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

In the Matter of	)	
	)	
Joint Application by SBC Communications Inc.,	)	CC Docket No. 01-194
Southwestern Bell Telephone Company,	)	
Southwestern Bell Communications Services, Inc.,	)	
d/b/a Southwestern Bell Long-Distance	)	
for Authorization under Section 271	)	
of the Communications Act to	)	
Provide In-Region, InterLATA Service	)	
in the States of Arkansas and Missouri	)	

Comments of Communications Workers of America

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Dated: September 10, 2001

Executive Summary

The Communications Workers of America (CWA) submits these comments in support of Southwestern Bell's application for authority under Section 271 of the Communications Act to provide in-region, interLATA service in Arkansas and Missouri. After exhaustive reviews, the Arkansas and Missouri Public Service Commissions (PSCs) both unanimously determined that Southwestern Bell has met the requirements of Section 271 of the Communications Act to open local markets to competition in their respective states. Further, Southwestern Bell's proposed performance monitoring plan which would require Southwestern Bell annually to put at risk up to $43 million in Arkansas and up to $98 million in Missouri for non-compliance provides adequate safeguards against backsliding by Southwestern Bell and creates incentives for Southwestern Bell to engage in continuous improvement of its wholesale services.

Southwestern Bell's entry into the long-distance market in Arkansas and Missouri is in the public interest. First, it will increase competition in the long-distance market, particularly for residential consumers. As demonstrated by its experience in the long-distance markets of Texas, Oklahoma, and Kansas, Southwestern Bell's entry into long-distance in Arkansas and Missouri will lead to lower prices and new service offerings for consumers. Second, Southwestern Bell's entry into the long-distance market in Arkansas and Missouri will promote the important goal of

the 1996 Telecommunications Act to create good, high-wage jobs in the telecommunications industry.

CWA is in a unique position to comment on Southwestern Bell's long-distance application in Arkansas and Missouri. CWA represents approximately 11,200 employees at SBC in Arkansas and Missouri.[1] CWA also represents employees at AT&T, primarily in its long-distance operations, but also in some local service and cable operations. Because CWA represents employees in all segments of the telecommunications industry, CWA must base its position regarding an application by a Bell Operating Company (BOC) to provide long-distance services on the factual evidence regarding Section 271 compliance in that state as well as on the public interest merits of the application.

CWA concurs with Southwestern Bell that it has resolved the principal issues raised by this Commission's staff in the initial Missouri 271 proceeding. CWA notes that both the Missouri and Arkansas Commissions have certified that the UNE rates in those states have been set in compliance with the 14-point checklist and are consistent with the FCC's cost methodology. On the other two principal issues, CWA conducted interviews with CWA-represented Southwestern Bell frontline customer service employees to determine whether Southwestern Bell has taken

[1] CWA Membership Report, August 2001. Nationally, CWA represents more than 740,000 employees who work in telecommunications and other public and private sector organizations. CWA represents more than 120,000 SBC employees across the nation.

action to ensure compliance. The customer service employees confirmed that Southwestern Bell has 1) corrected problems in its line maintenance operations system (LMOS) to enable Competitive Local Exchange Carriers (CLECs) to submit electronic trouble reports in a manner that is at parity with Southwestern Bell's retail customers; and 2) changed its electronic systems and instructed its customer service employees not to sell to retail customers DSL Transport unbundled from Internet access service to ensure compliance with its resale obligations under the 1996 Act.

Based on the evidence, it is clear that in both Arkansas and Missouri Southwestern Bell has satisfied the market opening requirements of Section 271 and that the public interest will be served by its entry into long-distance. Therefore, CWA supports Commission approval of Southwestern Bell's application in this proceeding.

