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February 2, 1999

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FEDERAL COMMUNICATIONS COMMISSION
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Magalie Roman Salas, Secretary
Federal Communications Commission
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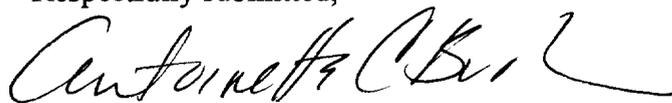
Re: **REDACTED -- FOR PUBLIC INSPECTION**
Response to Request For Documentary
Material in CC Docket No. 98-141

Dear Ms. Salas:

Enclosed herewith for filing on behalf of Ameritech Corporation ("Ameritech"), please find Ameritech's REDACTED -- FOR PUBLIC INSPECTION -- response to the Commission's Request for Documentary Material in CC Docket 98-141, dated January 7, 1999. Ameritech's narrative responses are in the attached volume and Ameritech's PUBLIC REDACTED documents are contained in the boxes numbered P1 through P3. Please note that Ameritech's Confidential Documents are contained in a separate set of boxes numbered 1 through 18.

If you have any questions concerning this filing, please contact the undersigned.

Respectfully submitted,



Antoinette Cook Bush
Counsel to Ameritech Corporation

Enclosures

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FEDERAL COMMUNICATIONS COMMISSION
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REDACTED

AMERITECH CORPORATION

RESPONSE TO REQUEST FOR DOCUMENTARY MATERIAL

in CC Docket No. 98-141

February 2, 1999

**Response to Request for Documentary Material
(in CC Docket No. 98-141)**

Set forth below are the narrative responses of Ameritech Corporation ("Ameritech") to the Request for Documentary Material in CC Docket No. 98-141, issued by the Common Carrier Bureau staff of the Federal Communications Commission ("FCC") on January 7, 1999 (a copy of which is attached hereto as Attachment A), as modified by the letter between counsel for Ameritech and the FCC dated February 2, 1999 (a copy of which is attached hereto as Attachment B). Attachment C is an index of all responsive documents produced to the FCC in response to the Request. This index identifies which documents are responsive to which of the particular questions posed.¹

Out-of-region Entry Activities

1. Please provide copies of all signed interconnection agreements between Ameritech and other incumbent local exchange carriers (ILECs) that were completed in connection with Ameritech's attempts to enter out-of-region local exchange and exchange access markets. Please indicate which of these agreements were standard interconnection agreements based on a Statement of Generally Available Terms (SGAT) pursuant to section 252(f) of the Communications Act and which agreements were based on section 252(i). To the extent that any of the provisions in these agreements were not based on either sections 252(f) or 252(i), please identify those provisions.

¹ All documents produced to the FCC in response to the document request have the numbering prefix "ACFCC." Certain documents also have been produced to the Department of Justice and are identified with additional numbers. These documents have numbers with either the prefix "AC" or "AIT."

Narrative Response to Question 1

All signed interconnection agreements between Ameritech and ILECs were entered into by Ameritech Communications International, Inc. (ACII). Ameritech has produced copies of the interconnection agreements identified below between ACII and other ILECs. These agreements were entered into only for purposes of supporting Ameritech Custom Business Services' Managed Local Access offering and Ameritech Cellular Services' Project Gateway. Each of these interconnection agreements was entered pursuant to section 252(i) of the Communications Act, 47 U.S.C. § 252(i). Indeed, as the responsive documents demonstrate, prior to the merger "Ameritech's overall out-of-region strategy for interconnection negotiations was to adopt AT&T-Commission approved agreements instead of undertaking negotiating a voluntary agreement." (ACFCC0110843, AIT0374042).²

² Ameritech has not produced in response to Question 1 interconnection agreements entered into in connection with the provision of payphone services.

STATE	PARTY TO AGREEMENT	DATE SIGNED	DATE FILED	DATE APPROVED BY COMMISSION
Arizona	US West	5/29/98	6/26/98	9/15/98
California	Pacific Bell	12/30/97	1/8/98	3/12/98
Colorado	US West	5/8/98	5/27/98	7/14/98
Florida	Bell South	6/9/98	7/14/98	10/12/98
Florida	GTE	N/A	10/20/98	1/12/99
Georgia	Bell South	3/23/98	4/13/98	6/16/98
Minnesota	US West	9/9/98	9/18/98	
Missouri	Southwestern Bell	7/17/97 Amended 5/19/98	8/8/97 5/21/98	11/5/97 6/16/98
New York	Bell Atlantic	1/9/98	1/23/98	4/20/98
Texas	Southwestern Bell	7/17/97	8/8/97	11/6/97
Texas	GTE	N/A	8/30/98	9/2/98

2. On October 13, 1998, Ameritech filed in CC Docket No. 98-141 a list of all states in which it had obtained, or was in the process of obtaining, state certifications to provide local exchange access service as of the time the proposed merger between SBC and Ameritech was announced.

(a) With regard to the states on this list, please indicate for which states Ameritech was required to file a proposed business plan in connection with its certification application.

(b) Please provide copies of all business plans that Ameritech filed in connection with its state certification applications.

Narrative Response to Question 2(a)

As with interconnection agreements with other ILECs, all out-of-region state certifications to provide local exchange access services were applied for and held by Ameritech Communications International, Inc. (ACII). Set forth below is the list of states in which ACII had obtained, or was in the process of obtaining, state certifications to provide local exchange access service at the time the proposed merger between SBC and Ameritech was announced.³ (This list has been excerpted from the Notice of Ex Parte Presentation submitted by Ameritech on October 13, 1998 in CC Docket No. 98-141.) The certifications were obtained to support Ameritech Custom Business Services' Managed Local Access offering and Ameritech Cellular Services' Project Gateway offering.

STATE	CERTIFICATION TYPE (Granted by Public Utility Commission)	APPLICATION FILED	APPLICATION APPROVED
Arizona	Local Resale (Statewide)	3/12/98	Pending
California	Local Resale (Pacific Bell and GTE service areas)	2/3/97	6/25/97
California (cont.)	Local Facilities Based (Pacific Bell and GTE service areas)	9/30/97	12/16/97
Colorado	Local Resale (US West service areas)	2/4/98	3/18/98

³ In responding to Question 2 Ameritech has not included state certifications entered into in connection with the provision of payphone services out of region.

STATE	CERTIFICATION TYPE (Granted by Public Utility Commission)	APPLICATION FILED	APPLICATION APPROVED
Florida	Local Resale and Facilities Based (Statewide except in areas of earnings-regulated small LECs)	1/24/97	4/15/97
Georgia	Local Resale (Bell South service areas)	2/3/97	8/19/97
Kentucky	Long Distance and Local Resale (Statewide)	5/10/96	9/18/96
Missouri	Local Resale and Facilities Based (Southwestern Bell, GTE, and United Service areas)	5/31/96	2/28/97
New York	Long Distance and Local Resale (Statewide)	2/29/96	10/18/96
North Carolina	Local Resale (Statewide except in Concord Telephone service areas)	11/13/97	6/4/98
Pennsylvania	Local Resale and Facilities Based (Bell Atlantic and GTE - North service areas)	2/3/97	8/28/97
Tennessee	Local Resale (Bell South and all non-rural LEC service areas)	10/30/97	7/2/98
Texas	Local Resale and Facilities Based (Statewide except in areas served by companies with fewer than 31,000 access lines)	1/28/97	4/2/97

Ameritech submitted no detailed business plans in connection with its certification application in any of these twelve states. In California, Ameritech provided one-

year and five-year projected customer counts that were based on an anticipated rollout of the Ameritech Custom Business Services initiative known as Managed Local Access (MLA), which never came to fruition. In two other states – Pennsylvania and Georgia – Ameritech provided rough financials based on similarly unrealized expectations of a successful rollout of MLA, which never occurred. (The MLA local resale initiative never had any customers in Pennsylvania or Georgia.)

