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October 15, 1998

**VIA EXPRESS MAIL**

**FEDERAL COMMUNICATIONS COMMISSION**

Office Of Secretary  
Attn: Magalie Roman Salas  
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Room 222  
Washington, D.C.

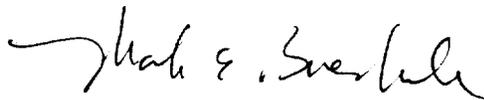
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Re: **Comments of Supra Telecommunications - CC Docket No. 98-141**

To Whom It May Concern:

Please find enclosed an original and four copies of comments in the CC Docket No. 98-141 (Ameritech\SBC Merger) for filing. The comments were previously filed via electronic means using your electronic filing system with a confirmation number of 19981015768412. Please also find enclosed a diskette containing the comments in WordPerfect 5.x for Windows format. If you have any questions or comments, please feel free to contact me at your convenience.

Sincerely,



Mark E. Buechele  
Assistant General Counsel  
Supra Telecommunications &  
Information Systems, Inc.

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**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

In re Applications of: )

AMERITECH CORP., )  
Transferor, )

AND )

SBC COMMUNICATIONS INC., )  
Transferee, )

For Consent to Transfer Control of Corporations )  
Holding Commission Licenses & Authorizations )  
Pursuant to Sections 214 and 310(d) of the )  
Communications Act and Parts 5, 22, 24, 63, )  
90, 95 and 101 of the Commission's Rules )

RECEIVED  
OCT 21 1998  
FEDERAL COMMUNICATIONS COMMISSION  
CC Docket No. 98-141

**COMMENTS OF SUPRA TELECOMMUNICATIONS  
REGARDING THE JOINT APPLICATION OF AMERITECH AND  
SBC COMMUNICATIONS UNDER SECTIONS 214 AND 310(D), FOR  
THE TRANSFER OF CERTAIN LICENSES AND AUTHORIZATIONS**

(Non-Confidential)

Dated: October 15, 1998

Submitted By:

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## **I. INTRODUCTION & SUMMARY**

1. Supra Telecommunications & Information Systems, Inc. ("Supra") is a minority-owned Alternative Local Exchange Carrier ("ALEC") duly certificated in 10 states to perform local and long distance service as a result of the Telecommunications Act of 1996. Supra is pursuing a very difficult course in implementing its plans to become a major nationwide company in the telecommunications industry by providing new and innovative local and long distance services at lower and competitive rates to customers.

2. On or about July 24, 1998, SBC Communications, Inc. ("SBC") and Ameritech Corporation ("Ameritech") filed joint applications under Sections 214 and 310(d) of the Communications Act [i.e. 47 U.S.C. §§ 214 and 310(d)] seeking Commission approval of the transfer of control to SBC of certain licenses and authorizations controlled or requested by Ameritech or its affiliates and/or subsidiaries.

3. Pursuant to Commission Orders dated July 30, 1998 and September 1, 1998, the Commission has ordered that Comments/Petitions regarding the joint application may be filed on or before October 15, 1998. Pursuant to these Orders, Supra is submitting the following Comments to the joint application.

4. As a summary Supra notes that the Telecommunications Act of 1996 ("Telecommunications Act") did not envision the continuous stream of mergers of Regional Bell Operating Companies ("RBOCs") which have taken place over the past few years. Supra believes that no matter how the proposed merger is characterized, the proposed merger and transfer of licenses will only serve to further entrench the remaining RBOCs and create further barriers to entry and free competition in the local telecommunications markets. Supra believes

that notwithstanding the applicants' expressed desire to become a megalith in order to compete on a global level, as currently framed the proposed merger and transfer of licenses will only serve to delay further competition in the local telecommunications market in contravention to the Telecommunications Act and therefore the public interest would not be served by the approving the joint application as currently framed.

5. Notwithstanding the fact that Supra believes that the public interest would not be served by approving the proposed joint application as currently framed, Supra believes that if certain concessions were made by the joint applicants, that a solution could be reached which meets the professed goals of the applications while fostering competition in the applicable local telecommunications markets. In particular, Supra believes that if the applicants each agreed to (or were required to) divest themselves of thirty-five percent (35%) of their central offices (with the corresponding connecting loops) to small and mid-sized ALEC's, that the applicants would still be able to pursue their stated out-of-territory and global strategies, while encouraging competition for local loops, interconnections and unbundled network elements as envisioned by the Telecommunications Act.