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I. Southwestern Bell Has Met the Market Opening Requirements of Section 271

CWA concurs with the conclusions of both the Arkansas and Missouri Commissions that Southwestern Bell has met the requirements of Section 271 of the Communications Act to open its local network to competition.[2] In Arkansas, competitors serve at least 57,500 local telephone lines, representing more than 8.6 percent of the market. Approximately 39,000 CLEC lines in Arkansas serve residential customers and approximately 12 CLECs in Arkansas provide facilities-based local voice service. Southwestern Bell has installed more than 20,000 interconnection trunks in Arkansas to exchange traffic with CLEC customers. As of June 2001, Southwestern Bell's Operations Support Systems (OSS) had processed more than 570,000 CLEC orders in Arkansas.[3]

[2] Order Regarding Recommendation on 271 Application Pursuant to the Telecommunications Act of 1996 and Approving the Missouri Interconnection Agreement (M2A), *Application of Southwestern Bell Telephone Company to Provide Notice of Intent to File an Application for Authorization to Provide In-Region InterLATA Services Originating in Missouri Pursuant to Section 271 of the Telecommunications Act of 1996,* Case No. TO-99-227, Mar. 15, 2001; Order No. 17, *Application of Southwestern Bell Telephone Company to Provide In-Region, InterLATA Services Pursuant to Section 271 of the Telecommunications Act of 1996 and for Approval of the Arkansas Interconnection Agreement,* Docket No. 00-211-U, June 18, 2001.

[3] Brief in Support of Joint Application by Southwestern Bell for Provision of In-Region, InterLATA Services in Arkansas and Missouri, *In the Matter of Application by Southwestern Bell Communications Inc. for Authorization Under Section 271 of the Communications Act to Provide In-Region, InterLATA Services in Arkansas and Missouri,* CC Docket No. 01-194, Aug. 20, 2001, iv-vi, 9 ("*Joint Application*").

In Missouri, competitors serve at least 231,000 business lines and at least 64,000 residential lines, representing more than 10.2 percent of Missouri access lines. More than 20 CLECs provide facilities-based voice service. Southwestern Bell has installed more than 114,000 interconnection trunks in Missouri to exchange traffic with CLEC customers. As of June 2001, Southwestern Bell's OSS had processed more than one million CLEC orders in Missouri.[4]

Further, Southwestern Bell has duplicated in Arkansas and Missouri the market-opening initiatives that were developed in Texas, Kansas, and Oklahoma and that were found by this Commission in each state to satisfy the requirements for section 271 relief. Southwestern Bell deploys in Arkansas and Missouri the same OSS, change management process, and the same performance measures that it uses in Texas, Kansas, and Oklahoma. The most recent data available indicate that Southwestern Bell met the Arkansas and Missouri Commissions' parity or benchmark standards for approximately 90 percent of the performance measures having ten or more data points during at least two of the last three months for which data is available.[5] As the Commission noted in approving Bell Atlantic's entry into the long-distance market in New York, parity with retail performance, rather than perfection, meets the checklist requirement of non-discriminatory access.[6] While CWA supports regulatory efforts to ensure that Southwestern Bell provides high-quality service in both its retail and wholesale operations, in the context of this

[4] *Joint Application*, v-vi, 14.
[5] *Joint Application,* v-vi.
[6] Memorandum Opinion and Order*, Application by Bell Atlantic-New York for Authorization Under Section 271 of the Communications Act to Provide In-Region InterLATA Services in the State of New York*, CC Docket No. 99-295, FCC 99-404, Dec. 22, 1999 (rel), 176.

Section 271 application the record is clear that Southwestern Bell is providing service at or above parity with its retail operations, and therefore is in compliance with each and every checklist item.

The OSS that this Commission reviewed and approved in the Texas, Oklahoma, and Kansas proceedings are the same systems, interfaces, resources, and procedures that Southwestern Bell provides to CLECs in Arkansas and Missouri.[7] Southwestern Bell manages and operates its OSS centrally out of the Local Service Center (LSC), which operates on a five-state regional basis. The LSC serves as the single point of contact for CLECs for pre-ordering, ordering/provisioning, and billing and collection. The LSC also executes complex transactions that are performed manually for CLEC customers. The LSC operates five facilities located in Dallas, TX, San Antonio, TX (Alamo), Arlington, TX (Arbors), and two in Fort Worth, TX (Alliance and Gateway).[8] CWA represents the customer service representatives, communications consultants, and clerical support employees who work in the LSC. As of August 2001, there were 1,432 employees in these three job titles, which represents a 16.9 percent increase in the staffing level

[7] *Joint Application,* 90-92.
[8] Affidavit of Brian D. Noland for Missouri and Affidavit of Brian D. Noland for Arkansas, 4.