Response to Question 2(b)

The ACII Certification Applications for California, Pennsylvania, and Georgia are being produced in response to Question 2(b).

3. Please provide all documents in your possession relating to any pre-merger plans and considerations by Ameritech after February 8, 1996 to provide local exchange, exchange access, or interLATA service outside its current region. This request includes all studies, charts, and memoranda relating to market conditions, entry strategies or entry barriers in those out-of-region areas.

In particular, please provide:

(a) All documents in your possession regarding Ameritech's use of shared transport or combinations of network elements (including loop, switch, and transport) as an out-of-region entry strategy.

(b) All documents regarding Ameritech's possible provision of facilities-based (i.e., through the use of facilities owned or leased by Ameritech) out-of-region local exchange, exchange access, or interLATA service. Please include any documents associated with Ameritech's Managed Local Access offering.

(c) Please provide all documents in your possession relating to the costs and revenues associated with providing out-of-region small business and residential customers local and interLATA services.

Modifications to Question 3:

- **With respect to subsections (b) and (c), limit the information and documents to be provided to that which was produced to DOJ (which will include discussions of Project Gateway, Managed Local Access (MLA)), and exclude information and documents relating to international, payphone, alarm monitoring, and stand-alone interLATA offerings (e.g., prepaid calling card product, 1-800 conferencing service). To the extent that there are documents in the files of relevant individuals responsive to subsections (b) and (c) that were not included in the DOJ submission, Ameritech will include those documents in responding to the FCC's request. In addition, Ameritech must provide information and documents regarding any international offerings that were part of an Ameritech bundled offering, which also included domestic local or interLATA telecommunications services. With regard to the exclusion of documents regarding alarm monitoring, any such exclusion is subject to the Commission's final determination on the Alarm Industry Communications Committee Motion to Require Full Disclosure of Relationship with Smith Alarm (filed Dec. 16, 1998 in CC Docket No. 98-141).**
- **With respect to subsection (b), the language of the first sentence should remain the same and the second sentence should be deleted. FCC staff understands that, pursuant to the first sentence, any documents regarding facilities based provision in the context of MLA will be produced by Ameritech. As a further point of clarification, FCC staff notes that the first sentence should be read to include any documents associated with the provision of service on a resale basis where the document indicates that the ultimate goal was to provide service on a facilities-based basis.**

Narrative Response to Question 3(a)

Ameritech did not pursue any out-of-region opportunities involving plans to use shared transport or combinations of UNEs.

Narrative Response to Questions 3(b)-(c)

Ameritech has explored a variety of out-of-region local exchange, exchange access, and interLATA services ideas. Several niche possibilities have received attention and executive review, including:

- (a) The Ameritech Cellular Services Business Unit explored offering bundled wireless and wireline local and long distance services to part of the Missouri cellular customer base, on a resold basis, as a defensive strategy, in an initiative called Project Gateway;
- (b) The Ameritech Custom Business Services (CBS) Unit, which serves Ameritech's largest retail ILEC customers, has offered resold Managed Local Access services to a subset of its customer base which purchases Managed Services; and
- (c) An out-of-region (as defined pursuant to n.1 of the FCC request for documentary material) initiative discussed with Ameritech's Management Committee in 1996, called Project Green, was not ultimately pursued because it was not able to secure Ameritech business unit sponsorship and resources.

Project Gateway

Project Gateway was conceived and undertaken in 1997 strictly to protect Ameritech Cellular's business in St. Louis from erosion as a result of the anticipated increase in competition from newly-licensed PCS wireless providers. Its overriding purpose was to

offer Ameritech Cellular's existing residential and small business cellular subscribers in St. Louis a series of bundled offerings of various combinations of local exchange, long distance and wireless services in order to forestall a loss of customers to the expected bundled offerings of wireless competitors, particularly the new PCS competitors entering the St. Louis market in 1997.

Ameritech Cellular contemplated accomplishing this bundling through the resale of SBC's local service and WorldCom's long distance service, rather than through facilities-based operations. The responsive documents conclusively establish that Project Gateway was never intended as the opening salvo in an expansive facilities-based initiative in St. Louis, or as the starting point for a competitive local service initiative beyond St. Louis. (See ACFCC0041767-0041776, AC000050-59; ACFCC0041780, AC000063; ACFCC0041800, AC000083).⁴

Ameritech Cellular did briefly examine – and ultimately rejected – the option of a facilities-based local exchange operation well before any merger talks

⁴ See also Affidavit of Ameritech Director of Corporate Strategy, Paul G. Osland, (hereinafter, "Osland Aff."), filed July 24, 1998, with the SBC and Ameritech Description of Transaction, Public Interest Showing and Other Documents; SBC/AIT Reply at 46-5.

took place. Ameritech Cellular rejected this alternative after concluding that the purchase of facilities necessary to support Project Gateway would be prohibitively expensive.⁵ No approved or final business plans for Project Gateway included the installation of facilities or systems other than those needed for pure resale operations. (ACFCC0050205-0050217, AIT0074784-0074796). Similarly, none of the numerous project control documents, such as issues lists, points lists, and time lines, assumed a later migration to facilities-based operations.⁶ For examples of these detailed project control documents, see AIT0648338-50 ("Open Issue Report" dated April 17, 1997); AIT0064875-81 ("Gateway Project Plan" dated April 9, 1997).

Because the focus of Project Gateway was a bundled offering of wireless, long distance, and resold local services, the price structure for the stand-alone offering of landline

⁵ An Ameritech Cellular "Comparison of Operating Margins [for] Facilities-Based vs. Resale Competition" concluded that, for residential, the total operating margin for resale was a positive 40%, but that the margin for facilities-based operation fell to a negative 86%. (ACFCC0051173, AIT0066558). Ameritech estimated the cost of purchasing the primary hardware and software components for a switch for use in St. Louis at about \$8 million. (ACFCC0030629, AIT0015582). This amount, which did not include installation or related costs (e.g., interconnection and leasing of transport facilities), would have increased the initial project outlay of \$10.6 million by almost 80% (see initial budget at ACFCC041776, AC000059), thus leading to a substantial negative operating margin.

