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February 13, 2003

Ex Parte Presentation
Via Electronic Transmission

Marlene H. Dortch
Secretary, Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: UNE Triennial Review, CC Docket No. 01-338
Local Competition Rules, CC Docket No. 96-98
Deployment of Advanced Wireline Services, CC Docket No. 98-147

Dear Ms. Dortch,

Z-Tel is writing to correct clear mistakes of economic thought and logic evident in BellSouth's February 6, 2003 *ex parte* presentation regarding the "UNE-L Cost Model" BellSouth jointly-sponsored with SBC.[1]

As an initial matter, it is important to note that BellSouth directs its attack solely at WorldCom's critique of the UNE-L Cost Model and **not** Z-Tel's application of the model to an impairment analysis.[2] As discussed below, Z-Tel's analysis of the model addresses many of BellSouth's criticism of Worldcom's review – for example, Z-Tel did do not just compare cost differentials between UNE-L and UNE-P (which is the correct comparison) but also compared the cost differentials between UNE-L and ARMIS-filed

[1] Letter from Glenn T. Reynolds, BellSouth to William F. Maher, Chief, Wireline Competition Bureau, FCC, CC Docket No. 01-338 (Feb. 6, 2003) ("*BST Feb. 6 Letter*").

[2] Letter from Christopher J. Wright, Harris Wiltshire & Grannis, to Marlene H. Dortch, Secretary, FCC, CC Docket Nos. 01-338, 96-98, and 98-147 (Jan. 29, 2003), Attachment ("*Z-Tel Jan. 29 Study*"); *see also* Letter from Thomas M. Koutsky, Z-Tel, to Marlene H. Dortch, Secretary, FCC, CC Docket Nos. 01-338, 96-98, and 98-147 (Feb. 4, 2003) (rebutting BellSouth application of UNE-L Cost Model).

embedded cost data of SBC and BellSouth's cost of providing service. But that failure is only one of several mistakes BellSouth makes in its February 6 letter.

1. Cost Differences Matter in Competitive Markets – and there is Evidence to Prove It.

The purpose of SBC and BellSouth's UNE-L Cost Models is to try and persuade the Commission that "CLECs can profitably serve both residential and business customers in wire centers with greater than 5,000 access lines."[3] The basis of this Bell argument is that "the margin between the cost of providing local service and the revenue available to the CLEC determines whether a CLEC can economically enter a market to provide local service."[4]

We disagree.

As Z-Tel described in our January 29 Study, cost differences between competing firms – in this case, incumbent LECs and competitive LECs – **dramatically** alter the competitive dynamic between those firms. A firm with a cost advantage over another is a much stronger competitor and can utilize that cost advantage to drive higher-cost rivals from the market even while sustaining supernormal profits. The fact that certain customers may be willing to pay a price for a good or service higher than the cost of a high-cost firm **does not** mean that the high-cost firm "can economically enter a market", as BellSouth argues, particularly when high revenue customers are such a small proportion of the total market.[5] If a firm with a significantly-lower cost is in the market, that lower-cost firm will be able to compete away that excess margin (especially if the firm with lower costs has the capability to serve the entire market output).[6]

For example, the UNE-L Cost Model submitted by SBC and BellSouth indicates that the average total cost of a CLEC utilizing UNE-L for an analog telephone line is approximately $46-50 per month. SBC claims that its ARMIS submissions to the FCC indicate that its average total cost per month are approximately $26-30.[7] According to

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3 *BST Feb. 6 Letter* at 2.

4 *Id.*

5 *Z-Tel January 29* Study at 20-21, n.52; *see also Verizon Communications, Inc. v. FCC*, 122 S. Ct. 1646 (2003) ("In a perfectly competitive market, retail prices drop instantly to the marginal cost of the most efficient company."); J. Tirole, *The Theory of Industrial Organization* (1995), Ch. 3. .

6 An example is the significant cost advantage "big box" retailers like Wal-Mart, Barnes & Noble, and Home Depot utilize to displace smaller, higher-cost local retailers. Those local retailers certainly have "potential profit" margins on the wares they sell, but competition from the lower-cost retailers has been driving them out of business.

7 As explained in the *Z-Tel January 29 Study* and other pleadings, Z-Tel believes that the UNE-L Cost Model understates the monthly cost for the UNE-L CLEC and SBC's claims of its "embedded" costs over state those costs.

SBC and BellSouth's logic, the UNE-L CLEC is not "impaired" in its ability to compete for a customer that generates revenues above the $46-50 per month cost of the CLEC, such as a $70 per month customer. However, because the ILEC has a substantial cost advantage, it can offer that $70 per month customer a substantial discount (to $50/mth) that would erode away any potential margin the UNE-L CLEC would gain. Z-Tel, AT&T and Worldcom all raised this point in making that case that these cost disparities impact competition and warrant full consideration in this case.

SBC and BellSouth summarily dismiss this argument on the flimsiness of excuses – that CLECs have not provided evidence supporting that ILECs would in fact decrease their prices in this way. BellSouth, in particular, noted that CLEC claims that ILECs would compete on price are "unsupported statements" (*BST Feb. 6 Letter* at 2), and SBC's witness Howard A. Shelanski stated that "one cannot simply assume the real-world feasibility of downward pricing by the ILECs, especially in the residential context . . ."[8] Dr. Shelanski's a-theoretical claim that a Bell will surrender $40 of profit without a fight is both specious and daft, regardless of how many customers it might provide service to at below cost. If the Bell loses a $70 customer, it loses $40-44 of profit. If it cuts its price to $49, below the cost of the UNE-L CLEC, the Bell company then keeps $19 of profit. The correct and rational response of the Bell is obvious – *cut price.*

Since BellSouth and Dr. Shelanski seem to want to see real-world proof that Bell companies are rational economic entities, that real-world is attached to this letter.

In response to competition, Bell companies have in the last few years engaged in significant "Winback" price reduction and promotional programs. Because of state regulation, the terms of many of the Winback packages are publicly posted through tariffs and notices. **These Winback filings show that ILECs regularly target high-end residential and small business customers with aggressive price reductions.** These filings indicate ILECs indeed will attempt to "compete away" the margins of high-revenue customers. In other words, the competitive environment described by Z-Tel, AT&T and Worldcom wherein ILECs target price reductions to high-revenue dialtone customers exists in the real world. BellSouth and Dr. Shelanski's claims that this competitive environment does not exist (or has not been proven) ring hollow.

Samples of Winback programs offered by BellSouth, SBC and Qwest are attached. They include the following offers:

- BellSouth's "Simple Solutions" promotion, currently in effect, offers a 25% discount to new customers and a waiver of connection charges.

- BellSouth's "Key Customer 2003" promotion in Georgia (also currently in effect) offers 20% discounts to customers with bills as little as $75 per month,

[8] Letter from Howard A. Shelanski, submitted with SBC memorandum of *ex parte* communication (Jan. 14, 2003).

if that customer enters into a 3-year commitment. This discount is only available to customers in certain wire centers.

- Qwest will currently waive $100 of charges to residential customers that leave a CLEC and return to Qwest for dialtone service. Business customers in Minnesota can receive their first two months of service free; business customers in Utah can receive their first three months of service free.

- SBC offers several Winback programs targeted at residential and customers. Interestingly, the size of these discounts have increased as UNE-P competition has increased:

  - In 2001 in Michigan, SBC offered CLEC residential customers $100 ($20 off per month for first five months) to return to SBC. SBC Ameritech Accessible Letter CLECIL01-006 (Apr. 16, 2001); Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet No. 28. This $100-offer was double the promotional offer that was introduced by SBC Ameritech only five months prior. Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet No. 21.

  - In 2002 in Michigan, SBC offered CLEC residential customers either the first three months of local service free or 20% off their monthly bill for six months to return to SBC, if those returning customers subscribed to a high-revenue "Solution Package" of features. Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet No. 46, 48.

- SBC also offers substantial discounts to small business customers.

  - For CLEC business customers with one to five lines, SBC has offered a $25 per-line credit to return to SBC. SBC Ameritech Accessible Letter CLECAM01-255 (Aug. 30, 2001).

  - In certain cities in Michigan, SBC offers one-time per-line credits of $125-325 for business customers to leave their CLEC and return to SBC. Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet No. 17. These credits are available to business customers with total bills as little as $58.33 per month ($700 per year).

  - Statewide in Michigan and Illinois, SBC offers per-line credits of $75-100 for certain business customers that leave their CLEC and return to SBC. Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet Nos. 4-5; Illinois Bell Tel. Co., Tariff No. 19, Part 2, Sec. 8, Sheet Nos. 3-3.1.

  - SBC also offers CLEC business customers with $100/month phone bills discounts up to 15.8% and a one-time signing bonus of 40% of annual charges if a term contract is signed. Michigan Bell Tel. Co., Tariff No. 20R, Part 2, Sec. 8, Sheet No. 53.