of front-line LSC customer service employees since August 2000 and a 160 percent increase since January 2000, prior to Southwestern Bell entry into long-distance in Texas.[9]

Staffing levels of LSC front-line personnel have increased substantially over the past 10 months to keep up with growing service demand. In addition, CWA-represented LSC customer service personnel report that they use the same on-line systems to assist CLECs in pre-ordering and ordering as are used by Southwestern Bell retail service representatives (in addition to specially-designed systems for use by CLECs only).[10]

Southwestern Bell provides provisioning, turn-up and acceptance testing of all interconnection facilities and unbundled elements as well as receipt of maintenance reports for all resold POTS services on a regional basis. Southwestern Bell has established the Local Operations Center (LOC) as the single point of contact for CLECs. There are two LOC facilities, one in Fort Worth, TX for repair and maintenance and one in Dallas, TX, for provisioning. CWA represents the approximately 394 network center technicians, customer service representatives, service

[9] In August 2000 there were 1,224 employees in these three job titles and in January 2000 there were 550 employees in these three job titles in the LSC. Noland Affidavit, 8. *See* CWA Comments, *In the Matter of Application by Southwestern Bell Communications Inc. for Authorization under Section 271 of the Communications Act to Provide In-Region, InterLATA Service in the States of Kansas and Oklahoma,* CC Docket No. 00-217, Nov. 15, 2000, 5 ("*CWA Comments on Southwestern Bell's Long-distance Application in Kansas and Oklahoma);* CWA Comments, *In the Matter of Application by Southwestern Bell Communications Inc. for Authorization under Section 271 of the Communications Act to Provide In-Region, Inter-LATA Service in the State of Texas,* CC Docket No. 00-04, Jan. 31, 2000, 5.

[10] CWA interviews with CWA-represented service representatives working at the Alliance Fort Worth, TX LSC, conducted August 30, 2001.

representatives, and clerical employees who work in the LOC.[11] This represents a 14 percent increase in employment of front-line LOC technical and service personnel since August 2000 and a 191 percent increase since January 2000, prior to Southwestern Bell entry into long-distance service in Texas.[12] CWA-represented LOC personnel report that Southwestern Bell in Missouri and Arkansas use the same region-wide facilities, personnel, methods, and systems to provide provisioning, maintenance and repair functions to CLECs as are used in Texas, Oklahoma, and Kansas—facilities, personnel, methods, and systems which this Commission concluded met the market-opening requirements for Section 271 relief in Texas, Oklahoma, and Kansas.[13]

II. Southwestern Bell Provides Non-Discriminatory Access to Its Maintenance and Repair System

While this Commission has twice concluded that Southwestern Bell provides nondiscriminatory access to maintenance and repair OSS functions,[14] some CLECs have raised concerns in this proceeding with one aspect of Southwestern Bell's maintenance and repair OSS, namely the accuracy of CLEC line records in its loop maintenance operations system (LMOS). According to

[11] Affidavit of David Ross Smith for Missouri and Affidavit of David Ross Smith for Arkansas, 6-7.
[12] In January 2000 there were 135 technicians and customer service personnel and November 2000 there were 345 technicians and customer service personnel in the LOC. *CWA Comments on Southwestern Bell's Long-Distance Application in Kansas and Oklahoma*, 7.
[13] Memorandum Opinion and Order, *Joint Application by SBC Communications Inc., et al., for Provision of In-Region InterlATA Services in Kansas and Oklahoma,* CC Docket No. 00-217, Jan. 22, 2001 (rel), 113. ("*Kansas/Oklahoma Order*").
[14] Memorandum Opinion and Order, *Application by SBC Communications Inc., et al., Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas,* 15 FCC Rcd at 18457 (2000)

these CLECs, inaccurate Unbundled Network Element Platform (UNE-P) line record information in LMOS has created difficulties in submitting electronic trouble reports on some of their resold lines. Southwestern Bell responds that it has cleaned up the LMOS errors and has implemented system enhancements and procedures that will, to the extent possible, ensure that the line record will be correct in the future.[15] Southwestern Bell also notes that the LMOS errors were not service affecting because CLECs were always able to submit manual trouble reports. Southwestern Bell asked independent auditors Ernst & Young to review the system changes. Ernst and Young certified that the changes have been made and are effective.[16]

CWA interviewed CWA-represented customer service technicians who work in the Southwestern Bell Local Operations Center (LOC) in Fort Worth, TX handling CLEC trouble reports to verify whether the line record problem has been corrected so that CLECs' electronic trouble reports now flow through the system.[17]

These CWA-represented customer service employees confirm that Southwestern Bell has substantially cleaned up the LMOS line records. To accomplish this task, seven LOC customer

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("*Texas Order")*; *Kansas/Oklahoma Order,* 161.