⁶ In the months immediately following passage of the Telecommunications Act, Ameritech applied for CLEC authority in St. Louis. For convenience, ACII followed the common practice of seeking authority both to resell and to provide facilities-based service. However, it never took any of the regulatory steps necessary to operate as a facilities-based carrier. See SBC/AIT Reply at 46-48.

local service was specifically designed to be unattractive to SBC customers (i.e., the Ameritech service was priced much higher than SBC's local service). Project Gateway not only was limited in scope, it also was an isolated effort, not the first step in a broader planned initiative by Ameritech to obtain out-of-region customers for local exchange services.⁷ Quite to the contrary, prior to the emergence of Project Gateway and well before the proposed merger, Ameritech had undertaken Project Green, in which it considered and rejected both investing in out-of-region, facilities-based local competition and merely competing on a limited scope out of region as a reseller.⁸ The costs, personnel requirements, and risks associated with such a broad-scale commitment were determined to be beyond what Ameritech management deemed acceptable.

Managed Local Access (MLA)

Managed Local Access (MLA) was a niche offering to the large business customers of Ameritech's Custom Business Services (CBS) unit. MLA was an additional service only available to CBS's customers purchasing Managed Services. The Managed Services program was designed to meet the desire of large business customers for a single

⁷ The Gateway plan did not include large businesses because the investments that would have been required to address the operational complexity of providing service to them, in particular their needs for large numbers of lines at many locations and the complex servicing these accounts require, would have rendered Project Gateway financially unfeasible.

⁸ See infra discussion of Project Green.

point of contact to manage all of their sites nationally and, in many cases, to outsource all or part of management of their local telephone service and telecommunications facilities. As the responsive documents demonstrate, the local resale portion of MLA evolved as an additional service within the portfolio of services and products offered under the Managed Services program. (See ACFCC0102463-0102478, AIT0165936-0165951).

The local resale portion of the MLA offering was developed in 1997. Although the MLA local resale offering initiative commenced in mid-1997 to CBS customers, it only attracted one trial customer. (See ACFCC0102468, AIT0165941). United Airlines, which was already a CBS Managed Services customer, agreed to be the test case for MLA, initially through an agency agreement and later as a resale customer. The United Airlines test was initiated in the Fourth Quarter 1997 with the expectation of converting a majority of United Airlines' local access lines quickly. This expectation was not met. When Ameritech's CBS unit terminated MLA in June 1998, 398 of United Airlines' lines in California, 86 lines in Texas, and 118 lines in New York had been converted.

Ameritech's CBS unit halted the local resale portion of MLA because the program was not achieving the targeted numbers of customers and, as a result, MLA's revenues did not come close to covering the cost of the staff requirements to operate the resale portion of the program.

Project Green⁹

Ameritech has examined a number of potential out-of-region local services possibilities over the past several years. Ameritech determined, before Project Gateway was ever conceived, not to proceed with a large scale out-of-region local services initiative because (1) Ameritech lacked the necessary human, system, and infrastructure resources to proceed; (2) the service expansion presented significant costs; (3) in the end such an initiative might not be material to Ameritech's financial (revenue) performance, given the available resources; and (4) other projects received greater priority.

Ameritech's decision was made by Ameritech's Management Committee¹⁰ after an evaluation by Ameritech's corporate strategy and business units of the costs, benefits and risks of such out-of-region local investments.

With the passage of the 1996 Act, Ameritech once again examined out-of-region local service opportunities. This effort was Project Green. The purpose of Project Green was to evaluate the potential for growth in the five Ameritech states and in the immediately contiguous territories by identifying appropriate markets that were adjacent to Ameritech's existing service region (either inside or outside of the Ameritech states) that

⁹ Project Green was also referred to as "Project Green Acres."

¹⁰ Ameritech's Management Committee is a group of senior executives, including Ameritech's CEO, that meets to review and, if appropriate, approve business plans and development opportunities and to set the overall course for Ameritech's business.

Ameritech could enter as a CLEC. The evaluation process included assessing various adjacent areas and potential marketplace interest, quantifying the revenue and net income opportunities for each potential expansion market, and then providing a recommendation as to whether and, if so, how to proceed.

The Project Green team provided proposals to the Management Committee in June and early November 1996. (AIT0542273-0542299; AIT0542245-0542268). These proposals were not approved due to economic and resource availability concerns. (AIT0542243).

On November 18, 1996, the Project Green team again returned to the Management Committee. The team's revised plan recommended implementing CLEC service in clusters in Ohio, Indiana, and Illinois, along with St. Louis, specifically targeting only Ameritech's existing cellular customer base within St. Louis.¹¹ (See ACFCC0110850-0110879, AC000468-000497). The Management Committee was not persuaded to create a new business unit to handle the project,¹² especially given (i) the lack of wholesale systems and support capability that many smaller LECs would offer in some of those markets; (ii) the

¹¹ The service in St. Louis was to be provided through the resale of SBC's service.

¹² This is in sharp contrast to the commitments which Ameritech made for other services such as cable, security monitoring, long distance and international, where Ameritech established a new business unit in each case to pursue new service opportunities. In the case of Project Green, the out-of-region revenue opportunities were not deemed material enough to warrant anything other than having existing business units evaluate the opportunities.

project's limited materiality and unclear financing; and (iii) the numerous other strategic opportunities available to Ameritech which would result in better financial returns. (AIT0542302). Accordingly, rather than approving continued efforts to evaluate and test out-of-region CLEC service at the corporate level, the Management Committee moved further development of the Project Green out-of-region initiative into Ameritech Communications, Inc. (ACI), which was at the time Ameritech's business unit charged with delivering long distance and full service offerings. Id.

Project Green was never acted on by ACI because ACI did not regard Project Green as a priority; ACI's focus was on long distance entry. In addition, ACI did not believe that such out-of-region CLEC service provided significant enough revenue relative to the required resources. In early 1997, after it became clear that Ameritech's local companies could joint market long distance services after 271 approval was received, Ameritech restructured the role of ACI to develop an in-region long distance (not full service) network. Responsibility for Project Green was moved to Ameritech Cellular (for St. Louis) and Ameritech Consumer Services (for the other markets). Project Green ceased being a separate initiative, and instead became one of a number of business development options for these business units to evaluate. As a result Project Green, as a stand-alone CLEC offering with or without long distance, was never pursued or implemented.

As described above, Ameritech Cellular was in a unique situation and determined that, as a defensive initiative to protect its existing cellular base in St. Louis, it would

consider bundling resold local exchange service with wireless and long distance services in St. Louis. See supra discussion of Project Gateway. Ameritech Consumer Services, however, did not move the project forward. Nor did any other Ameritech business unit.

* * *

In addition to these niche alternatives, Ameritech considered larger scale local exchange, exchange access, and interLATA services out of region via business combinations or acquisitions. Ameritech only considered large scale local exchange and exchange access possibilities via potential acquisitions, because these had the critical mass of people, systems, and savings necessary for a material out-of-region entry. The reasons for rejecting these potential acquisitions included the high levels of earnings dilution, the time frame to become cash flow positive, the large resource requirements, comparable attractiveness of other investment opportunities, and business risks.