It is simple to see how these Winback programs can quickly erode the "potential" margin SBC argues UNE-L CLECs can achieve. For example, a UNE-L CLEC's 2-line small business customer currently purchasing service might generate $100-120 per month, or $1200-1440 per year. According to SBC's UNE-L Cost Model, that UNE-L CLEC (with a fully-loaded switch and optimized transport network) would face monthly costs of approximately $46 per line, or $92 per month/$1104 per year. Utilizing SBC and BellSouth's logic, that customer is one that this hypothetical UNE-L CLEC could still serve "profitably", with potential margin of $96-336 per year.

But now consider the impact that SBC's Winback promotions could have on that potential margin. The last business Winback program discussed above would give that customer a signing bonus of $480-576 (40% of annual revenue) to return to SBC. In addition, SBC would chop its rates 15.8% to keep that customer. It is easy to see how these Winback programs of this sort easily can swallow the CLEC's potential annual margin of $96-336 for this customer.

In short, because its costs are higher, the CLEC cannot compete against SBC for this customer. SBC can afford to offer $500 to sign up a $100/mth business customer. The CLEC, with much higher costs, cannot. The cost disparity between the two and resulting impact on the competitive dynamic meets any reasonable definition of "impairment."

2. Winback Programs Demonstrate the Vibrant Competitive Dynamic Brought by UNE-P.

Even a casual perusal of Winback filings shows the varying degrees of competitive response by the incumbent when UNE-P competition takes hold. For example, SBC Ameritech offers an "Economy Solution" Winback program to residential customers in several states, but the level of the discounts varies significantly. In Michigan and Illinois, two states where UNE-P competition is significant and growing rapidly, CLEC residential customers can obtain a $10 per month credit from Ameritech. However, in Ohio, where UNE-P competition has only recently begun in earnest, CLEC residential customers are only offered a $5 per month.[9]

Incumbents also adjust their Winback promotions rapidly in response to competitive conditions. For example, on June 14, 2002, SBC Ameritech announced began a "CompleteLink Select Winback Signing Bonus Promotion." That promotion offered CLEC business customers one-time signing bonuses of 20%, 25%, 30%, or 35%

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9 *See* SBC Ameritech Accessible Letter No. CLECAM02-343 (Aug. 15, 2002) (Illinois $10/mth credit for 12 months); SBC Ameritech Accessible Letter No. CLECAM02-344 (Aug. 15, 2002) (Michigan $10/mth credit for 12 months); SBC Ameritech Accessible Letter No. CLECAM02-345 (Aug. 15, 2002) (Ohio $5/mth credit for 12 months).

credit to return to SBC Ameritech, depending on whether the customer signed a 1, 2, 3 or 5 year term contract. Less than a month after announcing the program, SBC Ameritech reduced the bonus percentages to 5%, 10%, 15% and 25%.[10]

3. Cost Disparities Evident in the BOC UNE-L Cost Model are Relevant Under *USTA*

In its February 6 letter, BellSouth misconstrues the relationship between the Bell UNE-L Cost Model and the type of "cost disparities" the *USTA* court requires the Commission to analyze. The *USTA* decision clearly states that disparities in costs between incumbents and entrants are "necessarily" related to a section 251(d)(2) impairment analysis, provided that those cost disparities are not the kind "faced by virtually any new entrant in any sector of the economy."[11] But since BellSouth claims that Worldcom "never shows" that these cost disparities shown by the UNE-L Cost Model are not those "faced by virtually any new entrant in any sector of the economy," BellSouth jumps to the conclusion that such cost disparities must not be present.

That logical leap is unwarranted. Z-Tel showed comprehensively in its January 29 Study that the cost disparities documented by the Bell UNE-L Cost Model are in fact cost disparities that are **precisely** the sort that meet the qualification described by the *USTA* court. As Z-Tel described, the UNE-L Cost Model analyzes the costs of a hypothetical CLEC using the UNE-L method of entry that had **already** achieved substantial (5-10%) market penetration, owned and operated fully-loaded local switches, and possessed a fully-optimized interoffice transport network. The UNE-L Cost Model also assumes that this hypothetical CLEC had SG&A equal to 20% of revenue – a level of efficient operation that Z-Tel showed was far below the operational efficiency of several publicly-traded switch-based CLECs for which such data is publicly available.[12] In other words, the hypothetical UNE-L CLEC modeled by the Bell companies is a well-established firm providing service over an optimized network and has overcome original, high "start-up" costs.

It is therefore of great significance that this hypothetical, efficient CLEC **still** faces a 40% cost disparity against the ILEC. As Z-Tel showed, unrebutted econometric evidence and published elasticity studies indicate that increasing CLEC costs in the manner contemplated by the UNE-L Cost Study would virtually eliminate competitive entry. Moreover, the substantial, significant and sustained cost disparity shows that substantial "natural monopoly" characteristics persist in ILEC local switching and transport networks. If an entrant with 5-10% of the market faces a 40% cost disparity against the incumbent, then average per-line costs probably decline throughout the relevant range of production. As Z-Tel showed in its January 29 Study, the UNE-L Cost

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10 SBC Ameritech Accessible Letter, CLECAM02-252 (June 14, 2002); SBC Accessible Letter, CLECAM02-289 (July 12, 2002).

11 *United States Telecom Ass'n. v. FCC*, 290 F.3d 415, 426-27 (D.C. Cir. 2002).

12 *Z-Tel January 29 Study* at n.20

Model also shows a significant potential for "wasteful duplication" of the ILEC switching and transport network, to the tune of approximately $15 per month for each UNE-L line deployed. There is no doubt that the *USTA* court **clearly** held that cost disparities that exhibit natural monopoly characteristics are indeed relevant to the impairment analysis.

At bottom, the D.C. Circuit made clear in *USTA* and *CompTel* that "impairment" is a service-specific and carrier-specific inquiry.[13] The SBC and BellSouth UNE-L Model ignores that specificity ("granularity") in favor of a "hypothetical" model based upon assumptions and not the operation of any particular CLEC. SBC and BellSouth extrapolate from this hypothetical model a rule of "unvarying national scope" that would virtually eliminate access to unbundled switching – regardless of cost disparities or location-specific differences. But what the model shows instead is evidence that natural monopoly characteristics exist in local switching and transport networks. In the end, the model fails to provide any justification for restricting unbundled access to switching under *USTA* and in fact supports an order to unbundled local switching and shared transport.

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BellSouth's February 6 letter, of course, discusses none of these arguments raised by Z-Tel. Z-Tel's arguments are not rhetorical, unsupported suppositions, but are instead based upon several multivariate econometric studies, published research, and well-established economic theory of competition and natural monopoly. In addition, the facts supported by this letter shows that ILECs (including BellSouth) indeed do target and "compete away" margins of high-revenue customers; the result is a situation in which an ILEC can clearly leverage a superior cost disparity to drive CLECs out of business. That real-world evidence confirms Z-Tel's January 29 economic analysis.

Z-Tel believes there is a simple reason for BellSouth's stunning silence in response to Z-Tel's arguments: it is easier to ignore damaging evidence and arguments and hope that no one will notice. The Commission does not have that luxury.

Sincerely,

s/Thomas M. Koutsky
Vice President, Law and Public Policy
Z-Tel Communications, Inc.

cc: William Maher

13 *See CompTel v. FCC*, No. 00-1272 (D.C. Cir. 2002), slip op. at 4 (section 251(d)(2) impairment inquiry "seems to invite an inquiry that is *specific to particular carriers and services*") (emphasis added); *see* R.B. Ekelund Jr., T.R. Beard and G.S. Ford, *Pursuing Competition in Local Telephone: The Law and Economics of Unbundling and Impairment*, Auburn University Manuscript (Nov. 2002); Reply Testimony of George s. Ford on Behalf of Z-Tel Communications, CC Docket Nos. 01-338, 96-98, and 98-147 (July 17, 2002).

February 13, 2003

Ex Parte

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, DC 20554

Re: NARUC's proposal, CC Docket Nos. 01-338, 96-98, and 98-147

Dear Ms. Dortch:

The National Association of Regulatory Utility Commissioners ("NARUC") recently proposed principles and standards for the FCC to adopt in the Triennial Review proceeding.[1] While NARUC's statement of principles is sound and the procedural framework it establishes to resolve unbundling disputes is virtually compelled by the D.C. Circuit's *USTA* decision,[2] we are writing to discuss a few aspects of the plan that warrant attention.

