

Sections 252(a) and (b), see Joint Explanatory Statement of the Committee of Conference at p. 125).

The Agreement is consistent with the public interest, convenience and necessity. It is a comprehensive agreement that tailors the interconnection and service arrangements previously approved by the Commission for facility based competition to meet the individual needs of the parties and thereby will promote facility-based, local exchange competition--one of the primary purposes of the Act and a long-standing goal of this Commission. The Agreement will enhance MFS' existing ability to provide residential and business subscribers in Ameritech Illinois' service territory with a facilities-based, competitive alternative for their local exchange service.

The Agreement meets all the requirements of the Act and the Commission should approve it.

STATE OF ILLINOIS)
)
COUNTY OF COOK)

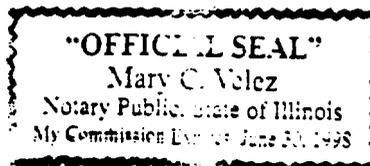
VERIFICATION

A. Raymond Thomas, being first duly sworn, states on oath that he is General Manager - Sales and Service for Ameritech Information Industry Services, and that the facts stated in the foregoing Request for Approval and Statement in Support of Request for Approval are true and correct to the best of his knowledge, information and belief.

A. Raymond Thomas
A. Raymond Thomas

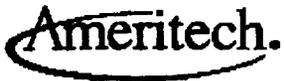
Subscribed and sworn
to before me this
22 day of May 1998

Mary C. Velez
Notary Public



Ameritech Corporate
225 West Randolph Street
Floor 27B
Chicago, IL 60606
Office 312/727-2860
Fax 312/645-8871

Mark R. Ortlieb
Counsel



May 21, 1997

VIA FACSIMILE

Mr. Jim Washington
Vice President, Carrier Relations
Teleport Communications Group
Two Teleport Drive
Staten Island, NY 10311-1004

Dear Mr. Washington:

Ameritech is willing to implement for TCG Detroit, beginning April 9, 1997, the \$0.015 per minute reciprocal compensation rate from the Brooks Fiber agreement, with the express understanding that such rate is subject to the terms set forth in the First Addendum forwarded to you in my letter of May 9, 1997. I have enclosed another copy of the First Addendum for your reference.

Ameritech is willing to implement this rate without a signed amendment only in this case and only because neither party had sought the necessary guidance from the MPSC concerning approval requirements at the time of your initial request was made. In the future, all requests to exercise the MFN clause of our agreement must be reflected in a written amendment is signed by both parties.

Please call me with any questions about this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark R. Ortlieb", written in a cursive style.

Mark R. Ortlieb

cc: Neil Cox
John Lenahan
Larry Strickling
Ed Wynn



LEGAL DEPARTMENT
225 W. RANDOLPH STREET.
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CHICAGO, ILLINOIS 60606

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FROM: Mark Ortleb

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STENOGRAPHIC TRANSCRIPT OF PROCEEDINGS

BEFORE THE

Illinois Commerce Commission

DOCKET NO. 96-0404

IN THE MATTER OF:

ILLINOIS COMMERCE COMMISSION
On its own motion

PLACE: Chicago, Illinois

DATE: January 14, 1997

PAGES: 395-763

SULLIVAN REPORTING COMPANY
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BEFORE THE
ILLINOIS COMMERCE COMMISSION

IN THE MATTER OF:)
)
ILLINOIS COMMERCE COMMISSION)
on its own motion) 96-0404
)
Investigation concerning Illinois Bell)
Telephone Company compliance with)
Section 271(c) of the)
Telecommunications Act.)

Chicago, Illinois
January 14, 1997

Met, pursuant to notice.

BEFORE:

MR. MICHAEL GUERRA, Administrative Law Judge.

APPEARANCES:

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MICHAEL R. URBANSKI, C.S.R., and
MARY T. SULLIVAN, C.S.R., and
STEVEN T. STEFANIK, C.S.R.