Ameritech did look at the possibility of becoming a national player as part of a larger merger, and that consideration was reflected in meetings with large interexchange carriers (IXCs). Ameritech was aware that the dilution associated with a major out-of-region thrust could be spread over the combined earnings of Ameritech and one of these large carriers. In addition, the combined companies would have considerably more human and technical resources, as well as a broader base of customer relationships and network facilities. Ameritech also bid on the acquisition of an out-of-region long distance carrier operating

domestically and internationally, but it lost the bid because another carrier (a major CLEC) was able to absorb the dilution and/or could generate more efficiencies.¹³

4. As of May 10, 1998, please describe the level of progress that Ameritech had made in building any operational support systems (OSS) interfaces that would enable it to access SBC's OSS functions (i.e., pre-ordering, ordering, provisioning, repair and maintenance, and billing) to obtain resold services, unbundled network elements, and number portability. Please provide all documents in your possession regarding the building of such OSS interfaces.

Modifications to Question 4:

- **Ameritech will provide a narrative addressing the level of progress Ameritech had made in building OSS interfaces as of May 10, 1998. The narrative should contain citations to documents that Ameritech has relied on, such as internal reports, regardless of whether such documents were produced to DOJ.**
- **After reviewing responsive narratives submitted by Ameritech, FCC staff may request additional information and/or documents.**

Narrative Response to Question 4

The progress that Ameritech made in building OSS interfaces to access SBC's OSS function was solely in the context of Project Gateway and MLA (both of which are described above in the Narrative Response to Question 3).

¹³ Documents relating to Ameritech's consideration of business combinations or acquisitions are subject to confidentiality agreements with the other parties, which generally require prior notification before such documents may be produced pursuant to governmental request. Ameritech will produce those documents it is permitted to produce during the second phase of document production.

Project Gateway

With respect to Project Gateway, as of May 10, 1998, Ameritech had completed trial development of interfaces into SBC's OSS that enabled Ameritech to order and provision resold services. Ameritech Cellular, however, did not achieve full commercial implementation of its OSS interfaces with SBC's OSS functions. In fact, Ameritech never progressed beyond a trial. See generally Ameritech Cellular Phase II System Requirements, Product: Local and IntraLATA, Aug. 15, 1997 (ACFCC0022036-0022461, AIT0070760-0071166).

Pre-Ordering/Ordering. Specifically, Ameritech accomplished pre-ordering activities through SBC's DataGate interface. See LSP Access Reference Guide, Version 4.2.0 (ACFCC0170010-0170125) (SBC-provided reference guide to DataGate). This interface was integrated into the existing Ameritech Cellular point-of-sale computer application, known as ACES.¹⁴ Prior to enhancement of ACES to allow ordering of resold local service, ACES was used to order Ameritech cellular and paging service. Ameritech expanded the types of service that could be ordered via ACES to include the following new service types: "Ameritech local combined with Ameritech out-of-region long distance," "Ameritech local stand-alone," and "Ameritech out-of-region long distance stand alone." See Phase III -- Ameritech Cellular

¹⁴ ACES is the Ameritech Cellular point-of-sale system. This computer system was in existence and being used in all Ameritech Cellular retail stores, regardless of location, prior to Ameritech Cellular contemplating the resale of SBC local telephone service.

Project Gateway, Application Flow Diagrams, Feb. 1998 (0170189-ACFCC0170191) (service flow diagrams).

Provisioning. Provisioning was completed via an electronic data interface (EDI) with SBC. As with the pre-ordering functions, Ameritech incorporated an EDI interface into its existing cellular point-of-sale system, ACES. Ameritech used an EDI translator, known as Paper Free, to perform the EDI functions. See generally Project Gateway -- January Release System Requirements, Establish Service, Oct. 24, 1997 (ACFCC0170145-0170157) (overview of EDI interface); Project Gateway Application Context Diagram, Apr. 1, 1998 (ACFCC0170187-0170188) (context flow diagram).

Provisioning of stand-alone out-of-region long distance was performed via a dial-up interface into SBC. As with the pre-ordering and ordering of local service, the provisioning function was incorporated into ACES. See ACS Project Gateway Initiative -- Phase II System Solution, Establish Service, (ACFCC0170001-0170009) (outline for establishing service for stand-alone long distance). The order entry process of stand alone out-of-region long distance service did not differ from the order entry process for local service described above. See Phase III -- Ameritech Cellular Project Gateway, Application Flow Diagram -- Establish Service (Additional Products added to Existing Services), Feb. 11, 1998 (ACFCC0170190) (describing service flow for stand-alone long distance); Ameritech Cellular Project Gateway Phase I System Requirements (Product: Landline Long Distance), July 14, 1997 (ACFCC0061930-0062111).

Repair and Maintenance. Repair and maintenance was performed through the Trouble Administrator application provided by SBC. See Project Gateway Phase II System Requirements, Service Assurance, Aug. 15, 1997 (ACFCC170173-0170186) (system requirements document describing service assurance requirements). The Trouble Administrator application was not incorporated into any Ameritech systems. Ameritech personnel received training from SBC on the Trouble Administrator application and contacted the SBC local service center (LSC) when support was required. Since Ameritech was in a trial stage, only a limited number of trouble tickets were submitted for testing.

Billing. Billing for local service and long distance service was done via Ameritech's existing cellular billing system. See Project Gateway -- Phase II System Requirements, Usage to Cash, Aug. 15, 1997 (ACFCC0170518-0170172) (system requirements documents describing usage to cash requirements). As with the point-of-sale system, Ameritech Cellular enhanced its billing system to accept the following service types: (1) Ameritech local combined with Ameritech out-of-region long distance; (2) Ameritech local stand-alone; and (3) Ameritech out-of-region long distance stand alone. As with the order entry system, the billing system supported these service types as stand-alone or bundled with Ameritech cellular service. The billing system was modified to create a "parent/child" relationship across all of a single customer's service types.¹⁵ This relationship was referred to

¹⁵ This parent/child structure was originally developed with the cellular billing system to
(continued...)

as group accounts and sub accounts. ACES established this group/sub-accounts hierarchy based upon the type of service being ordered and the type of service the customer had with Ameritech previously. For example, if a customer had existing cellular service with Ameritech and was ordering local and long distance, the transaction sent from the order entry system to the billing system would establish the existing cellular account as the group account and the local and long distance account as sub-accounts to that group. The point-of-sale system had incorporated business rules to establish a similar type of hierarchy for any type of service combination. The group/sub-account philosophy existed within the Ameritech billing system prior to this project. If a customer had multiple cellular accounts, one was established as the group and all others were sub-accounts to that group. This relationship allowed for invoicing multiple service types on the same bill. Ameritech used existing cellular product code and price plan functionality to establish multiple rate plans for each of the service types.

¹⁵

(...continued)

integrate the charges for multiple cellular lines onto a single bill. For example, a father and a daughter who was away at college could have individual cellular phone lines that were being billed separately. If the father wanted the daughter's cellular phone bill included on his monthly statement, Ameritech Cellular would establish the daughter's cellular phone line as a sub-account (child) to the father's cellular account (parent or group account). This billing structure was adapted for the local service offering in connection with Project Gateway.

In addition to the modifications for the new service types, the billing system had to be enhanced to accurately calculate taxes.

Managed Local Access (MLA)

As an initial matter, Ameritech's Custom Business Services (CBS) unit used the OSS client software provided by each ILEC in whose territory it operated. CBS, however, also pursued the potential purchase of OSS interface software for its MLA offering on a generic basis. As of May 10, 1998, CBS also was developing its own customer care and billing software (see Narrative Response to Question 7).