First, it is fully consistent with the *USTA* and *CompTel* decisions to vest fact-finding with State commissions. The procedural framework NARUC proposes starts with the baseline that all network elements that currently are made available to new entrants should continue to be made available, and directs ILECs that seek to "de-list" an element to "make a factual case before a State commission."[3] In light of *USTA* and the D.C. Circuit's later decision in *CompTel*,[4] a highly granular analysis is required where there is a serious question as to whether requesting

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[1] Letter from David Svanda, NARUC President and Michigan commissioner, *et al.* to Chairman Powell, Feb. 6, 2003 ("*NARUC Letter*").

[2] *United States Telecom Association v. FCC*, 290 F.3d 415 (2002) ("*USTA*").

[3] *NARUC Letter* appendix.

[4] *Competitive Telecommunications Association v. FCC*, 309 F.3d 8 (2002) ("*CompTel*").

carriers are impaired without access to an element. As NARUC recognizes, new entrants will not cease to be impaired in every geographic region at the same time, or with respect to every service they seek to offer. Indeed, *USTA* and *CompTel* require a level of granularity even more specific than NARUC suggests. Under those decisions the question will be whether, with respect to network element X (from NIDs to OSS), carrier A (from AT&T to Z-Tel), seeking to provide service B (from POTS to broadband) is impaired in geographic market C (from Alaska to Manhattan) to serve different types of end-users (from mass-market consumers to large, data-intensive businesses).[5] It is simply beyond the capabilities of a federal agency to make such specific determinations. As a practical matter, only the state commissions can do so.

There is no merit to the claims of the incumbents that Congress has directed the FCC, and not the state commissions, to make unbundling decisions. The FCC unquestionably has authority to issue unbundling rules and to specify that certain network elements must be made available. But the statute does not make the FCC the **only** authority that can identify network elements and implement the section 251(c)(3) unbundling requirements. Indeed, Congress specifically gave to states authority in section 252(b) to arbitrate interconnection agreements, and Congress specifically required in section 252(a)(2) that those agreements contain a "detailed schedule" of network elements that are to be unbundled. For that reason, there is no real "delegation" question here: in sections 251 and 252 of the Act, Congress explicitly assigned the states a central role in determining what network elements are unbundled.

In addition to the section 252 process, section 251(d)(3) specifically preserves independent state access authority and section 252(e)(3) specifically preserves the states' ability to "establish[] or enforce[] other requirements of State law" in approving interconnection agreements. Plainly, as NARUC's principles provide, in the Triennial Review decision the FCC should confirm this wealth of state authority to establish unbundling obligations, rather than attempt to limit or preempt that authority.[6]

Second, the record of this proceeding on impairment for mass-market services is clear. The NARUC proposal contains an unsupported statement indicating that the record is "inconclusive" with respect to whether requesting carriers are impaired without access to unbundled switching in zones 1 and 2 for mass-market customers. In our view, the record in this proceeding is conclusive on that score – new entrants seeking to serve the mass market are impaired in the absence of reform of the manual hot cut process and will continue to be impaired in many circumstances even after the incumbents fix those problems.[7] Indeed, as Chairman

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[5] *See* Letter from R. Curtis and T. Koutsky, Z-Tel, to Chairman Powell and commissioners, Dec. 20, 2002, at 6 ("*Z-Tel's Dec. 20 Letter*").

[6] The ILECs' contentions concerning the appropriate role of the states are rebutted in more detail in *Z-Tel's Dec. 20 Letter* and in Letter from R. Curtis and T. Koutsky, Z-Tel, to Chairman Powell and commissioners, Jan. 29, 2003 (*Z-Tel's Jan. 29 Letter*).

[7] The evidence on impairment – which also shows that in the absence of unbundled switching incumbents provide discriminatory access to loops – was summarized in Letter from T. Koutsky *et al.*, Z-Tel, to Chairman Powell and commissioners, Jan. 29, 2003, and Letter from R. Curtis and T. Koutsky, Z-Tel, to Chairman Powell and commissioners, Jan. 30, 2003.

Klein of the Public Utility Commission of Texas explained in a letter filed simultaneously with the NARUC proposal, the Texas commission recently took a very close look at this issue – a closer look than the FCC can – and concluded that "'even if in its Triennial UNE Review proceeding the FCC were to remove local switching from its national list, or create a new exception standard, ... CLECs in Texas would be impaired without the availability of local switching on an unbundled basis.'"[8] We are confident that once the facts are shown to state commissions nationwide, they will reach the same conclusion as the commissions in Texas, New York, and other states.

Because operational impairment exists with respect to all carriers seeking to serve mass-market customers, the details of NARUC's proposal that would apply different presumptions of impairment in different density zones do not correlate with the operational impairment mass-market entrants face. At present, the operational impairment caused by manual hot cuts (and the related economic impairment due to hot cuts) exists in all zones with respect to carriers seeking to serve the mass market. Line density is, at most, relevant to economic impairment, along with a host of other potential economic issues.

Third, a final framework must articulate a complete "impairment" standard that respects carrier-specific interests. We agree with NARUC's implicit premise that it is more important to focus on particular network elements than on words. It is nevertheless the case that while the incumbents' litigation record is generally dreadful, despite (or perhaps because of) their scorched earth approach, the incumbents have twice succeeded in persuading courts to require the FCC to reconsider its articulation of the meaning of "impair." (In that connection, it is important to emphasize that no court has accepted the incumbents' repeated arguments that new entrants are not impaired without access to the network elements comprising the platform or their argument that the FCC should adopt the "essential facilities" test to define "impair.") Therefore, it is important for the Commission to focus on the issue of how to articulate the impairment standard. CLECs have proposed standards that fully respond to these judicial decisions – Z-Tel in particular has proposed that a requesting carrier would be impaired without access to a network element if its output would decline by a substantial and non-transitory amount without access to the element.[9] A letter filed in this docket by Judge Bork provides cogent support for the adoption of that standard and explains how such an approach is fully consistent with *USTA*.[10]

In addition, it is important that the final impairment standard provide room for impairment inquiries that vary by carrier or class of carrier, a requirement that does not seem to have been contemplated by NARUC. The D.C. Circuit noted in *CompTel* that section 251(d)(3) "seems to invite an inquiry that is specific to particular carriers and services."[11] As the court

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[8] Letter from Chairman Klein to Chairman Powell and commissioners, Feb. 6, 2003, at 2 (quoting Texas Arbitration Order, Texas PUC docket No. 24542, Oct. 3, 2002, at 87-88).

[9] That test was explained in detail in Z-Tel's Reply Comments, July 17, 2002, at 21-27, and in the accompanying declaration of George S. Ford.

[10] Letter from Robert H. Bork to Chairman Powell, Jan. 10, 2003.

[11] *CompTel*, *supra*, 2002 U.S. App. LEXIS 22407 at *13.

recognized, the plain language of that statutory provision focuses upon the particular "service" that a particular "requesting carrier" seeks to provide. That language must also be read in conjunction with the requirements of the Regulatory Flexibility Act and Executive Order 13272, which call upon federal agencies to consider the impact their rules may have on small business entities.[12] Clearly, there are degrees of impairment: the impairment analysis is much different for small business entities with no switch in a state than a large business with extensive network services in a state. Subjecting all requesting carriers – large and small entities alike – to the same "impairment" analysis, or the same "blitzkrieg" schedule of state proceedings, or the same "transition plan" would do violence to the requirements of the Regulatory Flexibility Act. Indeed, since section 251(d)(3) invites a "carrier-specific" inquiry, the Commission must engage in that inquiry in a manner consistent with the requirements of the Regulatory Flexibility Act.

Fourth, a complete standard must recognize the impact of section 271 on Bell operating company unbundling obligations. The NARUC proposal does not discuss or consider the legal requirement that Bell operating companies that choose to offer interLATA services must, by operation of law, offer unbundling pursuant to the section 271 competitive checklist. As of this writing, Bells offer interLATA service in 35 states. Unbundled loops, transport, switching, and signaling are clearly required by checklist items (iv), (v), (vi), and (x).[13] Since section 271 plainly requires those BOCs to provide unbundled access to loops, transport, switching, and signaling at cost-based rates, that requirements simplifies the process of determining what network elements must be made available considerably. Moreover, those checklist requirements are on-going obligations. The only methods in which the section 271 checklist may be modified are through Congressional action or FCC section 10 forbearance. As a result, the state-specific inquiries contemplated by the NARUC proposal need not (and indeed, cannot) trod into, waive, or alter any of these section 271 requirements.[14]

We note that several states, in their reviews of Bell 271 compliance, have clearly stated their expectation that the Bell will continue to provide unbundled access to switching. For example, in its letter recommending that the FCC approve SBC's application, the Michigan Public Service Commission stated that its "recommendation was predicated on the FCC's continuation of policies and rules that allow competitors access to UNE-P for the foreseeable future" and that would permit an "orderly transition to facilities-based competition" when that is warranted.[15] The Maryland Public Service Commission similarly stated in its letter recommending approval of Verizon's application that it is "extremely concerned that the FCC is considering modifications to the list of Unbundled Network Elements ('UNEs') and the availability of the UNE-Platform ('UNE-P')" because "[t]he evidence in this proceeding

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[12] Regulatory Flexibility Act, 5 U.S.C. § 601 *et* seq.;Exec. Order No. 13272 § 1, 67 Fed. Reg. 53,461 (2002).