[15] Southwestern Bell identified the source of the LMOS problem as improper sequencing of "C" (change) and "D" (disconnect) orders in the SORD ordering system. As a result of the improper sequencing, CLEC UNE-P conversion orders posted the "C" order before the "D" order. Therefore, in about 9 percent of the cases the LMOS line record inaccurately posted the line as disconnected when in fact it was a working line. In these instances, electronic trouble reports were rejected since the line record incorrectly indicated that the line had been disconnected. *Joint Application,* 63-65.

[16] Affidavit of Michael Kelly.

[17] The interviews were conducted over the telephone on August 30, 2001.

service technicians were re-assigned full-time from May through July 2001 to assist the dedicated LMOS Data Resolution Center (LDRC) team in cleaning up the LMOS records. The clean-up team corrected line records dating back to 1998. Customer service technicians working in the LOC maintenance center report that most LMOS records are now accurate. In addition, Southwestern Bell management has instituted a Methods and Procedure in the LOC maintenance and repair center to ensure continuing high levels of accuracy. Customer service technicians have been instructed that when, in the ordinary course of business, they identify an error in the line record in LMOS, they are to fill out a form (called the "CAPERS" form) which is collected and faxed at 30 minute intervals to the LDRC. The LDRC clerks immediately correct the line record and fax back a reply to confirm that the error has been corrected.

CWA also interviewed CWA-represented Southwestern Bell customer service representatives who work in the Fort Worth, TX Local Service Center (LSC) taking CLEC UNE-P orders.[18] These customer service representatives confirm that Southwestern Bell has implemented changes in its electronic systems to ensure that conversion orders now flow through properly, ensuring accurate line records in the LMOS system. As a result, according to the LOC customer service technicians we interviewed who take trouble reports and the LSC customer service representatives who take customer orders and also often field customer complaints, CLECs that choose to submit electronic trouble reports rarely experience rejections due to inaccurate LMOS line records.

Moreover, these frontline customer service employees report that the LMOS line record problems were not service affecting. According to these customer service employees, the majority of trouble reports are called in to the LOC rather than transmitted electronically. An informal survey conducted by CSRs in the Fort Worth, TX LOC found that approximately 95 percent of troubles reported to the LOC by the largest CLEC were received over the telephone, with no attempt to send the trouble report electronically.[19]

In sum, Southwestern Bell is providing maintenance and repair services to CLEC customers at parity or above with maintenance and repair services that Southwestern Bell provides to its own retail customers.

III. Southwestern Bell and Its Affiliates Offer for Resale at a Wholesale Discount Those Advanced Telecommunications Services that They Offer at Retail

Another issue raised by Commission staff in the initial Missouri 271 proceeding was whether Southwestern Bell and its affiliates were in compliance with Section 251(c)(4) of the Telecommunications Act, which requires an incumbent local exchange carrier (LEC) "to offer for resale at wholesale rates any telecommunications service that the carrier provides at retail to

[18] The interviews were conducted over the telephone on August 30, 2001.
[19] *Id.*

subscribers who are not telecommunications carriers."[20] Specifically, the Commission sought clarification from Southwestern Bell as to whether it provides for resale at wholesale rates all advanced telecommunications service offerings that it offers to retail customers. The concerns focused around the DSL product offering.