CBS was using SBC-supplied interfaces for pre-ordering, ordering, and repair functions in connection with resold services in California and Texas. CBS was operating in a resale-only mode and was not utilizing its own facilities. Although it was investigating the use of third-party multi-ILEC gateways and the potential of purchasing the OSS interface developed for Project Gateway, Ameritech's Custom Business Services unit was only using SBC's OSS interfaces and had no plans to build its own OSS interfaces that would enable access to SBC's OSS functions. See generally Managed Local Access, High Level Design, Prepared by Billing Solutions, Jan. 1998 (ACFCC0170199-0170242); Managed Local Access Out-of-Region Business Processes, The Solutions Group, Dec. 24, 1997 (ACFCC0032335-0032505; AIT0026022-0026192).

5. To the extent that Ameritech had commenced its development of any interfaces to access SBC's OSS, please explain which SBC interfaces Ameritech was building toward (e.g., EDI or Verigate).

Modification to Question 5:

- After reviewing responsive narratives submitted by Ameritech, FCC staff may request additional information and/or documents. Ameritech's narrative responses should contain citations to documents that Ameritech has relied on, such as internal reports, regardless of whether such documents were produced to DOJ.

Narrative Response to Question 5

Project Gateway

As discussed in the Narrative Response to Question 4, Ameritech Cellular used SBC-provided system components and solutions for resellers to perform pre-ordering, ordering and provisioning, trouble ticketing/service assurance, and billing processes. Specifically, as described below, Ameritech completed initial integration of DataGate services and EDI ordering into existing applications and incorporated Residential Easy Access Sales Environment (R-EASE), Trouble Administrator, and Order Status as stand alone applications into its processes.¹⁶ See generally Project Gateway – January Release System Requirements, Establish Service (ACFCC0170145-0170157); Project Gateway – Phase II System Requirements, Service Assurance (ACFCC0170173-0170186). For specific descriptions of the

¹⁶ Although Question 5 as drafted by FCC Staff specifically references Verigate, Ameritech Cellular did not use Verigate, which is a front-end application written by SBC that utilizes DataGate. Ameritech Cellular developed its own front-end application to access DataGate, and thus Verigate was not needed.

products described below, see Ameritech Cellular Project Gateway Initiative, Local Resale, Southwestern Bell Local Resale Components, June 12, 1997 (ACFCC 0060002-0060014; AIT0252221-0252234).

(1) *DataGate* - Allows local service providers to build a transaction-based query system through which they can access the pre-ordering functions such as:

- Customer Proprietary Network Information (CPNI);
- Telephone Number Availability and Reservation;
- Due Date Availability;
- PIC Options; and
- Service Address Verification.

(2) *Residential Easy Access Sales Environment (R-EASE)* - A Windows®-based graphic user interface using 3270 terminal emulation¹⁷ for pre-ordering services of residential service orders. R-EASE delivered the same functions as DataGate. Ameritech Cellular used portions of this application in an interim period while modifying ACES to interface with SBC.

(3) *Trouble Administrator* - A Windows®-based graphic user interface used for generating and tracking trouble tickets. It provided the following functions:

¹⁷ The 3270 terminal is the only terminal emulation that is used with R-EASE. The 3270 terminal emulation is a common emulation used to access a mainframe computer from a personal computer (PC).

- Initiation/view of the results of Mechanized Line Test (MLT);
 - Trouble Ticket Entry;
 - Trouble Ticket Status;
 - Trouble Ticket Resolution; and
 - Maintenance History (SBC history was not available to Ameritech).
- (4) *Order Status* - A Windows®-based graphic user interface for tracking service orders. This application provided inquiry only capability for pending and posted service orders.
- (5) *EDI Gateway* - Ameritech Cellular built its own interface into SBC's ordering and provisioning systems. The EDI Gateway system was used for submitting service orders, receiving order acknowledgments, firm order commitments, and service order completions messages. Ameritech Cellular was also using EDI Gateway to receive its invoices from SBC.

MLA

As reflected in the Narrative Response to Question 4, Ameritech was using SBC-supplied interfaces in its large business CLEC project known as MLA. Ameritech had not commenced development of its own interfaces to access SBC's OSS for MLA.

6. To the extent that Ameritech has conducted any tests assessing SBC's OSS systems, please specify the nature (e.g., which interface was tested), scope (e.g., stages of testing - initial, beta), duration, and results of any such tests. Please provide all documents in your possession regarding such tests, including any documents associated with the discontinuance of such tests.

Modification to Question 6:

- After reviewing responsive narratives submitted by Ameritech, FCC Staff may request additional information and/or documents. Ameritech's narrative responses should contain citations to documents that Ameritech has relied on, such as internal reports, regardless of whether such documents were produced to DOJ. Ameritech's narrative response should explain when and why any testing ceased.

Narrative Response to Question 6

Project Gateway

As stated above in the Narrative Response to Question 5, Ameritech Cellular completed trial testing DataGate, R-EASE, Trouble Administrator, Order Status, and the EDI Gateway. Integration of these SBC OSS interfaces into Ameritech production systems was complete. Prior to production, these interfaces were unit tested, integration tested, regression tested, and user acceptance tested by Ameritech Cellular using standard system development

life cycle methodologies.¹⁸ The integrated interfaces were tested in conjunction with the testing of other cellular-only enhancements.

The overall results of the testing demonstrated that an order which flowed through the systems end-to-end, without human intervention, usually was successful. Orders that were kicked out of the system and required human intervention were more prone to errors. Ameritech and SBC worked together to trace orders through the system and identify the point of failure. See Spreadsheet "SWBT Open Order Research" (ACFCC0170126-0170144) (spreadsheet used for tracking local orders in error or in process). SBC implemented new processes and procedures, as well as modified existing processes, to ensure an increased number of orders would flow through the systems without human intervention. As of May 10, 1998, Ameritech was conducting a "friendly user" trial, but had not offered the service in full production to the mass market.¹⁹

¹⁸ Lifecycle testing methodology basically follows an enhancement from its development through to the production stage. This testing methodology involves the following steps: (1) application programmers complete development; (2) the specific enhancement is unit tested based on the underlying requirements with little testing of the surrounding functionality; (3) a dedicated testing team performs string testing of the enhancement for approximately 2-4 weeks to confirm that the enhancement integrates with, for example, the other functionalities of an application; and finally (4) the team performs approximately 2 weeks of regression testing. This lifecycle methodology is commonly referred to as a "waterfall" method because the application enhancement essentially "falls" from development into unit testing and string testing, and then into regression testing, and finally into production.

¹⁹ The "friendly user" trial involved an offering to Ameritech Cellular employees and
(continued...)

MLA

As reflected in the Narrative Response to Question 4, Ameritech's Custom Business Services unit was using SBC-supplied interfaces in its large business CLEC project known as MLA. Thus, integration testing between Ameritech-developed components and SBC components was not necessary.