[13] 47 U.S.C. § 271(c)(1)(B)(iv), (v), (vi), and (x).

[14] The relevance of section 271 is explained in more detail in *Z-Tel's Dec. 20 Letter* and *Z-Tel's Jan. 29 Letter.*

[15] Letter from Chairman Chappelle *et al.* to Chairman Powell *et al.*, Jan. 13. 2003, at 2.

demonstrates that increased competition in Maryland exists in large measure because of the availability of UNE-P."[16]

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With these clarifications, we urge the Commission to adopt the principles and procedural framework advanced by NARUC. Indeed, we do not think the FCC can adopt a framework that does not rely to a substantial degree on the state commissions to conduct the granular analyses required by the D.C. Circuit. With respect to switching, we urge the Commission to conclude that the record in the Triennial Review docket establishes that new entrants seeking to serve the mass market are impaired without access to unbundled switching. And we urge the Commission to supplement the NARUC proposal by adopting a carrier-specific "output" standard of impairment and to focus on section 271 as well as section 251 in its decision.

Sincerely,

/s/

Thomas M. Koutsky
Vice President, Law and Public Policy
Z-Tel Communications, Inc.

Michael Weprin
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David Aronow
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Birch Telecom, Inc.

Rodney Page
Sr. Vice President-Marketing and Strategic Development
Access Integrated Networks, Inc.

[16] Letter from Chairman Riley *et al.*to William R. Roberts, Dec. 16, 2002, at 9-10.

BELLSOUTH

Notice

Notification Type:	Promotion
Jurisdiction:	GEORGIA
Notice Date:	06/13/2002
Filing Package Number:	GA2002-075
Service Name:	GA-Simple Solutions Promo
Tariff Sections:	n/a
Expected Issue Date:	07/19/2002
Expected Effective Date:	07/29/2002
Descriptive Narrative:	6/19 THIS NOTICE IS BEING REISSUED The Simple Solutions Promotion will offer rewards on the Subscriber's bill. Subscriber agrees to keeps its services with BellSouth under its General Subscriber Services Tariff or Private Line Services Tariff for twenty-four (24) or thirty-six (36) months from the enrollment date in the Promotion. The enrollment date shall be determined by the first billing cycle date in which Subscriber receives the reward as a result of its BellSouth regulated charges as set forth in the Promotion Elements below. Subscribers must sign a 24 or 36-month term election agreement to participate in the program to receive the rewards specified. This promotion will begin on July 29, 2002 and end on July 28, 2003. ***Program Eligibility*** • Available to new BellSouth business customers subscribing to local exchange service. • Monthly BST revenue for Subscriber's location must be \$75 to \$3,000 (excluding hunting, analog private line and ISDN PRI revenue) to receive the rewards. • Subscriber is defined as all locations and accounts associated with a legal business entity. • Subscriber must sign a 24 or 36-month term election agreement to receive the rewards. ***Promotion Elements*** • Participant must be a BellSouth (BST) customer at the time of the reward. The reward will appear as a credit in the OC&C section of the Subscriber's bill in a subsequent billing period usually within one or two billing cycles.

BELLSOUTH

Notice

- Reward: Specified % of Subscriber's regulated total billed revenue (TBR) (charges to the customer) from the GSST A and PLS B tariffs.

Monthly TBR
24 Month
36 Month

$75- $3000
10%
25%

Hunting Reward
50%
100%

- The total billed charges consists of end-user monthly billed BellSouth regulated charges at qualifying locations excluding: non-regulated charges, taxes, late payment charges, charges billed pursuant to federal or state access service tariffs, charges collected on behalf of municipalities (including, but not limited to surcharges for 911 service and dual party relay services), and charges for services provided by other companies.
- Subscribers who participate in the promotion and subscribe to new service during the promotional period, will receive a reward equal to the line connection charges and charge for change in service charges, if applicable, associated with the service order. This will include the Line Connection Charge (first and additional lines and line equivalents) and the Charge for Change in Service, if applicable.
- Should Subscriber's charges decrease below $75, the Subscriber will not receive the reward until the Subscriber's monthly charges meet this minimum TBR amount ($75).
- Should Subscriber's charges exceed the $3,000 threshold, the Subscriber will only receive the maximum reward allowed under this Program for monthly charges up to $3,000.
- In the event the Subscriber terminates the election agreement, the Subscriber must pay to BellSouth a termination charge as provided below for the number of months remaining on the agreed upon term. In addition, the Subscriber shall reimburse all rewards for line connection charges. This termination charge will appear on the Subscriber's final bill as a charge in the OC&C section.

Monthly TBR at time of enrollment
Set charge to be multiplied by number of months remaining on term after disconnect

$75 - $149.99
$25

BELLSOUTH

Notice

	$150 - $3,000 $40 • Applicable taxes and fees will be based on the full tariff price of all products and services, and no taxes or fees will be added to the amount of any reward under this program. ***Promotion Restrictions*** • Monthly rewards apply only to BST total billed revenue within a state, not across states. • Subscribers participating in a Product Level or Volume and Term CSA are not eligible to participate in this promotion. • Analog Private Line or ISDN PRI services will not be included in qualifying revenue under this program or entitled to rewards for the related revenues. • Subscribers with aggregate annual billing, per state of BellSouth services exceeding $36,000 at the time of enrollment, are not eligible to participate in this tariffed promotion. • Subscribers who are participating in the Simple Solutions program are not eligible to participate in any of the following term plans or programs: Complete Choice for Business term plan, Business Discount Program, Competitive Response Program, Key Business Discount Program, 2001 Key Business Discount Program, 2002 Key Customer Program, Basic Service Advantage Program, and Business Solutions Plus Program. • BellSouth reserves the right to terminate this program at any time; provided, however, that Subscribers participating in the program will continue to receive this promotion for the remaining term of their term election agreement. • The following services will not be included in qualifying revenue under this program or entitled to rewards for the related revenues – Analog Private Line – ISDN PRI – RegionServ Service,business trunk,w/o discount combination – RegionServ Service,business trunk,w/o discount outward only – Business, Local Optional Service, all options inward only trunk – Business trunk, combination flat rate, local optional service – Joint user flat rate service, business (Cost Split between Joint Users) – Outward WATS service, statewide – Area Calling Service business, both way, premium – PBX Service, inward flat rate trunk – LightGate 1 Basic System with First 1/2 mile per System, IntraLATA

BELLSOUTH

Notice

Notification Type:	Promotion
Jurisdiction:	GEORGIA
Notice Date:	11/13/2002
Filing Package Number:	GA2002-136
Service Name:	GA-Key Customer 2003
Tariff Sections:	n/a
Expected Issue Date:	12/20/2002
Expected Effective Date:	01/02/2003
Descriptive Narrative:	**This promotion is an offering available to existing BellSouth customers in GA that are located in specified wire centers within those states. The Key Customer Program will offer rewards on the subscriber's bill. Subscribers must sign a 24 or 36-month term election agreement to participate in the program to receive the rewards specified. The Program will begin on January 2, 2003 and end on December 31, 2003.** ***Program Eligibility*** • Available to existing BellSouth business customers subscribing to local exchange service. • Monthly BST revenue for subscriber's location must be $75 to $3,000 (excluding hunting, analog private line, ISDN PRI, BIST1, Frame Relay, and Megalink revenue) to receive the rewards. • Subscriber's location must be located in specified wire centers. • Subscriber must sign a 24 or 36-month term election agreement to receive the rewards. ***Promotion Elements*** • Subscriber will earn for each such month of the term a reward in an amount equal to the applicable reward percentage times Subscriber's Monthly Total Billed BellSouth Regulated Charges; in addition, if applicable, Subscriber will receive for each month a reward for Hunting Service equal to the applicable reward percentage times Subscriber's hunting charge. • Reward: Specified % of Subscriber's regulated total billed revenue (TBR) (charges to the customer) from the GSST A and PLS B tariffs.