6. Pursuant to the Commission's Orders of July 30, 1998 and September 1, 1998, Supra hereby submits and files the following non-confidential comments regarding the joint application and proposed merger of SBC and Ameritech. As a small ALEC in a field of giant monopolies, Supra asks that this Commission give consideration to the following comments.

## II. COMMENTS

### A. Applicable Standards And Related Showings

7. The joint applicants (SBC and Ameritech) have sought approval of the transfer of certain licenses and authorizations under Sections 214 and 310(d) of the Communications Act [i.e. 47 U.S.C. §§ 214 and 310(d)]. In the Applications of NYNEX Corporation and Bell Atlantic Corporation, 12 FCC Rcd 19985 (FCC 97-286) (1997) this Commission stated the following in regards to a similar merger request:

*In accordance with the terms of Sections 214(a) and 310(d), before we can approve the transfers of licenses and other authorizations underlying the merger, we must be persuaded that the transaction is in the public interest, convenience and necessity. Applicants bear the burden of demonstrating that the proposed transaction is in the public interest. The public interest standard is a broad, flexible standard, encompassing the "broad aims of the Communications Act." These "broad aims" include, among other things, the implementation of Congress' "pro-competitive, de-regulatory national policy framework" for telecommunications, "preserving and advancing" universal service, and "accelerating rapidly private sector deployment of advanced telecommunications and information technologies and services." Our examination of a proposed merger under the public interest standard includes consideration of the competition policies underlying the Sherman and Clayton Acts -- the Commission is separately authorized to enforce Section 7 of the Clayton Act in the case of mergers of common carriers -- but the public interest standard necessarily subsumes and extends beyond the traditional parameters of review under the antitrust laws. In order to find that a merger is in the public interest, we must, for example, be convinced that it will enhance competition. A merger will be pro-competitive if the harms to competition -- i.e., enhancing market power, slowing the decline of market power, or impairing this Commission's ability properly to establish and enforce those rules necessary to establish and maintain the competition that will be a prerequisite to deregulation -- are outweighed by benefits that enhance competition. If applicants cannot carry this burden, the applications must be denied.*

*In demonstrating that the merger will enhance competition, applicants*

*carry the burden of showing that the proposed merger would not eliminate potentially significant sources of the competition that the Communications Act, particularly as amended by the Telecommunications Act of 1996, sought to create. When facing a changing regulatory environment that reduces barriers to entry, firms that would otherwise compete directly may, as one possible strategic response, seek to cooperate through merger. As courts have previously recognized, in evaluating whether applicants have demonstrated that the transaction is in the public interest, we consider the transaction in light of "the trends and needs of the industry" as a whole, the factors that "influenced Congress to make specific provision for the particular industry," and the complexity and rapidity of change in the industry. Accordingly, and consistent with the 1996 Act's focus on competition and deregulation, it is incumbent upon applicants to prove that, on balance, the merger will enhance and promote, rather than eliminate or retard, competition. The competition and deregulation Congress sought to foster extends not just to traditional local telephone service, but to related interstate access services, to Commercial Mobile Radio Services ("CMRS"), and to interstate long distance services.*

*We must be especially concerned about mergers between incumbent monopoly providers and possible rivals during this initial period of implementation of the 1996 Act. Competition in the local exchange and exchange access marketplace is still in the earliest stages. This Commission, through its Local Competition Orders, set forth its initial pro-competition rules to implement those provisions of the 1996 Act that are designed to open the local telecommunications marketplace to competition. Together, these orders addressed a range of legal, regulatory, operational and economic barriers to entry. Key portions of these orders recently were vacated, which created even greater uncertainty as to the pace of development of competition. It is particularly difficult to determine at this time exactly how quickly and to what extent existing barriers to entry will decline. As further examples of the current uncertainty, permanent prices for interconnection, unbundled network elements and transport and termination remain to be set in the vast majority of states, and protracted judicial review of both interconnection agreements and state permanent pricing decisions is likely to exacerbate this uncertainty.*

*The process of lowering barriers to entry is, as noted, only beginning, not nearing completion. We are continuing to identify both the barriers to entry themselves and the best and swiftest means to address those barriers. For example, this Commission is currently considering a petition for rulemaking regarding performance standards and enforcement mechanisms for operating*