Ameritech's CBS unit conducted testing with SBC interfaces that focused on the business process flows of preordering, ordering, provisioning, repair/maintenance, and billing. The goals were to better understand the steps required for all manual processes associated with the use of the SBC interfaces and to baseline the timing and accuracy of a transaction as it flowed through the processes. To test the connectivity of the T-1 line connecting Ameritech to SBC and to test the operation of SBC-supplied software, server test orders were placed and various inquiries were run. The application programs tested included SBC's Business Easy Access Sales Environment²⁰ (B-Ease) and Toolbar for trouble-shooting, ordering, and other functions. The number of test orders placed was low (less than a dozen).

Minor problems were encountered in performing the tests relating to the handling of voice mail, the linking of order cycles to billing cycles, and the triggering of order

¹⁹ (...continued)
their relatives and friends (i.e., approximately 375 customers in St. Louis).

²⁰ B-Ease is an OS/2 computer operating system based GUI for pre-ordering services and generating small business service orders (i.e., accounts with up to 30 lines).

status changes in the system. The problems encountered were attributable more to the features of the rules governing the business processes, rather than the features of the SBC computer interfaces. The testing process took less than three weeks.

In addition to testing the SBC side of the interface, Ameritech's CBS unit also ran 911 tests with the local public safety answering point (PSAP) to ensure that the conversion of lines did not interfere with the provision of 911 services. At the completion of the testing phase, live orders were immediately processed. The business rules/processes issues were the subject of several telephone calls between Ameritech and the SBC wholesale group. These issues were resolved to varying degrees from the end of 1997 to early 1998.

7. Please describe, and provide all documents concerning, the status of Ameritech's development of its own internal back office systems to provide local exchange service in the SBC region. Any such description should include an explanation of the extent to which Ameritech had developed its own billing system, inventory management system, and any other customer care functions.

Modification to Question 7:

- **After reviewing responsive narratives submitted by Ameritech, FCC Staff may request additional information and/or documents. Ameritech's narrative responses should contain citations to documents that Ameritech has relied on, such as internal reports, regardless of whether such documents were produced to DOJ.**

Narrative Response to Question 7

Project Gateway

To resell SBC's local telephone service, Ameritech Cellular did not utilize any of the operational support systems that the Ameritech ILEC business uses within its franchised local telephone service area. Ameritech Cellular used two primary *cellular* support systems - ACES and Cellware. See generally Project Gateway Application Context Diagram, Apr. 1, 1998 (ACFCC0170187-0170188) (application context flow diagram); Ameritech Cellular Project Gateway, ACES Build 32 and Cellware 98.3 and 98.4 Release System Requirements, Product: Long Distance, Local and IntraLATA, Feb. 17, 1998 (ACFCC0030456-0030561; AIT0093970-0094075).

- *Ameritech Customer Experience Solution (ACES)* - ACES is the Ameritech Cellular point-of-sale system. This system was in existence and being used in all Ameritech Cellular retail stores, regardless of location, prior to Ameritech Cellular reselling SBC local telephone service. Ameritech Cellular completed enhancement of the ACES system to allow a sales representative to perform all pre-ordering and ordering functions necessary to provision local telephone service in St. Louis. See, e.g., Project Gateway: Gateway Impact with ACES Build 30 Delay (10/31/97) (ACFCC0021947-0021958; AIT0073930-0073938).

- *Cellware* - Cellware is the Ameritech Cellular billing system. This system was in existence and being used by all Ameritech Cellular markets, with the exception of Hawaii,

prior to Ameritech Cellular contemplating the resale of SBC local telephone service.

Ameritech Cellular captured all business and systems requirements and worked directly with information systems programmers from Convergys to design, construct, implement, and test all billing functions necessary to invoice customers for their local telephone service. See, e.g., Project Gateway Gateway Impact with Cellware 97.4 Delay (11/04/97) (ACFCC0021828-0021835; AIT0247078-0247085); Ameritech Cellular Phase II Scenarios/Test Cases (Product: Cellware Release 97.4) (11/13/97) (ACFCC0060180-0060564).

MLA

Ameritech's Custom Business Services (CBS) unit developed three primary internal back office systems for MLA and had a fourth in development at the time MLA was discontinued. Of the four systems, two handled customer service and two handled billing.

- *Customer Service.* To track and manage a customer's inventory of ILEC services, the Custom Business Services unit developed a Customer Database that consisted of a Microsoft Excel workbook for each customer, with a worksheet tab for each customer location. The worksheet for each location contained detailed typical customer service record information, English descriptions of Universal Service Order Codes (USOCs), customer contact information, service instructions, a record of lines in and out, and information on difficult to provision services (e.g., voice mail). Key service incident history was also tracked and maintained using Microsoft Excel tools. While no formal documentation exists for the Microsoft Excel tools, the tools still exist.

At the time MLA was discontinued, CBS also was developing a second customer service support system using Oracle application software. The requirements, architecture, and plan for this system were documented in a Project Definition Report (PDR). See, e.g., Context Model – MLA Reseller Circuit Inventory (ACFCC0170192-0170198); Sample of Customer Care Database Site Information Data Tab (ACFCC0170243-0170245). If the MLA initiative had been continued, the system developed using Microsoft Excel would have been migrated to the Oracle system, which was known internally as the Enterprise Service system (ESS), and then integrated with one of the interface options (see Narrative Response to Question 4 above).

The customer service system using Microsoft Excel was developed by help desk staff. No costs were directly attributable to this system as the development cost was tracked as part of on-going operations costs.

- *Billing.* The CBS MLA billing project plan provided for three major phases: the first phase was completed; the second was developed but never used; and the third saw no significant work. The first phase of the billing system was developed in Microsoft Excel. This first phase allowed manual or automated entry of reseller (not raw usage) bill information. Table-driven worksheets applied pricing and taxing information based on USOC and then formatted the bill per state commission requirements. This program allowed for a variety of reporting formats. This first phase billing system was developed and implemented by an outside contractor, as documented in a four volume set of manuals provided by the outside

contractor. See generally Ameritech: MLA Manual Billing Process, vols. 1-4 (last updated Apr. 22, 1998) (ACFCC0170246-0170964).

The second phase billing system, which was developed internally, allowed the processing of EDI-based billing data and provided for less user intervention in processing. The high level system requirements for this billing system are documented in High Level Design, Managed Local Access, dated January 1998 (ACFCC0170199-0170242). This second billing the system was delivered in two phases: the first in early June 1998 for interface to SBC and Bell Atlantic and the second with additional capabilities, such as on-line screens to view other charges and credits (OCC), in early July 1998.

8. Please state, and provide all documents in your possession concerning, whether Ameritech at any time filed, or considered filing, a complaint with a state regulatory commission regarding SBC's provision of local exchange services and facilities to Ameritech.

Narrative Response to Question 8

Ameritech did not file or consider filing a complaint with a state regulatory commission regarding SBC's provision of local exchange services and facilities to Ameritech. The two Ameritech Business units which worked with SBC on the resale of local exchange services and facilities, as discussed earlier in the Narrative Responses to Questions 4-7, were Ameritech Cellular and Ameritech Custom Business Services. Neither Ameritech Cellular nor the Ameritech Custom Business Services unit initiated or had plans to initiate, any

complaints with state regulatory commissions regarding SBC's provision of local exchange services and facilities to Ameritech.²¹

9. Please describe in detail the number, and type, of out-of-region telecommunications facilities that Ameritech owns, or did own at the time of the merger announcement, that could be used to provide wireline local or interLATA telecommunications service.