I N D E X

| <u>WITNESSES:</u> | <u>DIRECT</u> | <u>CROSS</u> | <u>REDIRECT</u> | <u>RE-CROSS</u> | <u>JUDGE</u> |
|--------------------|---------------|---|-----------------|-----------------|--------------|
| RAMONT BELL | 414 | 418 442 449 451 | 453 | 459 461 | |
| GREGORY JOHN DUNNY | 462 | 480 488 545 564 600 612 620 | 624 | | |
| WARREN MICKENS | 648 | 626 652 656 673 723 | 743 761 | 749 756 | |

E X H I B I T S

| <u>AMERITECH</u> | <u>FOR IDENTIFICATION</u> | <u>IN EVIDENCE</u> |
|--------------------------|---------------------------|--------------------|
| No. 6 & 6.1 | 414 | 417 |
| Nos. 2.0, 2.1, 2.2, 2.2P | 462 | 479 |
| No. 8 | 648 | |
| <u>STAFF'S</u> | | |
| No. 2 | 535 | |
| <u>SPRINT</u> | | |
| Nos. 1 and 2 | 544 | |
| <u>AT&T CROSS</u> | | |
| No. 5 | 596 | 672 |

1 -would be the case, certainly if there was a
2 dispute on how we interpreted one versus another
3 party interpreting one, they have mechanisms to
4 resolve that dispute.

5 But that would be my basic
6 understanding of how that would work.

7 Q. Okay. This is a nice segue into most
8 favored nations.

9 If a party wanted to invoke their
10 most favored nations clause with respect to
11 something that's contained in another contract,
12 and an example, unbundled network elements, does
13 the requesting carrier have to take all of the
14 unbundled network elements and utilizing their MFN
15 clause?

16 A. Again, not a lawyer, I'll tell you my
17 intentions. They would not.

18 They would have to take, again, the
19 sections that would pertain to that network
20 element.

21 An example might be if I had CCT
22 and CCT had an agreement to procure unbundled

1 local loops with certain provisioning conditions,
2 and someone else came along and negotiated and
3 I'm -- just a hypothetical situation, negotiated a
4 lower price but they also said I would take a
5 reduced quality or longer provisioning intervals,
6 then if CCT said I would like to have that reduced
7 price, I would say okay, we can sit down but your
8 most favored nation language would indicate you
9 also have to take the terms and conditions that go
10 along with that lower price.

11 So perhaps if the other carrier had
12 a lower quality because they -- it's my
13 understanding of the Act and the rules, they could
14 request a lower or higher quality, that if they
15 had a lower quality, that that may support a lower
16 price.

17 So a carrier could not on one hand
18 come in and say I want the lower price but the
19 same level of quality or I want the lower price
20 but my accelerating provisioning, so those issues
21 are related.

22 So our intention would be to keep

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Illinois Commerce Commission :
On its Own Motion :
 : 96-0404
Investigation concerning Illinois Bell Telephone :
Company's compliance with Section 271 (c) :
of the Telecommunications Act of 1996. :

HEARING EXAMINER'S SECOND PROPOSED ORDER

JUNE 18, 1997

H. E. PROPOSED ORDER

Commission expressly has found that all of the rates, terms and conditions contained in the AT&T Agreement fully comply with Sections 251 and 252(d), and with the FCC's Regulations. Accordingly, Ameritech maintains that CCT, MFS and TCG have available to them all of the checklist items for immediate order, on rates, terms and conditions that fully comport with the Act. Ameritech adds that the rates, terms and conditions contained in its interconnection agreements with CCT, MFS and TCG fully comply with Sections 251 and 252(d). However, it notes that it would not matter even if that were not the case, because these carriers may order unbundled loops, or any other checklist item, out of the AT&T Agreement.

Staff refers to Ameritech's attempt to rely on other agreements through MFN clauses as an attempt to do indirectly what the 1996 Act prohibits on a direct basis. It states that this reliance on the AT&T Agreement is nothing more than a Track B approach in disguise. Staff maintains that Ameritech has not met the requirements to proceed under Track B. It further notes that with the language of Section 271(c)(1)(B) — the Track B approach — Congress allowed for the possibility of interLATA relief in situations where the BOC is offering only access and interconnection. Staff contends, however, that this "possibility" is subject to specific requirements which represent Congress' judgment as to the proper balancing of the diverse if not competing interest of BOCs, long distance companies and consumers. Staff argues that Ameritech has not demonstrated that it meets those requirements.

Staff further notes that MFN clauses are akin to the statutory requirement in Section 252(i) that ILECs make approved agreements available to all carriers. 47 U.S.C. §252(i). It contends that if Congress intended to allow BOCs to rely on the availability of other agreements to satisfy the conditions of Section 271(c)(1)(A), it would have provided for that potentiality. Staff maintains that, notwithstanding Congress' creation of a legislative MFN clause in Section 252(i), Congress specifically required in Section 271(c)(1)(A) that a BOC establish that it has entered into one or more agreements specifying the terms and conditions under which it is providing access and interconnection. Staff further stresses that Congress provided in Section 271(c)(2)(A) that the checklist requirements of Section 271(c)(2)(B) must be met by the access and interconnection which the BOC is providing pursuant to its agreements with facilities-based carriers serving business and residential carriers as required under Section 271(c)(1)(A). Staff states that if Congress had intended to allow BOCs to rely on the terms and conditions of other agreements, it would have specified otherwise.