Southwestern Bell states in its Joint Application that where any SBC affiliate provides an advanced telecommunications service to retail customers, it offers such service to competitors at a wholesale discount.[21] Southwestern Bell further states that it no longer offers DSL transport—a telecommunications service—directly to retail customers. Rather, according to Southwestern Bell, it offers DSL transport solely as a wholesale offering to ISPs.[22] Southwestern Bell notes that it has implemented changes in its software systems and Methods and Procedures to ensure that frontline employees do not sell DSL transport services unbundled from Internet access to retail customers. According to Southwestern Bell:

> SBC has implemented a number of modifications to its electronic systems and to its training procedures to ensure that, as far as possible, SBC customer-service representatives do not try to sell DSL transport services to end-user subscribers - a service that SBC simply does not offer. Instead, these representatives have been directed to inform customers that they may obtain high-speed DSL Internet access service either

[20] 47 U.S.C. §251(c)(4)(A).
[21] Southwestern Bell states that such retail services are limited to grand-fathered DSL transport provided by its separate advanced services affiliate ASI to fewer than 1,100 retail customers in Missouri and fewer than 200 retail customers in Arkansas. Southwestern Bell states that ASI is moving these customers' DSL transport service to ISPs with the customers' consent. Southwestern Bell also states that it offers retail customer service arrangements, which SBC will offer at a wholesale discount on an interim basis. *Joint Application*, iii and 48-54.
[22] *Id.,* 54-58.

> from SBC's own ISP affiliate or from an unaffiliated ISP, but that SBC does not offer a retail DSL transport service.[23]

Southwestern Bell explains that its current retail product offering is DSL transport bundled with Internet access—an information service marketed as high-speed DSL Internet access. As an information service, this product is not subject to Section 251(c)(4) resale requirements.[24]

Southwestern Bell offers its high-speed DSL Internet access service to retail customers through a separate affiliate, Southwestern Bell Internet Services, Inc. (SBIS). SBIS holds a joint marketing agreement with Southwestern Bell Telephone (SWBT) for ordering and billing services. Under this agreement, SWBT customer service representatives at the Emerging Products Center solicit and take orders for Southwestern Bell's high-speed DSL Internet access product, transmit the

[23] *Id.,* 58.
[24] *Joint Application,* 58-9. *See also* Second Report and Order, *Deployment of Wireline Services Offering Advanced Telecommunications Capability,* 14 FCC Rcd 19244, 1999, 21. In these comments, CWA does not address the appropriate regulatory treatment of high-speed Internet access service. CWA limits its comments to the accuracy of Southwestern Bell's statements regarding the manner in which it markets, sells, processes and provisions orders for its retail and wholesale DSL service offerings.

order to SBIS, and SBIS then places the order with ASI, Southwestern Bell's advanced services affiliate, for the DSL transport input.[25]

CWA represents Southwestern Bell's retail customer service representatives, including those who work in the Emerging Products Center. CWA also represents the ASI customer service representatives who process wholesale orders for SBC's DSL transport product offering. CWA interviewed service representatives at the Amarillo, TX Emerging Products Center and retail customer service representatives in Kansas City, MO[26] The CWA-represented employees confirm that they have been instructed not to offer nor to sell DSL transport to retail customers. If a retail customer who purchases Internet access from an ISP other than SBIS requests DSL transport service from Southwestern Bell, the customer service representatives have been instructed to refer that customer to their own ISP. The CWA-represented customer service employees confirm that SBC has modified its electronic systems so that retail customer service representatives cannot sell DSL transport services to retail end-user customers. Further, CWA-represented customer service representatives confirm that the official Methods and Procedures and electronic systems for processing retail customers' service orders for SBIS' retail high-speed DSL Internet access is as described in the Southwestern Bell Joint Application in this proceeding. Southwestern Bell retail customer service representatives under a joint marketing

[25] *Id.* 58-60; Affidavit of John S. Habeeb for Arkansas and Missouri.
[26] The interviews with service representatives at the Emerging Products Center in Amarillo, TX were conducted Sept. 6, 2001 and with the retail services representatives in Kansas City, MO on August 30, 2001. The Emerging Products
Center in Amarillo, TX provides takes high-speed DSL Internet access orders for residential customers under a joint

agreement with SBIS take orders for high-speed DSL Internet access service, transmit the order to SBIS, which in turn transmits the order to ASI for provisioning. [27]

In sum, CWA-represented frontline customer service employees confirm that Southwestern Bell has accurately described its retail and wholesale DSL product offerings and order-taking system. Southwestern Bell does not market nor sell directly to retail customers DSL transport unbundled from Internet access.