BELLSOUTH

Notice

	Monthly Billed BellSouth Regulated Charges 24 Month 36 Month $75- $3000 10% 20% Hunting Reward 50% 100% • The monthly billed BellSouth regulated charges consists of end-user monthly billed BellSouth regulated charges at qualifying locations excluding: non-program services, non-regulated charges, taxes, late payment charges, charges billed pursuant to federal or state access service tariffs, charges collected on behalf of municipalities (including, but not limited to services for 911 service and dual party relay services), and charges for services provided by other companies. • The reward will appear as a credit in the OC&C section of the Subscriber's bill in a subsequent billing period usually within two or three billing cycles. Participation in the Program begins on the date the term election agreement is signed and returned to BellSouth (unless not accepted or voided by BellSouth). Depending on the Subscriber's billing cycle, the term may begin in the current month or the month following, or the billing cycle that BellSouth completes the Subscriber's term election agreement. Termination liability will apply from this date forward. • Subscribers who participate in the promotion and subscribe to new service during the promotional period, will receive an additional reward equal to the line connection charges associated with the service order. This will include the Line Connection Charge (first and additional lines, line equivalents and trunks). • Subscribers with multi-locations that are BTN'd or CLUB billed may have all locations participate as long as one location is in an eligible location and meets the revenue requirement. • Should Subscriber's charges decrease below $75, the Subscriber will not receive the reward until the Subscriber's monthly charges meet this minimum TBR amount ($75). • Should Subscriber's charges exceed the $3,000 threshold, the Subscriber will only receive the maximum reward allowed under this Program for monthly charges up to $3,000. • In the event the Subscriber terminates the election agreement, the Subscriber must pay to BellSouth a termination charge as provided below for the number of months remaining on the agreed upon term. This termination charge will appear on the Subscriber's final bill as a charge in the OC&C section.

Notice

	Monthly TBR at time of enrollment Set charge to be multiplied by number of months remaining on term after disconnect $75 - $3,000 $30 • Subscribers with Centrex, MultiServ and ESSX with SLAs not meeting the per location revenue requirement may have all locations participate as long as it is billed under the same account and at least one location is located in a specified wire center. • Once enrolled, if Subscriber moves to a location outside the specified wire center, the term election agreement will continue throughout the remaining term. • Applicable taxes and fees will be based on the full tariff price of all products and services, and no taxes or fees will be added to the amount of any reward under this program. ***Promotion Restrictions*** • Subscribers with aggregate annual billing, per state of BellSouth services exceeding $36,000 at the time of enrollment, are not eligible to participate in this promotion. • Rewards as well as hunting rewards (for hunting service) apply only to monthly total billed BST regulated charges within a state, not across states. • Subscribers participating in a Volume and Term Agreement CSAs are not eligible to participate in this promotion. • Analog Private Line, ISDN PRI, BIST1, Frame Relay, and Megalink services will not be included in qualifying revenue under this program or entitled to rewards for the related revenues. • This promotion may not be used concurrently with any previous or existing BellSouth Business Programs. • Subscribers currently participating under an existing BST SBS Small Business Promotion local exchange term election agreement may migrate to this promotion without incurring any termination liability from the existing program if the Subscriber has twelve (12) months or less remaining under the existing term election agreement for local exchange services with BellSouth, and the Subscriber agrees to another BST SBS Small Business local exchange term election agreement that provides for an equal or greater number of business access lines than their existing local exchange term election agreement. The new local exchange service term agreement will be based upon monthly business access line rates in effect at the time the new local exchange service term election agreement is effective. • Payment of the termination charge does not release the Subscriber from other previous amounts owed to BST. • BellSouth reserves the right to terminate this program at any time;

BELLSOUTH

Notice

	provided, however, that Subscribers participating in the program will continue to receive this promotion for the remaining term of their term election agreement.

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE (Cont'd)

5.2.11 COMPETITIVE RESPONSE

A. Residence Competitive Response Program

1. Description

The Residence Competitive Response Program is an offering to residence customers who have left Qwest Corporation for another telecommunications provider, for their local exchange service and/or their intraLATA toll service, and are now returning.

Qwest Corporation will offer incentives to customers who return for their telecommunications needs.

2. Terms and Conditions

a. This competitive response offering will only be offered to customers returning to Qwest Corporation from a competing telecommunications provider.

b. Residence customers' return to Qwest Corporation intraLATA toll is regarded separately from their return to Qwest Corporation local exchange service.

c. Residence customers will receive the waivers only on their initial return to Qwest Corporation for their local exchange service.

d. Periods and provisions of this offer will be determined by Qwest Corporation.

e. Qwest Corporation reserves the right to discontinue this offer, without further proceedings or approvals, upon 14 days notice to the Minnesota Public Utilities Commission.

3. Rates and Charges

a. Customers returning to Qwest Corporation for their local exchange service will receive either a waiver of the current nonrecurring charge, up to two months of recurring rates or both, on selected services determined by the Company. Amounts and types of the waivers will vary. In addition, customers may be eligible for waivers of intraLATA MTS charges.

b. Total local exchange service charges waived will not exceed $100.00 per customer location.

c. Customers returning to Qwest Corporation for intraLATA toll service will receive waivers not to exceed $50.00 per customer per year.

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE (Cont'd)

B. Business Competitive Response Program

1. Description

The Business Competitive Response Program is an offering to business customers who have terminated or canceled all or part of their Qwest Corporation services and established service with another telecommunications provider, and such business customers are reestablishing some material part of their services with Qwest Corporation. (T)

In accordance with the terms of this Business Competitive Response Program, Qwest Corporation may offer incentive(s) to such returning business customers.

2. Terms and Conditions

a. The Business Competitive Response Program may be offered only to business customers returning to Qwest Corporation from a competing telecommunications provider.

b. The Company may offer returning business customers incentives in the form of a credit on the business customer's bill after the business customer actually reestablishes the agreed upon service with Qwest Corporation.

c. Business customers may not obtain the incentive(s) or any credits after their first or initial return to Qwest Corporation for which incentive credit(s) have been provided.

d. Business customers may receive the incentive credit(s) only in connection with services that are reestablished or established upon the initial return to Qwest Corporation.

e. Business customers' return to Qwest Corporation intraLATA toll is regarded separately from their return to Qwest Corporation local exchange service.

f. On contractual services, business customers are required to sign a contract in order to receive a waiver.

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE

5.2.11 COMPETITIVE RESPONSE

B.2. (Cont'd)

g. Business customers who receive the Competitive Response Program credit(s) are required to remain with Qwest Corporation for a minimum of one year or be billed all of the nonrecurring charge(s) and monthly rate(s) waived.

h. Qwest Corporation reserves the right to discontinue this offer, without further proceedings or approvals, upon 14 days notice to the Minnesota Public Utilities Commission.

i. Returning business customers are required to have a satisfactory credit rating with Qwest Corporation in accordance with Section 2.3.3.

j. Qwest Corporation shall use reasonable business efforts so that similarly situated customers are offered similar incentive credits in similar circumstances.

k. The Business Competitive Response Program may be resold so as to waive Qwest Corporation charges in accord with this program when a local telecommunications carrier reselling Qwest Corporation services is attempting to reacquire one of its former customers. (C)
(C)

3. Rates and Charges

a. Returning business customers receive a maximum of either a waiver of the current nonrecurring charge(s), or up to two months of the current monthly rate(s), or both, on selected services as determined by Qwest Corporation. In addition, returning business customers may be provided waivers of intraLATA MTS charges.

b. Incentive amounts are calculated on the first month's nonrecurring charge(s) and monthly rate(s). The total credit amount will not exceed the total nonrecurring charge(s) plus two months service of the monthly rate(s).

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE (Cont'd)

5.2.11 COMPETITIVE RESPONSE (N)

A. Business Competitive Response Program

1. Description

The Business Competitive Response Program is an offering to business customers who have terminated or canceled all or part of their Company services and established service with another telecommunications provider, and such business customers are reestablishing some part of their services with the Company.

In accordance with the terms of this Business Competitive Response Program, the Company may offer incentive(s) to such returning business customers.

2. Terms and Conditions

a. The Business Competitive Response Program may be offered only to business customers returning to the Company from a competing telecommunications provider.

b. The Company may offer returning business customers incentives in the form of a credit on the business customer's bill after the business customer actually reestablishes the agreed upon service with the Company.

c. Business customers may not obtain the incentive(s) or any credits after their first or initial return to the Company for which incentive credit(s) have been provided.

d. Business customers may receive the incentive credit(s) only in connection with services that are reestablished or established upon the initial return to the Company.

e. On contractual services, business customers are required to sign a contract in order to receive the incentive(s).

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE

B.2. (Cont'd)

f. Business customers who receive the Competitive Response Program credit(s) are required to remain with the Company for a minimum of one year or be billed all monthly rate(s) waived.

g. Returning business customers are required to have a satisfactory credit rating with the Company in accordance with 2.3.3 of the Exchange and Network Services Tariff.

h. The Company shall use reasonable business efforts so that similarly situated customers are offered similar incentive credits in similar circumstances.

i. The Business Competitive Response Program may be resold so as to waive the Company's charges in accord with this program when a local telecommunications carrier reselling the Company's services is attempting to reacquire one of its former customers.

j. The Business Competitive Response Program is not available to customers located in the Rural Rate Area specified in the Exchange and Network Services Tariff.

