameritech to provide for resale.

You stated that AT&T had two concerns with existing resale price structures. First, AT&T believes that, in some cases, the resale price may be greater than the retail price. Second, AT&T believes that Ameritech must make available all discount pricing structures that it offers at retail.

With regard to the first concern, Ameritech believes that the pricing in its resale offering fully complies with the pricing standard in the Act. However, Ameritech is willing to address any disparities in that pricing that AT&T believes exist. For that reason, if you could provide us specific information to demonstrate that the pricing Ameritech offers has the effect that you contend that it does, we will gladly address those concerns. At our next meeting, we will bring specific examples to demonstrate how we believe that the pricing in our resale offering fully complies with the Act's pricing standards.

With regard to the second concern, Ameritech does not believe that it is required to provide to resale customers all the discount or other pricing structures that it offers at retail, although Ameritech has fully reflected all applicable discounts and pricing structures in its pricing model. Your suggestion that we apply discount upon discount is inconsistent with the way