Modifications to Question 9:

- **Ameritech will provide a written narrative, with citations to underlying documents, of the extent to which it has assessed whether any of the out-of-region facilities that it owns, or did own at the time of the merger announcement, could be used to provide competitive wireline local exchange and exchange access service.²² With regard to any such assessments, Ameritech will explain in the narrative which facilities were involved. After reviewing responsive narrative**

²¹ Ameritech Cellular intervened as an interested party, but not as a complainant, in the ILEC switched access complaint that Sprint filed in Missouri against SBC. See United Telephone Company of Missouri's complaint against Southwestern Bell Telephone Company for failure to pay United its terminating access for cellular-originated calls which are terminated in United's territory, Case No. TC-96-112, Application for Leave to Intervene, filed by Ameritech Mobile Communications, Inc., Jan. 22, 1996; Order Granting Intervention, Case No. TC-96-112, Jan. 26, 1996.

²² By limiting the scope of this question to any out-of-region facilities that could be used to provide *competitive* local exchange and exchange access service, Ameritech's response will not include those facilities that are owned by Ameritech, but are located outside of Ameritech's region (as defined in n.1 of the 1/7/99 request), and used to provide service to customers either on an ILEC basis or via relationships with other ILECs. Specifically, the following facilities would be excluded: (1) intraLATA toll facilities; (2) facilities used to provide exchange access service jointly with an adjacent ILEC via interconnected facilities (i.e., meet point arrangements); and (3) facilities used for the joint provisioning of local exchange service by Ameritech and an adjacent ILEC, whether in the fine states or immediately adjacent tot he five states.

submitted by Ameritech, FCC staff may request additional information or documents.

- For purposes of this question (and Question # 10), exclude international, paging, and payphone facilities, and facilities in Hawaii (i.e., cellular in Kauai).
- Limit response by excluding "Official Services Network," which is the interLATA network used for Ameritech's internal operations to transmit data between, for example, Milwaukee WI and Springfield, IL (which has been an exception to the interLATA prohibition under the MFJ).

Narrative Response to Question 9

Ameritech owns, or did own at the time of the merger announcement, very limited out-of-region telecommunications facilities. Ameritech owns out-of-region telecommunications facilities in just four of the states in the continental United States (Ohio, Indiana, Missouri, and Georgia), two of which are located in the five state Ameritech region. None of these out-of-region facilities are currently being used to provide traditional voice local exchange service as a competitive local exchange carrier.

Ameritech owns certain out-of-region wireless facilities in Missouri and Ohio, which are discussed in response to Question 10 below. Ameritech also owns very limited out-of-region wireline telecommunications facilities: frame relay data switches located in Ft. Wayne, Indiana and Cincinnati, Ohio²³ and a small pre-paid calling card platform located in

²³ See document entitled "Advanced Data Services Switch Sites," Nov. 1, 1997 for a brief network description of the out-of-region data switches. In early 1996, Ameritech Advanced Data Services (AADS), a division of Ameritech that serves large business (continued...)

Atlanta, Georgia.²⁴ Ameritech has not assessed whether the frame relay data switches or the pre-paid calling card platform could be used for competitive wireline local exchange or exchange access service. Further, Ameritech has never had plans to use these facilities for any purpose other than advanced data services and the prepaid calling card service.

10. To the extent that Ameritech owns, or did own at the time of the merger agreement, any out-of-region facilities that are, or were, being used for the provision of wireless services, please explain whether any of these facilities could be converted for the provision of wireline services. To the extent that such a conversion could be made, please describe which facilities could be converted and the costs associated with such a conversion. Please provide all documents in your possession regarding such a conversion.

Modifications to Question 10:

- **For purposes of this question, exclude international, paging, and payphone facilities, and facilities in Hawaii (i.e., cellular in Kauai).**

²³

(...continued)

data customers, placed frame relay data switches in Ft. Wayne and Cincinnati, respectively, to serve the anticipated need of statewide large business data customers. At that time, GTE and Cincinnati Bell, the major ILECs in Ft. Wayne and Cincinnati, respectively, did not have such frame relay switches in place. AADS deployed these frame relay switches to serve data customers in the Ft. Wayne LATA (LATA 334) and in the Cincinnati LATA (LATA 922), which cannot be served by other in-region Ameritech data switches due to regulatory interLATA restrictions. AADS currently provides frame relay services to large business data customers in those LATAs in competition with GTE and Cincinnati Bell and other data providers. These frame relay switches, however, cannot carry circuit switched traffic to provide wireline local exchange service such as voice services.

²⁴

The pre-paid calling card platform is a Harris 2000 tandem switch. The pre-paid calling card platform is currently being used for pre-paid card purposes only. This platform is not being used and is not designed for local exchange purposes in Atlanta or any other area.

- **Any analysis that was done by Ameritech has already been produced to DOJ in connection with Project Gateway, Project Green, and MLA. Ameritech will provide such analyses to FCC staff.**
- **Limit response by excluding "Official Services Network," which is the interLATA network used for Ameritech's internal operations to transmit data between, for example, Milwaukee WI and Springfield, IL (which has been an exception to the interLATA prohibition under the MFJ).**

Narrative Response to Question 10

Ameritech Cellular has quite limited out-of-region wireless cellular telecommunications switching facilities: the St. Louis Metropolitan Statistical Area (MSA) and surrounding Rural Service Areas (RSAs) in Missouri and the Cincinnati MSA.²⁵

Ameritech is not aware of any wireless service provider in the United States offering both cellular and competitive wireline local exchange service over the same cellular facilities. While it may be technically possible to reconfigure or modify existing wireless telecommunications facilities to provide local exchange or exchange access service at a significant expense, Ameritech has not tested or implemented any such reconfigurations on its cellular network or tested any potential reconfigurations for impacts that such modifications would have on the volume, quality or billing of the existing cellular service. As to potential conversion costs of any possible retrofit, Ameritech has no data.

²⁵ See document entitled "Telecommunications Facilities Summary (Out-of-Region Wireless), Cellular Facilities in St. Louis and Cincinnati, Jan. 22, 1999 (summarizing in detail the out-of-region wireless cellular facilities).

Staff engineers at Ameritech Cellular considered the need to address in the future the issue of converting St. Louis wireless telecommunications facilities into wireline local service or exchange access facilities as a possible phase of Project Gateway, but that assessment never got off the drawing board. The preliminary effort (described below) was never completed, presented to senior management (either Ameritech Cellular or Ameritech) for review, or funded. Moreover, no telecommunications facilities were purchased to convert the St. Louis wireless system for use in providing wireline local exchange service. No assessment was done regarding Cincinnati.