3. Rates and Charges

a. Amounts of credits given to returning business customers may vary but not exceed a maximum of up to three months of the current monthly rate(s) on selected services as determined by the Company. The selected services with up (C) to three months of the current monthly rate(s) include the following: Business Basic Exchange Service, *Qwest Business Line Plus*, Digital Switched Service (DSS) with basic trunks, DSS with advanced trunks with DID, Uniform Access Solution Service (UAS), ISDN Primary Rate Service and Single Line ISDN Service. Analog PBX trunks and Centrex 21 Service credits will not exceed a maximum of up to two months of the current monthly rate(s). (C)

b. Incentive amounts are calculated on the first month's monthly rate(s). The total credit amount will not exceed three months service of the monthly rate(s).

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE (Cont'd)

B. Residence Competitive Response Program (N)

1. Description

The Residence Competitive Response Program is an offering to residence customers who have left the Company for another telecommunications provider for their local exchange service and are now returning.

In accordance with the terms of this Residence Competitive Response Program, the Company may offer incentive(s) to such returning residence customers.

2. Terms and Conditions

a. This Competitive Response offering may be offered only to residence customers returning to the Company from a competing telecommunications provider.

b. Residence customers will receive the waivers only on their initial return to the Company for their local exchange service.

c. The Residence Competitive Response Program may be resold so as to waive the Company's charges in accord with this program when a local telecommunications carrier reselling the Company's services is attempting to reacquire one of its former customers.

d. Residence customers who receive the Competitive Response Program credit(s) are required to remain with the Company for a minimum of one year or be billed all monthly rate(s) and nonrecurring charge(s) waived.

5. EXCHANGE SERVICES

5.2 LOCAL EXCHANGE SERVICE
5.2.11 COMPETITIVE RESPONSE

B. Residence Competitive Response Program (Cont'd) (N)

3. Rates and Charges

a. Customers returning to the Company for their local exchange service may receive a waiver of up to three months of the current monthly rate(s) on selected services, as determined by the Company. Amounts and types of waivers may vary.

b. Incentive amounts are calculated on the first month's monthly rate(s). The total credit amount will not exceed three months service of the monthly rate(s). Total charges waived will not exceed $100.00 per customer location.

RESIDENCE CUSTOMER PROMOTIONAL OFFER

A retail promotional period shall begin on April 1, 2001 through May 31, 2001 for eligible residence customers who are considering a competitive offer for local exchange service or indicate they plan to disconnect their residence local exchange service with Ameritech.

During the promotional period, customers who currently subscribe to or purchase The BASICS® or The WORKS® will receive a total $50 bill credit to be credited in two equal monthly credits of $25 each.

The customer must retain the residence local exchange service and the feature package for three months. Customers who terminate the residence local exchange service and/or feature package prior to the three month period will be billed a lump sum termination liability equal to the sum of the credits awarded and will not exceed $50. This promotion may not be combined with any other offers.

In addition to the eligibility criteria noted above, customers must

- Not have had service discounted for nonpayment, and
- Not have any past due bills for regulated service owed to the Company.

RESIDENCE WINBACK PROMOTIONAL OFFER

A noncompetitive retail/wholesale promotional period will be extended from September 1, 2001 through December 31, 2001. This promotion is for eligible residence customers who have discontinued their residence local exchange service with Ameritech for the purpose of establishing exchange service with another local exchange provider and who now wishes to return to Ameritech. The customer must return their residence local exchange service and IntraLATA toll to Ameritech to qualify for this offer. Also, the customer must respond to a marketing promotional contact, i.e., direct mail or outbound telemarketing call to receive the offer.

During the promotional period, customers who return to Ameritech and purchase Ameritech IntraLATA toll, the BASICS® or The WORKS® will receive a total $100 bill credit to be credited in five equal monthly credits of $20.00 each. This promotion may not be combined with any other offers.

In addition to the eligibility criteria noted above, customers must

- Not have had service discontinued for nonpayment, and
- Not have any past due bills for regulated service owed to the Company.

PROMOTIONAL WAIVER (cont'd)

Residence Solution Packages Promotional Offer (N)

A retail promotion period shall begin from June 21, 2002 through September 30, 2002 for eligible residence customers who have discontinued their residence local service with Ameritech for the purpose of establishing exchange service with another local service provider and who now wish to return to Ameritech. Eligible customers are those who changed their local service more than 40 days prior to June 21, 2002. The customer must subscribe to one of the Solution Package offerings in order to qualify for this promotion.

During the promotional period, eligible customers will receive a waiver of the first three months of the value of the local exchange service component. Credits will vary by access line area. This promotion may not be combined with any other access line offers.

In addition to the eligibility criteria noted above, customers must

- not have had service discontinued for nonpayment, and (N)
- not have any past due bills for regulated service owned to the Company.

PROMOTIONAL WAIVER (cont'd) (N)

Residence 20% Off Bill Credit Promotional Offer

A retail promotion period shall begin on June 21, 2002 through September 30, 2002 for eligible residence customers who have discontinued their residence local service with Ameritech for the purpose of establishing exchange service with another local service provider and who now wish to return to Ameritech. The customer must subscribe to one of the Solution Package offers in order to qualify for this promotion.

During the promotional period, eligible customers will receive 20% off of the Solution Package price each month for the first six months. This promotion may not be combined with any other access line promotional offers.

In addition to the eligibility criteria noted above, customers must

- Not have had service discontinued for nonpayment, and
- Not have any past due bills for regulated service owed to the Company. (N)

Date: **August 30, 2001**

Number: **CLECAM01-255**

Effective Date: **October 15, 2001**

Category: **ALL**

Subject: **(ORDERING AND PROVISIONING) Introduction of $25 Access Line Signing Bonus Winback Promotion**

Related Letters: **NA**

States Impacted: **Ameritech Region**

Response Deadline: **NA**

Contact: **Account Manager**

Conference Call/Meeting: **NA**

Ameritech (AIT) is sending notice of intent to file tariff revisions to introduce $25 Access Line Signing Bonus Winback Promotion for full line WinBack Business customers. This Retail promotion will be available for Resale to eligible Business POTS customers in Illinois, Indiana, Michigan, Ohio, and Wisconsin. The proposed effective dates for this promotion is:

State	Start Date	End Date
• Illinois • Indiana • Michigan • Ohio • Michigan	October 15, 2001	February 28, 2002

To be eligible for the promotion customers must have one to five lines only and commit to 12 months of service. During this promotional period for full line Winback orders, the customer will receive $25 per line credit after the third month of local service with AIT.

- To be eligible in a Winback situation, the customer must have previously had service with you, then switched their service to another provider and is now returning to you as a customer. You may use this offering to win back the customer.

AIT reserves the right to conduct periodic audits to ensure that you are only using this promotion for Winback customers. If requested, CLECs will be required to provide proof of Winback to AIT.

Following are the ordering instructions for this promotion.

State	Product Name
• Illinois • Indiana • Michigan	Winback Signing Bonus

• Ohio • Michigan	

After the effective date of the promotion, please consult the CLEC Online web site (https://clec.sbc.com) for details.

Ameritech reserves the right to make any modifications to or to cancel the above information prior to the proposed filing or effective dates. Should any modifications be made to the information, these modifications will be reflected in a subsequent letter sent at the time of the filing. Should the information be canceled, Ameritech will send additional notification at the time of cancellation. Ameritech will incur no liability to the CLECs if such information, mentioned above, is canceled by Ameritech or is not ultimately approved by the commission.

AMERITECH COMPLETELINK ACCESS LINE WINBACK (Flint, Saginaw, Detroit)

During the period of April 28, 2000 through July 25, 2000, three to twenty line business customers in the Detroit, Saginaw, or Flint areas (NPAs 248, 517, 810), who sign a 3- or 5-year CompleteLink term agreement, will receive a credit towards their Ameritech business network access lines.

Eligible customers include business customers who had their business network access line with Ameritech and switched to another carrier and now wish to return their business network access line to Ameritech. Customers must sign a 3- or 5-year CompleteLink term agreement with a specific MARC to be eligible for this promotion.

The credits will be as follows:

	Credits per Line		
	Flint	Saginaw	Detroit
3-year CompleteLink term agreement	$125	$135	$160
5-year CompleteLink term agreement	260	275	325

Three to four line customers must sign a minimum $700 MARC.

Five to twelve line customers must sign a minimum $1,200 MARC

Thirteen to twenty line customers must sign a minimum $3,000 MARC

The credit will appear on the customers Ameritech bill within 90 days of signing a term agreement.

Business customers falling below three business network access lines, during the term of the agreement, will be billed any credit received.