*support systems. Creating and enforcing the conditions that will permit competition to develop and flourish is an ongoing task, that requires continuous review and study of market conditions, the behavior of incumbents and rivals, and the relative capabilities of parties to safeguard their respective interests by creating private enforcement mechanisms that ensure compliance and cooperation. We do not believe that the best approach to promote competition is to refrain taking any actions to offset incumbent local exchange carriers' ("incumbent LECs") market power. Such a course would ensure that incumbent LECs could use the market power they possess as a result of their historic monopolies to ensure that only minimal competition develops in local exchange and exchange access telecommunications. In such a case, a central purpose of the 1996 Act, the development of robustly competitive markets that permit broad deregulation by federal and state authorities, would thereby be frustrated.*

*We also recognize that, even were we able immediately to lower the barriers addressed by the 1996 Act, significant barriers to entry into the local telecommunications marketplace, including interstate exchange access services, will remain. Entrants must still attract capital, and amass and retain the technical, operational, financial and marketing skills necessary to operate as a telecommunications provider. For mass market services, entrants will have to invest in establishing brand name recognition and, even more important, a mass market reputation for providing high quality telecommunications services. These consumer "goodwill" assets take significant amounts of time and resources to acquire. An unknown entrant's attempts to build "goodwill" by providing reliable, high quality service relies heavily on the cooperation of the incumbent local exchange carrier that is providing wholesale services for resale, interconnection, unbundled network elements or transport and termination, and can be frustrated by the incumbent local exchange carrier if that carrier engages in discriminatory conduct affecting service quality, reliability or timeliness. For all these reasons, we cannot assume that merely writing the rules called for by the 1996 Act eliminates concerns about potentially harmful effects of some mergers on the development of local telecommunications competition.*

NYNEX\BellAtlantic, 12 FCC Rcd 19985 at ¶¶ 2-6 (footnotes omitted).

8. The following can be gleaned from this Commission's prior statements in NYNEX\BellAtlantic. First, the burden rests on the joint applicants to demonstrate that the proposed merger is in the public interest and public necessity. Second, that antitrust issues and

the competitive environment should be considered. Third, that at this point in time, the Commission should especially be concerned about mergers between incumbent monopoly providers and possible rivals because competition in the local exchange and exchange access markets is still in the earliest stages. Fourth, that there still exists a great danger that Incumbent Local Exchange Carriers ("ILECs") can use their market power (which was obtained as a result of historic monopolies) to ensure that only minimal competition develops in local exchange and exchange access telecommunications. Finally, even if the Commission were able to immediately lower the barriers addressed by the Telecommunications Act, that significant barriers to entry will always exist to ALECs who seek to enter the local telecommunications and interstate exchange markets.

**B. The Proposed Merger Is Not In The Public Interest Or Public Necessity**

9. When Congress passed the Telecommunications Act, it was envisioned that real competition would soon come to the local exchange markets. Although it was believed that independent companies would emerge in these markets, because of the amount of capital and expertise necessary to effectively enter these markets, it was anticipated that the RBOCs would be the first competitors into each others' markets. Rather than foster competition, time has shown that the Telecommunications Act has had the opposite effect of encouraging ILECs to simply merge in order to eliminate competition from each other. Rather than competitive local markets, what we now have is fewer and fewer independent RBOCs which progressively control more and more of the local exchange markets.

10. In NYNEX\BellAtlantic, this Commission stated that in addressing competition issues, market participants should include not only actual competitors, but "precluded competitors" or firms that are most likely to enter the market, but have until recently been prevented or deterred from market participation by entry barriers which the 1996 Act seeks to lower. The applicants contend that the proposed merger is a horizontal merger with no economic effects on competition since the applicants purportedly do not compete in each other's geographic markets and have no immediate plans to do so in the future. The applicants proffer on this issue is quite revealing about the state of competition in the local exchange markets.

11. In section III(A)(2) of the applicants' Description of Transaction, Public Interest Showing And Related Demonstrations (at page 62), the applicants state that "Ameritech and SBC compete to a de minimis extent for the provision of local exchange service". In section III(B)(3) (at pages 67-74) the applicants recount how SBC declined to enter the Chicago local exchange market as a result of a disappointing attempt to do the same in Rochester, N.Y. Additionally, the applicants recount how Ameritech was unsuccessful in its attempt to compete in the local exchange market by reselling ILEC service provided by an SBC subsidiary. The applicants recount Ameritech's dismal experience in attempting to resell SBC services and the inherent problems built into the Operations Support Systems ("OSS") provided by SBC. The applicants concluded that it was so difficult for each other to break into the territories of other ILECs that such plans were simply scrapped. When one reads between the lines it is clear that the cost/benefit analysis performed by these RBOCs suggests that the cost of fighting the incumbent

LEC in order to compete, is simply is too costly and expensive a proposition. Accordingly, there is little competition among the RBOCs and natural tendency has emerged to consolidate rather than compete. Clearly such mergers are inherently designed to eliminate the RBOCs strongest potential competitors (i.e. each other).