In 1997 Ameritech Cellular engineers began an analysis on the possible "conversion" (regardless of whether retrofitting or augmenting capacity and features). This preliminary analysis resulted in two spreadsheet documents, which total four pages. These preliminary spreadsheets provide high level estimates of potential capital costs and expenses associated with conversion. The first spreadsheet entitled "St. Louis Project Gateway" reflects preliminary financial analysis using capital costs and expenses from first cut vendor estimates. (ACFCC0050931-005932, AIT0015596-0015597; see also ACFCC0030992, AIT001625; ACFCC0050927, AIT0016126 (duplicates of spreadsheet)).²⁶ The listed operations expenses

²⁶ Ameritech did not issue an RFP to obtain quotes from vendors to convert St. Louis wireless facilities, but spoke to switch vendors, Lucent and Siemens, to obtain feasibility insight and planning expense prices. See proposals from Lucent (ACFCC0031002-0031029, AIT0016199-0016226; ACFCC0031039-0031041, AIT0016123-0016125; ACFCC0030981-0030997, AIT0016243-0016259) and
(continued...)

omitted major components, such as Operator Services and Directory Assistance, 911, trunk and facility connections, and per minute-of-use interconnection expenses for a facilities based model. The spreadsheet never netted revenue versus expense and never compared the rough cut conversion expenses to the planned resale expenses for Project Gateway.

The second document entitled "Project Gateway, ACS Switching" (ACFCC0050928-0050930, AIT0015599-0015601) is an incomplete study, as shown by the blank expense estimate fields. These blank fields indicate that pieces were missing in the preliminary analysis or gaps existed in the engineers' understanding of the potential to convert or augment the existing St. Louis wireless facilities.²⁷

11. Please explain whether any of the facilities associated with Ameritech's provision of telecommunications service (i.e., wireless or wireline service) in areas that are contiguous to those of other ILECs (e.g., St. Louis) could be converted for the provision of wireline service in the neighboring ILEC's region. Please describe the costs associated with such a conversion. Please provide all documents in your possession regarding such conversions.

Modifications to Question 11:

- **In lieu of the information currently requested in the question, Ameritech will provide: (a) a written explanation, with citations to underlying documents, of the extent to which it has assessed whether any of the facilities associated with Ameritech's provision of telecommunications service, wireline or wireless, in areas that are contiguous to those of other ILECs (e.g., St. Louis) could be**

(...continued)

Siemens (AIT0016056-0016060).

²⁷ This spreadsheet was printed from computer files and thus is dated 9/16/98, but was created 11/14/97.

converted for the provision of competitive wireline local exchange service in the neighboring ILEC's region; and (b) any documents in Ameritech's possession that discuss the costs of such conversion.

- **Any analysis that was done by Ameritech has already been produced to DOJ in connection with Project Gateway, Project Green, and MLA. Ameritech will provide such analyses to FCC staff.**

Narrative Response to Question 11

Ameritech has assessed the feasibility of converting or augmenting existing ILEC wireline telecommunications facilities as one of several provisioning options only within the context of Project Green (see Narrative Response to Question 3). Within the context of Project Green, around September 1996, Ameritech Corporate Strategy performed a preliminary assessment of whether Ameritech could convert or augment its existing telecommunications facilities for the purpose of providing competitive local exchange or exchange access service in contiguous ILEC service areas. Such analysis focused on potential expansion into small contiguous local exchange markets such as Davenport, Iowa (U.S. West) and Bloomington, Illinois (GTE).²⁸

Only small potential markets were addressed in the preliminary assessment because large markets, such as St. Louis, could not be served for a variety of reasons, including lack of existing capacity in a nearby Ameritech switch. Any plan to serve a major

²⁸ See documents entitled "Quad Cities Unbundled Lease-top" and "Bloomington Unbundled-top."

metropolitan area would very likely need to be addressed with the placement of a completely new switch out-of-region. Such new build alternatives were available not only to Ameritech, but to all CLECs and carriers, including large companies such as ATT/TCG/TCI, MCI/Worldcom, and Sprint and smaller CLECs, both before and after passage of the 1996 Act.

As discussed in response to Question 10 above, the responsive spreadsheets are preliminary views of the cost structure and reflect only first cut estimates of capital requirements and expense.²⁹ Since the Project Green proposal was rejected, an implementation team never was formed to subsequently refine the initial estimates.

The Project Green team concluded that to serve more than approximately 7,500 local exchange lines effectively requires the placement of a new out-of-region switch, not just placement of a remote switch in a contiguous ILEC exchange. Capacity to backhaul larger amounts of local exchange traffic to an existing nearby in-region ILEC switch (and the associated switch ports required) proved not to be available to support larger numbers of lines. A backhaul switching plus unbundling network model proved not to be a viable option to

²⁹ The Quad Cities spreadsheet estimates a 3-year capital expenditure of over \$3 million, a 3-year Total Cash Operating Expenses of over \$11 million and a negative EBITDA for the first 3-years totaling over \$4 million. Similarly, the Bloomington spreadsheet estimates a 3-year capital expenditure of over \$6 million, a 3-year Total Cash Operating Expenses of over \$11 million and a negative EBITDA for the first 3-years totaling over \$5 million.

serve a major metropolitan area, where over time tens or hundred thousands of lines could potentially be served.

12. Please provide all documents in your possession associated with SBC's entry into the Ameritech region to provide local exchange, exchange access, or interLATA service.

Narrative Response to Question 12

As the responsive documents demonstrate, in 1996 Ameritech was aware through research performed in the context of its cellular operations that SBC d/b/a Cellular One was fully certified to provide cellular, local and long distance service in Chicago. (See ACFCC0030633-0030648). Shortly after passage of the Telecommunications Act of 1996, Ameritech incorrectly anticipated that SBC's Cellular One business in Chicago would offer a bundled package of resold local service, landline long distance, and cellular service under the Cellular One brand name to its high-end cellular customers. As the documents demonstrate, SBC was not identified as a potential competitive entrant in any of the other Ameritech in-region states. The passage of time has proven Ameritech's predictions regarding Cellular One in Chicago to be ill-formed. Ameritech's subsequent analyses of competitive entry into its region have focused on AT&T, MCI, Sprint, and the once-independent CLECs (MFS, Brooks Fiber, and TCG). (See ACFCC0030655-0030670; ACFCC0030649-0030654).

Brand Name Awareness

13. Please provide all documents in your possession regarding the level of familiarity that potential business and residential customers located outside of the current Ameritech region have with the Ameritech brand name. In addition, please provide all documents in your possession concerning the willingness of these customers to purchase local or interLATA wireline services from companies with the Ameritech brand name.

In particular, please include all documents in your possession regarding the level of familiarity that potential business and residential customers have with Ameritech's brand name in the St. Louis area. Please also include all documents in your possession comparing the appeal and familiarity of Ameritech's brand name with that of other carriers in the St. Louis area.

Modifications to Question 13:

- **Modify the language in Question 13 by replacing the term "all documents" each time it appears with the phrase "all final analytical reports (including a sample script and questionnaire, where available)."**
- **Limit the response to information and/or documents that Ameritech can produce without violating confidentiality agreements with customers or potential customers. Ameritech will follow up with an indication of what documents are subject to confidentiality agreements.**

Narrative Response to Question 13

As reflected in the final reports produced in response to this Question (and Question 14), Ameritech enjoyed very limited brand name awareness outside the five state Ameritech region, including St. Louis. Ameritech conducted limited studies of its brand awareness outside of its five state region and did minimal national advertising (e.g., sponsorship of the Ameritech Senior Open (a golf tournament)). Ameritech was primarily focused on