EXCHANGE ACCESSS SERVICE - BUSINESS CREDIT PROMOTION (C)

(D)

(D)

A retail promotional period for eligible business customers will be established from June 1, 2002 through November 30, 2002. This promotion provides a $100 credit against the customer's total bill for each exchange access line, up to ten lines. (N)

Eligible business customers are those who 1) have their business network access line service with another local exchange carrier within the Ameritech Michigan serving area and who now wish to establish business exchange access service with Ameritech Michigan, 2) establish service with no more than ten exchange access lines, 3) establish a minimum twelve-month term agreement for local exchange access service, and 4) install and retain either Caller ID with Name service or one of two Complementary Central Office Services: Busy Line Transfer or Alternate Answering, on at least one line.

Up to ten total network exchange access lines are eligible for the credit. Caller ID with Name, Busy Line Transfer or Alternate Answering service must be ordered and retained on at least one line during the term agreement. Each line ordered must be installed by June 15, 2002.

In the event the customer disconnects a line or feature prior to the end of the term, the termination liability will be equal to the total credited amount.

This business offer is not applicable to Flexline, Centrex, ISDN, PBX trunks or coin service. The credit is not applicable on additional lines ordered during the promotion period. (N)

MESSAGE TOLL SERVICES (cont'd)

PROMOTIONAL OFFERINGS (cont'd)

EXCHANGE ACCESS SERVICE - BUSINESS CREDIT PROMOTION (N)

A retail promotional period for eligible business customers will be established from January 1, 2003 through June 30, 2003. This promotion provides a $75 credit against the customer's total bill for each exchange access line, up to ten lines.

Eligible business customers are those who 1) have their business network access line service with another local exchange carrier within the Ameritech Michigan serving area and who now wish to establish business exchange access service with Ameritech Michigan, 2) establish service with no more than ten exchange access lines. 3) establish a minimum twelve-month term agreement for local exchange access service, 4) establish and/or retain their intraLATA toll service with Ameritech Michigan on all lines ordered and installed, and 5) install and retain either Caller ID with Name service or one of two Complementary Central Office Services: Busy Line Transfer or Alternate Answering, on at least one line.

Up to ten total network exchange access lines are eligible for the credit. Each line ordered must be installed by August 15, 2003.

In the event the customer disconnects a line or feature or changes their intraLATA toll services to another intraLATA toll carrier prior to the end of the term, the termination liability will be equal to the total credited amount.

This business offer is not applicable to Flexline, Centrex, ISDN, PBX trunks or coin service. The credit is not applicable on additional lines ordered during the promotional period. (N)

AMERITECH BUSINESS ACCESS CREDIT PROMOTION (C)

A retail promotional period for eligible business customers will be established from June 1, 2002 through November 30, 2002. This promotion provides a maximum $100 per line credit.

Eligible business customers are those who 1) have their business network access line service with another local exchange carrier within the Ameritech Illinois serving area and who now wish to establish business exchange access service with Ameritech Illinois, 2) establish service with no more than ten exchange access lines, 3) establish a minimum twelve-month term agreement for local exchange access service, and 4) install and retain either Caller ID with Name service or one of two Complementary Central Office Services: Busy Line Transfer or Alternate Answering, on at least one line.

Up to ten total network exchange access lines are eligible for the credit. Caller ID with Name, Busy Line Transfer or Alternate Answering service must be ordered and retained on at least one line during the term of the agreement. Each line ordered must be installed by December 15, 2002.

In the event the customer disconnects a line or feature prior to the end of the term, the termination liability will be equal to the total credited amount.

This business access line offer is not applicable to Flexline, Centrex, ISDN, PBX trunks or coin service lines. The credit is not applicable on additional lines ordered during the promotion period.

AMERITECH FEATURELINK SERVICE PROMOTION

A promotional period for Ameritech FeatureLink (AFL) Service customers will be established from October 2, 2000 through December 29, 2000. This promotion waives the nonrecurring Service Establishment Charge, Service Order and Line Connection Charges for customers who subscribe to a 36-month or 60-month Term Payment Plan. The waivers also apply to an existing customer ordering additional lines with AFL service provisioned on them.

36-month or 60-month contracts must be signed on or before December 29, 2000 and received by the Ameritech "business office" by January 26, 2001. Service must be installed within 60 days of the contract signing date.

Customers are not required to have AFL on all lines, but they must commit to the largest AFL line package for the number of AFL equipped lines they have ordered. (C)

AMERITECH BUSINESS SIGNING BONUS PROMOTION

A retail promotional period for eligible business customers will be extended (C) from May 1, 2002 through May 31, 2002. This promotion provides a maximum (C) $100 per line credit. Eligible business customers are those who have local exchange access services with another competitive local exchange carrier and who now select Ameritech Illinois as their local exchange carrier.

The customer must establish a minimum 12 month agreement for local exchange access service and either Caller ID with Name service or one of two Complementary Central Office Services: Busy Line Transfer or Alternate Answering. Up to 10 total network exchange access lines are eligible for (C) the credit. Caller ID with Name, Busy Line Transfer of Alternate Answering service must be ordered and retained on at least one line. Each line ordered must be installed by July 15, 2002. The per line credit will appear (C) in $25 increments on the customer's 1st, 4th, 7th, and 10th bill after establishing local exchange access service with the Company.

This business access line offer is not applicable to Flexline, Centrex, ISDN, PBX trunks or coin service lines and may not be combined with other business package offers. The credit is not applicable on additional lines ordered during the promotion period.

AMERITECH COMPLETELINK SELECT WINBACK SIGNING BONUS

A retail promotional period shall be established from August 1, 2002 through March 24, 2003. During this promotional period eligible business customers subscribing to an Ameritech CompleteLink 1-year, 2-year, 3-year or 5-year term plan will be eligible for the following MARC volume discounts and increased Maximum Annual Discounts, as well as the following intraLATA toll and 800/888 rates per minute, and signing bonus. The signing bonus is a percentage of the customer's selected Minimum Annual Revenue Commitment and may vary by term-plan period.

Minimum Annual Revenue Commitment	Maximum Annual Discount	MARC Volume Discount on Eligible Services[1/]				
		1-Year	2-Year	3-Year	5-Year	
$ 1,200 - 2,999	$ 1,000	13.3%	14.3%	15.3%	15.8%	
3,000 - 6,999	1,500	13.5%	14.5%	15.5%	16.0%	
7,000 - 11,999	3,000	14.0%	15.0%	16.0%	16.5%	
12,000 - 17,999	5,000	14.5%	15.5%	16.5%	17.0%	
18,000 - 24,999	10,000	14.5%	15.5%	16.5%	17.0%	
25,000 - 34,999	15,000	15.5%	16.5%	17.5%	18.0%	
35,000 - 49,999	20,000	16.0%	17.0%	18.0%	18.5%	
50,000 - 74,999	25,000	16.5%	17.5%	18.5%	19.0%	
75,000 - 99,999	40,000	17.0%	18.0%	19.0%	19.5%	
100,000 - 124,999	45,000	17.5%	18.5%	19.5%	20.0%	
125,000 - 149,999	55,000	17.5%	18.5%	19.5%	20.0%	
150,000 - 199,000	65,000	18.0%	19.0%	20.0%	20.5%	
200,000 plus	90,000	18.0%	19.0%	20.0%	20.5%	
One-Time Signing Bonus		5.0% of MARC	25.0% of MARC	35.0% of MARC	40.0% of MARC	(C)

/1/ MARC volume discounts will not apply to intraLATA toll and 800/888 rates.

SBC Ameritech

Accessible

Date: **August 15, 2002**

Number: **CLECAM02-343**

Effective Date: **10/1/02**

Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Introduction of Access Line Winback Economy Solution Promotional Offer - IL**

Related Letters: **NA**

Attachment **NA**

States Impacted: **Illinois**

Response Deadline: **NA**

Contact: **Account Manager**

Conference Call/Meeting: **NA**

Ameritech (AIT) is sending notice of intent to file tariff revisions to introduce the Access Line Winback Economy Solution Promotional Offer. This retail offer will be available for resale to eligible residence customers in Illinois.

The credit amounts listed below are the retail credits. Applicable resale discount will be applied to the credit.

This proposed effective dates for these promotions are:

State	Start Date	Through End Date
Illinois	10/1/02	3/31/02

Winback Customers who order the Economy Solution during this promotional period will receive a $10 credit each month for 12 consecutive months as long as they retain the Economy Solution. No credits will be given for future months if the customer cancels the Economy Solution.

To be eligible in a Winback situation, the customer must have previously had local service with you; then switched to another local service provider and is now returning to you as a customer. You may use this offering to win back the customer.

The table below summarizes the products included in the promotion and the applicable USOCs:

Product Name	Product USOC/FID	Benefit to be Provided	USOC/FID to Provide Benefit
Economy Solution	PGOPA	Illinois customers will receive a $10 credit. All customers receiving the credit will get this credit each month for 12 consecutive months if they retain the Economy Solution on the access line. If customers remove the Economy Solution before the 12 months period is	RECN

		complete, they will not receive any future credits.	