12. The applicants contend that allowing this merger will make them even stronger and more able to compete in the territories of the remaining incumbent BOCs. It is difficult to see how megaliths like SBC and Ameritech, who will not now compete in the territories of other incumbent BOCs, will do so after the merger. With the impending GTE\BellAtlantic merger request, there will conceivably be only four remaining ILECs (i.e. BellSouth, GTE\BellAtlantic, SBC\Ameritech and U.S. West). If the cost of invading and effectively competing in another ILEC's territory is too great for the potential return, the promised competition between the remaining RBOCs will simply never emerge and this capital will be directed to other more profitable and less riskier ventures. In reality, the only competition which will emerge will be from companies such as Supra who have the faith, patience and tenacity needed to fight ILECs for the rights and privileges which Congress intended in passing the Telecommunications Act.

13. As a small ALEC, Supra can sympathize with SBC and Ameritech's failures in seeking to the enter the local exchange markets of other ILECs (including each others). ILECs have little incentive to open up their markets. Despite the Telecommunications Act, it has been Supra's experience that ILECs act in bad faith and use every possible tactic to delay, stall and hinder ALECs from competing in the local exchange markets. Ameritech's problems with SBC's

OSS are not unique. Supra has had considerable difficulty with the unequal OSS provided by BellSouth (the local ILEC in Florida). The importance of efficient OSS functions for pre-ordering, ordering, and provisioning loops and services cannot be overstated. What has happened to date is that the ILECs have provided OSS that is impossible to use by the ALECs and has deliberately been designed to create problems for ALECs. The Florida Public Service Commission has recently identified such problems in OSS provided by BellSouth and has ordered that ILEC to provide greater parity in terms of OSS. The dual system of OSS (i.e. one system for the ILEC and another for the ALEC) which are common today are inherently unequal. To paraphrase the Supreme Court's wisdom in abolishing racial integration in public schools, *"separate but equal, is inherently unequal."* OSS systems are key to allowing an ALEC effectively compete. Without true parity in OSS, even a reseller such as Ameritech in SBC's territory cannot ever hope to survive. Ameritech's frustration in its failed venture perfectly demonstrates this problem; however, the proposed merger will do nothing to encourage parity in OSS among the remaining independent RBOCs.

14. In addition to OSS issues, incumbent LECs have made collocation impossible for ALECs. As a matter of fact, the incumbent LECs have designed collocation policies that will assure that new entrants do not achieve the desired speed to market and the removal of economic barriers envisioned by Congress. In this regard Supra has suffered a great deal in its efforts to physically collocate in the central offices of BellSouth.

15. ALECs such as Supra (and which the applicants profess they will become after the

merger), also face daunting problems in the area of collocation. The incumbent LECs have designed their collocation requirements to thoroughly and completely impede both collocation and competition. For example, ILECs have used collocation costs as another barrier to entry by seeking to recover infrastructure costs from ALECs, which infrastructure costs have long since been paid for in the form of monopoly profits received by the ILECs. Poor and wasteful utilization of existing space, and delays in permitting and build-outs also contribute to inhibiting competitors from seeking collocation. The entire process is so daunting that quite a number of ALECS have decided to stay away from any type of collocation arrangement.

16. History has shown that delays in the ILECs collocation procedures are intended to and do create very effective barriers to entry. Indeed, BellSouth (the ILEC which Supra has had to deal with) has itself recognized that incumbents have the power to simply delay and stall interconnections in bad faith in order to discourage competition. In this regard, BellSouth articulated the nature and degree of this problem and the ILEC's entrenched advantage when BellSouth sought to compete in the local market of another ILEC, stating as follows:

*The timing of, terms and conditions for, and pricing of, interconnection determine which firms capture the available rents. Hence, the dominant incumbent, if it fails to accept the benefits which flow from a competitive market, can and will rationally use interconnection negotiations to delay and restrict the benefits of competition. This enables it to perpetuate the rents which it obtains as a successor to a monopoly franchise at the expense of competition and innovation. A dominant incumbent can limit both the scale and scope of its competitors, raising their costs and restricting their product offerings. In addition, it can divert or delay competition and innovation to protect its current revenues and give itself time to prepare and introduce similar products or service by exercising control over standards for connect and local numbers . . . It has very powerful incentives to include monopoly rents in the price of*

*complementary network services in order to perpetuate and increase its monopoly profits. It similarly has very powerful incentives to reduce the ability of its competitors to claim market share.*

BellSouth New Zealand, Submission: Regulation of Access to Vertically-Integrated Natural Monopolies, A Discussion Paper, September 29, 1995 at 2 and 10 (emphasis added).

17. The above problems with OSS and Collocation are only but a few of the many problems faced by ALECs attempting to break into an ILEC's local exchange market. Other major problem areas include access to unbundled network elements and the fact that no effective competition exists for such elements and therefore ILECs tend to price such elements in a manner which makes it virtually impossible for an ALEC to effectively compete. See 10/15/98 Declaration of Olukayode A. Ramos, attached hereto as Exhibit "A".

18. Given the many problems facing ALECs, it is impossible to believe that after the proposed merger SBC\Ameritech will ever attempt to compete in the local exchange markets of any of the remaining independent RBOCs. Breaking into these markets does not require unlimited funding as suggested by the applicants, but rather the will-power and tenacity to challenge the ILECs' abusive and exclusionary practices. Given the fact that the applicants themselves are ILECs who benefit from such practices, they have no incentive to challenge such practices in a legal or administrative forum. Clearly ILECs who benefit from such abusive practices in defense of their own territories, have no incentive to have an adjudicative forum declare those practices void, simply in order to try to compete in another entrenched ILEC's territory. Since the applicants have no incentive to do what it really takes to open up all local markets, it is doubtful that anything will change if the proposed merger is approved. The

applicants' capital will undoubtedly be put to a more cost effective use by further fortifying the applicants' own local markets and more vigorously blocking attempts by other ALECs to compete in such local markets.

19. The applicants claim that the proposed merger will not impact competition in the local exchange markets. The applicants claim that the proposed merger is a horizontal merger by companies that do not effectively compete within each other's geographic territories (i.e. a "Geographic Extension Merger"). The applicant's contention ignores the fact that both applicants are already dominant monopolies in their respective geographic territories. Nevertheless, even if the proposed merger were as the applicants contend (i.e. a Geographic Extension Merger) and even assuming an existing competitive market (of which there is none), such mergers still have the potential for: (a) the elimination or lessening of actual competition; (b) the elimination or lessening of potential competition; (c) the entrenchment or enhancement of the market power of the acquired firm; and/or (d) the development of conglomerate interdependence and forbearance. See Kalinowski, Antitrust Laws And Trade Regulation, Second Edition (1998) § 32.05[3]. This is particularly true when the acquiring company is a significant seller of the same product in another geographic market and where: (a) absent the acquisition, it might exert an effect on market behavior by threat of entry into the relevant market, or increase competition in that market by entry in a more competitive form; or (b) it is in a position to give the acquired company substantial advertising, promotional, or buying power advantages. Id. Clearly, the proposed SBC\Ameritech merger poses these very problems.

Allowing the proposed merger as requested, will simply create a further entrenched monopoly which will have less incentive to open up local exchange markets. In any event, the economic consequences of any horizontal merger or acquisition are fairly predictable and are at least twofold causing: (a) increased concentration (i.e. a reduction in the number of firms in the market); and (b) direct and immediate foreclosure of competition, actual or potential, between the acquiring and acquired companies. See Kalinowski, Antitrust Laws And Trade Regulation, Second Edition (1998) § 32.02[3]. Notwithstanding the fact that both applicants already possess monopoly power in their respective territories, a further concentrated market will create an even more likely possibility that these entrenched RBOCs will further create, enhance and facilitate the undue exercise of market power. Id. Without a doubt, the obvious effects of the proposed SBC\Ameritech merger will be to lessen competition and make it even more difficult for small ALECs such as Supra to compete for the local exchange market.