Commission Conclusion

There is simply nothing wrong with the incorporation by reference of items from other contracts. This is what the MFN clause accomplishes. Incorporation by reference is sufficient from a contract law standpoint and, therefore, it is sufficient for the Commission. Pursuant to those MFN clauses, CCT, MFS and TCG may order individual network elements or checklist items out of Ameritech's approved interconnection agreement with AT&T or any other approved agreement. The AT&T Agreement includes all of the checklist items. In addition, this Commission has

Commission Conclusion

Ameritech is required by the 1996 Act and the FCC's regulations to provide unbundled local transport to requesting carriers. Unbundling of local transport/interoffice transmission facilities is required under Section 251(c)(3), and it is a separate "competitive checklist" item under Section 271. The FCC concluded that "incumbent LECs must provide interoffice transmission facilities on an unbundled basis to requesting carriers." First Report and Order, ¶ 439.

The FCC in its regulations has defined interoffice transmission facilities as follows:

[I]ncumbent LEC transmission facilities dedicated to a particular customer or carrier, or shared by more than one customer or carrier, that provide telecommunications service between wire centers owned by incumbent LECs or requesting telecommunications carriers, or between switches owned by incumbent LECs or requesting telecommunications carriers.
47 C.F.R. § 51.319(d).

Ameritech is further required to provide, in addition to exclusive use of dedicated interoffice transmission facilities, "use of the features, functions and capabilities of interoffice transmission facilities shared by more than one customer or carrier" and to provide "all technically feasible transmission facilities, features, functions and capabilities that the requesting telecommunications carrier could use to provide telecommunications services." 47 C.F.R. § 51.319(d)(2).

As is the case with all network elements, the FCC's regulations provide that an incumbent LEC "shall not impose limitations, restrictions, or requirements on requests for, or the use of, unbundled network elements that would impair the ability of a requesting telecommunications carrier to offer a telecommunications service in the manner the requesting telecommunications carrier intends." 47 C.F.R. § 51.309(a). Ameritech further must provide nondiscriminatory access so that the quality of CLEC access to that element is at least equal to that which Ameritech provides itself. 47 C.F.R. § 51.311(b).

We find that Ameritech's position on shared transport is inconsistent with the FCC's Order and with the common understanding of shared transport. The Commission is of the opinion that shared/common transport is a network element required to be unbundled to satisfy the requirements of Section 251(c)(3). Therefore, this element of the checklist has not been met.

We must note that we disagree with Staff regarding their objection that Ameritech provides unbundled local transport to CCT through its special access tariff, and not its interconnection agreement with CCT. We agree with Ameritech regarding the availability

H. E. PROPOSED ORDER

of the unbundled local transport products contained in the AT&T Agreement, which MFS, TCG or CCT can purchase through the MFN clauses in their respective agreements. Furthermore, the prices set forth in the AT&T Agreement, along with the relevant terms and conditions, are available to CCT, MFS, and TCG through the MFN clauses in their agreements.

The Commission further finds that Ameritech's modified proposal for unbundled local transport suffers from the same inadequacies as Ameritech's original offering. The Commission views Ameritech's latest proposal as simply an option to purchase dedicated transport down to a circuit-by-circuit, or DS-0 level, not an option to purchase true shared transport. As with its original proposal, Ameritech will not make available the full functionality of its transport facilities with a CLEC, and CLEC traffic will not be carried over Ameritech's existing, switched network, but rather by discrete, dedicated facilities. This version of unbundled local transport suffers from the same engineering and administration deficiencies as Ameritech's previous "Shared Carrier Transport" offering.

6. Unbundled Local Switching

Checklist item (vi) requires Ameritech Illinois to provide local switching unbundled from transport, local loop transmission, or other services. Furthermore, Section 251(c)(3) states that:

incumbent LECs have the duty to provide, to any requesting telecommunications carrier for the provision of a telecommunications service, nondiscriminatory access to network elements on an unbundled basis at any technically feasible point on rates, terms, and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions that are just, reasonable, and nondiscriminatory in accordance with the terms and conditions of the agreement and the requirements of this section and section 252. An incumbent local exchange carrier shall provide such unbundled network elements in a manner that allows requesting carriers to combine such elements in order to provide such telecommunications service.