In addition to the promo name, the word "Promo" must be inserted in the remarks section of the order to receive the promotion benefit.

After the effective date of this offering, please consult the CLEC Online web site (https://clec.sbc.com/clec) for ordering details.

AIT reserves the right to make any modifications to or to cancel the above information prior to the proposed filing or effective dates. Should any modifications be made to the information, these modifications will be reflected in a subsequent letter sent at the time of the filing. Should the information be canceled, AIT will send additional notification at the time of cancellation. AIT will incur no liability to the CLECs if such information, mentioned above, is canceled by AIT or is not ultimately put into effect.

SBC Ameritech

Accessible

Date: **August 15, 2002**

Number: **CLECAM02-345**

Effective Date: **10/1/02**

Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Introduction of Access Line Winback Economy Solution Promotional Offer - OH**

Related Letters: **NA**

Attachment **NA**

States Impacted: **Ohio**

Response Deadline: **NA**

Contact: **Account Manager**

Conference Call/Meeting: **NA**

Ameritech (AIT) is sending notice of intent to file tariff revisions to introduce the Access Line Winback Economy Solution Promotional Offer. This retail offer will be available for resale to eligible residence customers in Ohio.

The credit amounts listed below are the retail credits. Applicable resale discount will be applied to the credit.

This proposed effective dates for these promotions are:

State	Start Date	Through End Date
Ohio	10/1/02	3/31/02

Winback Customers who order the Economy Solution during this promotional period will receive a $5 credit each month for 12 consecutive months as long as they retain the Economy Solution. No credits will be given for future months if the customer cancels the Economy Solution.

To be eligible in a Winback situation, the customer must have previously had local service with you; then switched to another local service provider and is now returning to you as a customer. You may use this offering to win back the customer.

The table below summarizes the products included in the promotion and the applicable USOCs:

Product Name	Product USOC/FID	Benefit to be Provided	USOC/FID to Provide Benefit
Economy Solution	PGOPA	Ohio customers will receive a $5 credit. All customers receiving the credit will get this credit each month for 12 consecutive months if they retain the Economy Solution on the access line. If customers remove the Economy Solution before the 12 months period is complete, they will not	RECN

		receive any future credits.	

In addition to the promo name, the word "Promo" must be inserted in the remarks section of the order to receive the promotion benefit.

After the effective date of this offering, please consult the CLEC Online web site (https://clec.sbc.com/clec) for ordering details.

AIT reserves the right to make any modifications to or to cancel the above information prior to the proposed filing or effective dates. Should any modifications be made to the information, these modifications will be reflected in a subsequent letter sent at the time of the filing. Should the information be canceled, AIT will send additional notification at the time of cancellation. AIT will incur no liability to the CLECs if such information, mentioned above, is canceled by AIT or is not ultimately put into effect.

SBC Ameritech

Accessible

Date: **August 15, 2002** Number: **CLECAM02-344**

Effective Date: **10/1/02** Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Introduction of Access Line Winback Economy Solution Promotional Offer - MI**

Related Letters: **NA** Attachment **NA**

States Impacted: **Michigan**

Response Deadline: **NA** Contact: **Account Manager**

Conference Call/Meeting: **NA**

Ameritech (AIT) is sending notice of intent to file tariff revisions to introduce the Access Line Winback Economy Solution Promotional Offer. This retail offer will be available for resale to eligible residence customers in Michigan.

The credit amounts listed below are the retail credits. Applicable resale discount will be applied to the credit.

This proposed effective dates for these promotions are:

State	Start Date	Through End Date
Michigan	10/1/02	3/31/02

Winback Customers who order the Economy Solution during this promotional period will receive a $10 credit each month for 12 consecutive months as long as they retain the Economy Solution. No credits will be given for future months if the customer cancels the Economy Solution.

To be eligible in a Winback situation, the customer must have previously had local service with you; then switched to another local service provider and is now returning to you as a customer. You may use this offering to win back the customer.

The table below summarizes the products included in the promotion and the applicable USOCs:

Product Name	Product USOC/FID	Benefit to be Provided	USOC/FID to Provide Benefit
Economy Solution	PGOPA	Michigan customers will receive a $10 credit. All customers receiving the credit will get this credit each month for 12 consecutive months if they retain the Economy Solution on the access line. If customers remove the Economy Solution before the 12 months period is	RECN

		complete, they will not receive any future credits.	

In addition to the promo name, the word "Promo" must be inserted in the remarks section of the order to receive the promotion benefit.

After the effective date of this offering, please consult the CLEC Online web site (https://clec.sbc.com/clec) for ordering details.

AIT reserves the right to make any modifications to or to cancel the above information prior to the proposed filing or effective dates. Should any modifications be made to the information, these modifications will be reflected in a subsequent letter sent at the time of the filing. Should the information be canceled, AIT will send additional notification at the time of cancellation. AIT will incur no liability to the CLECs if such information, mentioned above, is canceled by AIT or is not ultimately put into effect.

SBC Ameritech

Accessible

Date: **June 14, 2002**

Number: **CLECAM02-252**

Effective Date: **August 1, 2002**

Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Introduction of CompleteLink Select Winback Signing Bonus Promotion (SJ015)**

Related Letters: **NA**

Attachment **NA**

States Impacted: **Ameritech Region**

Response Deadline: **NA**

Contact: **Account Manager**

Ameritech is pleased to announce the introduction of CompleteLink Select Winback Signing Bonus Promotion. During the period of August 1, 2002 through March 24, 2003 eligible business customers will receive a one-time signing bonus of 20%; 25%; 30%; or 35% depending on their CompleteLink Select term (1,2,3 or 5 year).

Customers who terminate their service before the end of the CompleteLink Select term agreement will be charged termination liability charges that will be equal to the total credited amount.

To be eligible, the customer must be switching their service to you from another carrier within the Ameritech region and sign a CompleteLink Select Winback agreement. Ameritech reserves the right to conduct periodic audits to ensure that you are only using this promotion for winback customers. If requested, CLECs will be required to provide proof of winback to Ameritech

After the effective date, please consult the CLEC Online Web Site (https://clec.sbc.com) for details.

Ameritech reserves the right to make any modifications to or cancel this information prior to the proposed filing or effective date. Should any modifications be made, they shall be reflected in a subsequent letter. Should the information be canceled, an additional notification letter will be sent at the time of cancellation. Ameritech will incur no liability to the CLECs if such information is canceled or is not ultimately put into effect.

SBC Ameritech

Accessible

Date: **June 25, 2002**

Number: **CLECAM02-264**

Effective Date: **August 1, 2002**

Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Revision to Introduction of CompleteLink Select Winback Signing Bonus Promotion (SJ015)**

Related Letters: **CLECAM02-252**

Attachment **NA**

States Impacted: **Ameritech Region**

Response Deadline: **NA**

Contact: **Account Manager**

Conference Call/Meeting: **NA**

Ameritech is sending notice of a change to previous notices, Accessible Letter Number **CLECAM02-252**, issued June 14, 2002. In order to eligible for this promotion, the customer must also have refused a previous offer.

All other information in **CLECAM02-252** remains unchanged.

Ameritech reserves the right to make any modifications to or cancel this information prior to the proposed filing or effective date. Should any modifications be made, they shall be reflected in a subsequent letter. Should the information be canceled, an additional notification letter will be sent at the time of cancellation. Ameritech will incur no liability to the CLECs if such information is canceled or is not ultimately put into effect.

Accessible

Date: **July 12, 2002**

Number: **CLECAM02-289**

Effective Date: **August 1, 2002**

Category: **Resale**

Subject: **(ORDERING AND PROVISIONING) Revision to Introduction of CompleteLink Select Winback Signing Bonus Promotion (SJ015)**

Related Letters: **CLECAM02-264; CLECAM02-252**

Attachment **NA**

States Impacted: **Ameritech Region**

Response Deadline: **NA**

Contact: **Account Manager**

Conference Call/Meeting: **NA**

SBC Ameritech is sending notice of a change to previous notices, Accessible Letter Number **CLECAM02-264**, issued June 25, 2002. The new signing bonus percentages are 5%, 10%, 15%, or 25% depending on the CompleteLink Select term (1,2,3 or 5 year).

All other information in **CLECAM02-264** & **CLECAM02-252** remains unchanged.

SBC reserves the right to make any modifications to or cancel this information prior to the proposed filing or effective date. Should any modifications be made, they shall be reflected in a subsequent letter. Should the information be canceled, an additional notification letter will be sent at the time of cancellation. SBC will incur no liability to the CLECs if such information is canceled or is not ultimately put into effect.