20. Because the proposed merger will do nothing more than simply create a greater megalithic monopoly in the local communications markets, increase concentration in these already highly concentrated markets, ultimately stifle future competition and only delay the intents and goals of the Telecommunications Act, the proposed merger (as presented) is not in the public interest. Moreover, the applicants have done nothing to demonstrate how the requested transfer of licenses and authorizations is in the public's necessity. Accordingly, the request for the transfer of licenses and authorizations should be denied.

21. Notwithstanding the fact that the proposed merger will obviously have negative and

adverse effects on competition, particularly in the local exchange markets; Supra is of the position that a modification to the proposed merger can lead to highly competitive results. In this regard, Supra proposes that the proposed merger as presented by the applicants be rejected. Nevertheless, Supra states that a merger which provides for (or requires) the divestiture of at least thirty-five percent (35%) of the applicants' central offices and local loops will still permit the applicants to compete in the global market while stimulating competition in the local exchange markets.

### **C. Supra's Proposal**

22. Throughout their application SBC and Ameritech focus on the parties' intent to pursue both out-of-region strategies and global strategies once the proposed merger is approved. The applicants argue that to perform their proposed out-of-region and global strategies, that the applicants need to merge in order to: (a) expand the breath of experienced management and skilled technical personnel needed to undertake this strategy; and (b) provide the necessary financial earnings and risk necessary to undertake such a bold venture. See Description of Transaction, Public Interest Showing And Related Demonstrations, Section 1 (Introduction) at page 7. The applicants also argue that with the proposed merger, "SBC and Ameritech will achieve the critical mass necessary to execute [this] unprecedented plan." Id., Section II at page 11. Supra's proposal will not impact these needs or strategies, while vastly promoting competition in the local exchange market.

23. Accordingly, Supra proposes that this Commission should only allow the

SBC\Ameritech merger on the following terms and conditions. First, both companies should be required to divest themselves of at least thirty-five percent (35%) of their United States central offices and corresponding local loops which tie into those central offices. Second, this divestiture should be made to Supra and at least two or more other ALECs who are not RBOCs or ILECs (or subsidiaries thereof). Third, the central offices to be divested should be evenly disbursed throughout each applicant's region and in the same mix of rural and urban central offices as currently exists within each applicant's inventory. Fourth, the proportion of central offices which are tandem offices should be offered in the same proportion as currently exists within each applicant's inventory. Fifth, the mix of central offices offered to the ALECs should be proportional in terms of the number of rural\urban offices and tandem offices. Perhaps the customers can remain with the applicants if an agreement can be made wherein SBC\Ameritech acquires use of unbundled elements in these central offices, on the same terms which such elements are currently offered by SBC\Ameritech to ALECs. Finally, the central offices will be transferred on the condition that such offices cannot be transferred back to the applicants or any related company or successor company for a period of at least twenty (20) years.

24. Supra contends and believes that this divestiture plan will greatly improve competition in the local markets for the following reasons. First, the termination point to the customer (or "the last mile") seems to be the most critical point in terms of reaching the customer. The problems in implementing the Telecommunications Act arise from the fact that the ILECs have no incentive to share access to the customers. The divestiture proposed above

will reduce concentration at the customer level and allow for real price competition. Second, SBC\Ameritech's need to access customers serviced by the divested central offices will create an incentive on the part of SBC\Ameritech to act in good faith in opening up the non-divested central offices. Since the customers will still initially be with SBC\Ameritech, the divested offices have an incentive to allow unrestricted collocation and access to unbundled network elements to both SBC\Ameritech and other ALECs; particularly since everyone will be competing for customers who currently belong to SBC\Ameritech. SBC\Ameritech will have an incentive to reduce rates to consumers serviced by these central offices in order to retain the consumers' business. If SBC\Ameritech would have to purchase unbundled network elements under the same terms and conditions as it offers to ALECs, SBC\Ameritech would have an incentive to reduce rates for its own unbundled network elements in order to compete more effectively for the customers serviced by the divested central offices. Spreading the central offices among several ALECs will reduce the virtually one-hundred percent concentration by these ILECs at the customer level and will truly create incentives for the competition envisioned by the Telecommunications Act.

25. Requiring the applicants to divest themselves of at least thirty-five percent (35%) of their central offices will not impact the proposed merger or its professed goals. First, the central offices only comprises a fraction of the assets of both companies and therefore a thirty-five percent (35%) reduction in central offices translates to only a fractional decreased in the total financial net worth of the merged companies. Although the applicants do not state how much

"critical mass" is needed to embark on their "unprecedented plan" of out-of-territory and global expansion, a reduction of thirty-five percent of the applicants' United States central offices should not materially impact the financial sum of the companies and thus still allow for the applicants' future expansion plans. In any event, the divestiture will result in the applicants receiving revenue generated by the sale of these offices. Accordingly, the financial end result will essentially be the same, thus allowing the applicants the financial "critical mass" needed to embark on their future strategies.