The first Hearing Examiner's Proposed Order relative to ULS involves the adequacy of the internal testing performed by the Company. In response to this concern, Ameritech Illinois submitted extensive additional information that demonstrates that it has fully tested ULS and is currently prepared to furnish ULS to CLECs on a timely basis and in commercial quantities.

Ameritech

Ameritech states that extensive internal testing was conducted for unbundled switched ports and the required switch translations. These tests included: (i) "silo" testing, which is conducted within the operations systems or sub-systems to verify that a modification has been implemented and is working properly; and (ii) integrated

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

| | | |
|---|---|------------------|
| SPRINT COMMUNICATIONS COMPANY L.P. |) | |
| Petition for Arbitration of Interconnection |) | |
| Rates, Terms, Conditions and Related |) | Case No. U-11203 |
| Arrangements with Michigan Bell Telephone |) | |
| Company d/b/a Ameritech Michigan. |) | |
| <hr/> | | |

NOTICE OF DECISION OF ARBITRATION PANEL

The attached Decision of the Arbitration Panel (DAP) is being issued and served on both parties of record in the above matter on December 16, 1996.

Written objections to the DAP, if any, must be filed with the Michigan Public Service Commission, P.O. Box 30221, 6545 Mercantile Way, Lansing, Michigan 48909, and served on the other party of record on or before December 26, 1996. To be seasonably filed, objections must reach the Commission on or before the date they are

The Panel is not persuaded that Ameritech should be required to offer Sprint resale services at the lower of the wholesale discount rate or the rate, including promotional discounts of less than 90 days, that Ameritech offers its own customers. To hold otherwise would impair the ability of Ameritech to participate in the competitive market, and thus, would be inconsistent with the public interest in promoting healthy competition. Therefore, the Panel rejects Sprint's proposed § A10.5.3.

ISSUE 7 (Sprint)

ISSUE IV (Ameritech)

If Ameritech is not able to rebrand Operator Call Completion or Directory Assistance Service for Sprint, should it be required to unbrand such services as the second best alternative?

DECISION:

The Panel finds that the Interconnection Agreement must include a provision that Ameritech is required to accommodate Sprint's branding requests concerning operator services and directory assistance. If it is not technically feasible for Ameritech to rebrand Sprint's calls then Ameritech must unbrand all such calls.

REASONS FOR DECISION:

The FCC has recognized the critical role of brand identification for carriers

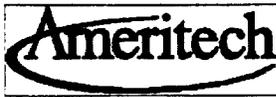
choose an individual rate, an individual term, or an individual condition that appears in another Ameritech agreement. It argues that section of the Act requires that Ameritech make available "any interconnection, service, or network element," but is silent concerning other arrangements like the contractual provisions at issue here.

In its November 26, 1996 order in Case Nos. U-11151 and U-11152, the Commission adopted Ameritech's proposal to delete the section of the contract between AT&T and Ameritech that would have contained a statement concerning most favored nations status, and left the parties to pursue their differing interpretations of § 252(I). The Commission noted that the proper interpretation of that statutory section "is a major issue that does not need to be addressed at this time." In order to avoid delay in the interconnection process, the Commission approved the contract with the most favored nations provision excised.

The Panel finds it appropriate to follow the Commission's lead on this issue and therefore rejects Sprint's proposed § 6.5.3, the relevant portion of § 12.5, and § 26.3.1. The parties are free to pursue their respective positions concerning provisions in agreements between Ameritech and third party requesting carriers.

b. Ameritech proposed language in § 12.5 of the contract that would prohibit Sprint from collocating "switching equipment, equipment used to provide enhanced services, or equipment used to facilitate hubbing architectures."

Although 47 C.F.R. § 51.323(c) speaks to the incumbent LECs' right to prohibit



AM TR-NIS-000140

AMERITECH BONA FIDE REQUEST PROCESS

To: Outside Vendors
Priority: N/A
Effective Date: February 1997
Issue Date: Issue 2, February 1997
Expires On: N/A
Training Time: N/A
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Issuing Dept: AIIS
Distribution: InfoTech
Business Unit: Ameritech Information Industry Services

Point(s) of Contact:

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