IV. Southwestern Bell Entry into Long-Distance Is in the Public Interest

Southwestern Bell has met the requirements of the 1996 Act to open its local markets in Arkansas and Missouri to competition. The Commission need not fear backsliding by Southwestern Bell. Southwestern Bell has agreed to comprehensive performance assurance plans in both Arkansas and Missouri that require Southwestern Bell annually to put at risk $98 million in Missouri and $43 million in Arkansas if Southwestern Bell fails to meet the rigorous performance standards.[28] The performance assurance plans that Southwestern Bell has proposed in Arkansas and Missouri closely mirror the Texas, Kansas, and Oklahoma performance assurance plans, which this Commission approved in its Texas and Kansas/Oklahoma Orders.[29]

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marketing agreement with SBIS.
[27] *Id.*
[28] *Joint Application*, 159.
[29] *Texas Order*, 422-427; *Kansas/Oklahoma Order*, 273-280.

Southwestern Bell's entry into long-distance in Arkansas and Missouri is clearly in the public interest. The experience in Texas, Kansas and Oklahoma, New York and Massachusetts demonstrates the benefits to consumers, particularly to residential customers, from BOC entry into the concentrated long-distance market. Twelve months after Southwestern Bell's entry in Texas and four months after entry in Oklahoma and Kansas, SBC had 2.8 million long-distance lines in service.[30] Verizon has signed up approximately 1.9 million long-distance customers fifteen months after long-distance entry in New York and more than one-quarter million customers just two months after long-distance entry in Massachusetts.[31] Southwestern Bell's long-distance service plans in Texas, Kansas, and Oklahoma offer customers a low per-minute charge with no monthly minimum or monthly recurring charge, all on a single bill. In response to Southwestern Bell's long-distance rate plans and all-inclusive bill, AT&T, MCI WorldCom, and Sprint began to offer discounts on their long-distance plans to customers who signed up for local service and reduced intrastate rates. The Commission's own Local Telephone Competition Report confirms that states with long-distance approval show the greatest competitive entry into the local market.[32]

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[30] SBC, *Investor Briefing*, July 25, 2001.
[31] Verizon, *Verizon Communications Second Quarter Earnings Highlighted by Strong Long-Distance and Wireless Sales*, July 31, 2001.
[32] Competitors captured 20% of local lines in NY and 12% of local lines in Texas compared to 8.5% nationwide. FCC, *Federal Communications Commission Releases Latest Data on Local Telephone Competition,* May 21, 2001.

In addition, Southwestern Bell's entry into long-distance is in the public interest because it will stimulate the growth of high-skilled, good jobs in Arkansas and Missouri, just as it has in Texas, Kansas, and Oklahoma. As already noted, Southwestern Bell's compliance with the 14-point market-opening checklist has resulted in the growth of high-skilled, good jobs in Southwestern Bell's regional Local Service Center and Local Operations Center. In addition, Southwestern Bell's customer service workforce has grown apace with growth in its long-distance operations, adding thousands more high-wage, high-skilled jobs in dozens of local communities throughout Texas, Kansas, and Oklahoma. Unlike some of the long-distance carriers, Southwestern Bell has been able to provide its combined long-distance and local service customers with true one-stop customer service provided by a customer service representative trained and equipped with the systems necessary to handle inquiries regarding either service.[33]

[33] CWA, *Bungling on Bundling at AT&T,* 2001 (available at http://www.attinsider.com/bungling_bundling.asp).

V. Conclusion

The Commission should approve Southwestern Bell's application to provide in-region, inter-LATA service in Arkansas and Missouri. Southwestern Bell has demonstrated that it has met Section 271's market-opening requirements in both states. Southwestern Bell's entry into long-distance in these markets will benefit consumers with greater choice, lower prices, and new service offerings. Finally, Southwestern Bell's entry into long-distance in these states will stimulate the growth of high-skilled, good jobs.

Respectfully Submitted,

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Dated: Sept. 10, 2001

CERTIFICATE OF SERVICE

This is to certify that I have duly served these comments upon these parties by Depositing copies of same in the United States mail, addressed as follows:

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