26. A divestiture of central offices will also not impact the applicants' professed need to expand the breath of experienced management and skilled technical personnel needed to undertake their new global and out-of-territory strategies. Indeed, divesting the applicants of central offices has the potential of "freeing-up" even more experienced management and skilled technical personnel who will no longer have to focus on the mundane aspect of providing local exchange service and who can instead concentrate on the applicants' new potential strategies (where the applicants believe the future in telecommunication services lies).

27. Supra has already offered to back the proposed merger on the condition that the applicants divest themselves of various central offices. Supra has also offered to purchase at least twenty percent (20%) of the assets of the merged companies at a fair and negotiated price. Mr. Ed Whitacre of SBC Communications has indicated to Supra that SBC is not opposed in principal to the idea of disposing some of its assets to Supra. Supra stands ready, willing and able to effectuate this plan and its offer to purchase up to twenty percent (20%) of the central offices of

SBC\Ameritech. See 10/15/98 Declaration of Olukayode A. Ramos, attached hereto as Exhibit "A".

28. Supra believes that its proposal will allow for: (a) the offering of new and exciting telecommunications services to consumers; (b) reduction in rates currently being paid by subscribers for telecommunication services; (c) investment in new data networks for the provision of faster Internet access; (d) greater competition with the RBOCs; (e) creation of a new entity which will work with regulators and ALECs to foster competition in the local loop; and (f) realization of the goals of the Telecommunications Act of 1996. Supra also believes that the above proposal will greatly facilitate the growth of real competition in the local exchange markets and will provide the consumer those benefits of free competition which were originally envisioned in the Telecommunications Act. See 10/15/98 Declaration of Olukayode A. Ramos, attached hereto as Exhibit "A".

### **III. CONCLUSION**

29. Supra respectfully requests that this Commission consider the above referenced comments and enter an Order on the Application of SBC Communications and Ameritech which tentatively denies the parties' proposed merger and the proposed transfer of the licenses and authorizations requested in the application.

29. Notwithstanding, the above, Supra requests that this Commission give consideration to, and enter an appropriate ruling, which conditions the merger of SBC Communications and Ameritech, and the proposed transfer of the licenses, upon the divestiture of at least thirty-five

**IV. CERTIFICATE OF SERVICE**

I, Mark E. Buechele, do hereby certify that on the 15<sup>th</sup> day of October 1998, I served via the United States Postage Service, postage prepaid, a true and correct copy of the foregoing Comments Of Supra Telecommunications Regarding The Joint Application Of Ameritech And SBC Communications Under Sections 214 And 310(d), For The Transfer Of Certain Licenses And Authorizations, upon the following:

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Washington, D.C. 20554

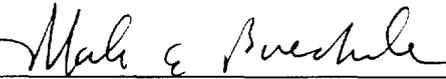
Aryeh S. Friedman \*  
ATT  
Room 3252G1  
295 North Maple Avenue  
Basking Ridge, N.J. 07920

Lisa Choi \*  
Policy and Program Planning Division  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Suite 544  
Washington, D.C. 20554

Bill Dever \*  
Policy and Program Planning Division  
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Suite 544  
Washington, D.C. 20554

ITS, Inc. \*  
1213 20<sup>th</sup> Street, N.W.  
Washington, D.C. 20036

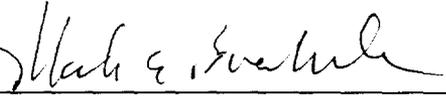
Lisa R. Youngers  
MCI Telecommunications Corporation  
1801 Pennsylvania Avenue, N.W.  
Washington, D.C.

By:   
Mark Buechele

percent (35%) of the applicants' central offices as detailed previously in these comments.

Respectfully Submitted,

**SUPRA TELECOMMUNICATIONS  
& INFORMATION SYSTEMS, INC.**

By:  \_\_\_\_\_

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(305) 476-4220  
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**V. ATTACHMENTS**

**EXHIBIT "A"**

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

<b>In re Applications of:</b>	)	
	)	
<b>AMERITECH CORP.,</b>	)	
Transferor,	)	
	)	
<b>AND</b>	)	CC Docket No. 98-141
	)	
<b>SBC COMMUNICATIONS INC.,</b>	)	
Transferee,	)	
	)	
For Consent to Transfer Control of Corporations	)	
Holding Commission Licenses & Authorizations	)	
Pursuant to Sections 214 and 310(d) of the	)	
Communications Act and Parts 5, 22, 24, 63,	)	
90, 95 and 101 of the Commission's Rules	)	
_____	)	

**DECLARATION OF OLUKAYODE A. RAMOS**

1. This declaration is based upon direct and personal knowledge.
2. I am the Chairman and CEO of Supra Telecommunications & Information Systems, Inc.; an Alternative Local Exchange Carrier ("ALEC") headquartered in Miami, Florida.
3. I have reviewed the Comments Of Supra Telecommunications Regarding The Joint Application Of Ameritech And SBC Communications Under Sections 214 And 310(D), For The Transfer Of Certain Licenses And Authorizations ("Supra's Comments") and am intimately

familiar with the problems faced by Supra and other ALECs who have attempted to compete in the local exchange markets.

4. The problems identified in Supra's Comments in reference to Operations Support Systems (OSS), Collocation, Resale and Access to Unbundled Network Elements which have been set forth in paragraphs 13 through 17 of Supra's Comments are very real and true and correct. Supra has experienced all of these problems and more in dealing with BellSouth; who as the local ILEC, has made it very difficult for Supra to compete in virtually every aspect of the local exchange markets in which Supra seeks to enter.

5. I have also reviewed Section II(C) of Supra's Comments in reference to Supra's Proposal and Supra's offer (and request) to purchase up to twenty percent (20%) of the central offices of the combined SBC\Ameritech. In this regard Supra has already offered to purchase at least 20% of the assets of the merged corporations (including duplications in the wireless networks of these corporations, central offices in every state, fiber routes, and human resources). Supra's offer was made to Mr. Ed Whitacre of SBC Communications, who indicated that SBC Communications was in principal not opposed to the idea of disposing some of its assets to Supra, but that SBC Communications would prefer an exchange of assets. At the present time Supra does not have sufficient assets needed for such an exchange, but has been planning to raise the capital necessary to acquire such assets.

6. Supra stands ready, willing and able to negotiate a fair purchase of up to twenty percent of the central offices of SBC\Ameritech and to raise the capital necessary to effectuate such a purchase.

7. Supra believes that real competition in the local exchange markets can only occur when necessary components of the infrastructure have been distributed among several different entities. Accordingly, Supra believes that its proposal will allow for: (a) the offering of new and exciting telecommunications services to consumers; (b) reduction in rates currently being paid by subscribers for telecommunication services; (c) investment in new data networks for the provision of faster Internet access; (d) greater competition with the RBOCs; (e) creation of a new entity which will work with regulators and ALECs to foster competition in the local loop; and (f) realization of the goals of the Telecommunications Act of 1996.

8. Pursuant to 28 U.S.C. § 1746 and 47 C.F.R. § 1.16, I, OLUKAYODE A. RAMOS, hereby declare, certify, verify and state under the penalty of perjury that the foregoing is true and correct.

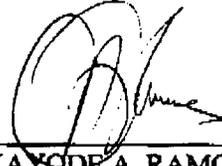
(See Attached Fax)  
OLUKAYODE A. RAMOS

October 15, 1998  
EXECUTED ON (DATE)

*In Re Ameritech and SBC: CC Docket No. 98-141*

when necessary components of the infrastructure have been distributed among several different entities. Accordingly, Supra believes that its proposal will allow for: (a) the offering of new and exciting telecommunications services to consumers; (b) reduction in rates currently being paid by subscribers for telecommunication services; (c) investment in new data networks for the provision of faster Internet access; (d) greater competition with the RBOCs; (e) creation of a new entity which will work with regulators and ALECs to foster competition in the local loop; and (f) realization of the goals of the Telecommunications Act of 1996.

8. Pursuant to 28 U.S.C. § 1746 and 47 C.F.R. § 1.16, I, OLUKAYODE A. RAMOS, hereby declare, certify, verify and state under the penalty of perjury that the foregoing is true and correct.



\_\_\_\_\_  
OLUKAYODE A. RAMOS

\_\_\_\_\_  
October 15, 1998  
EXECUTED ON (DATE)