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March 20, 2003

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Ex Parte Presentation

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

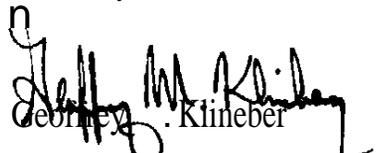
Re: *Application by SBC Communications Inc., et al. for Provision of In-Region.
InterLATA Services in Michigan, WC Docket No. 03-16*

Dear Ms. Dortch:

On behalf of SBC Communications Inc. ("SBC"), and at the request of FCC Staff, I am attaching to this letter SBC's responses to questions that Staff raised regarding McLeodUSA's allegations. See Attachment. Some of the material provided in the Attachment is confidential. Accordingly, pursuant to the Commission's rules governing the handling of such information, I am filing one copy of this letter with the confidential material attached. Inquiries regarding access to the confidential material should be addressed to Kevin Walker, Kellogg, Huber, Hansen, Todd & Evans, PLLC, 1615 M Street, N.W., Suite 400, Washington, D.C., 20036, (202) 367-7820.

In accordance with this Commission's Public Notice, DA 03-156 (Jan. 16, 2003), SBC is filing the original and two copies of the redacted version of this letter and attachments. Thank you for your kind assistance in this matter.

Sincerely,


Geoffrey M. Klineberg
Geoffrey M. Klineberg

Attachment

- cc: John P. Stanley Layla Seirafi-Najar
- Gina Spade Dorothy Wideman
- Denise Coca Ann R. Schneidewind
- Susan Pie Qualex International (Redacted version only)

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SBC'S RESPONSES TO ADDITIONAL QUESTIONS FROM THE FCC STAFF

McLeodUSA Issues

- 1. Has Michigan Bell been asked any questions about the McLeod allegations by the Michigan Commission or responded to any complaints brought by McLeod at the Michigan Commission?**

Michigan Bell is not aware of any instance in which McLeodUSA has raised the issue of carrier code consolidation (addressed in paragraphs 19-23 of the Reply Affidavit of Justin W. Brown) with the MPSC, and Michigan Bell has not been asked questions by the MPSC or responded to any complaints at the MPSC related to this subject. With respect to the narrow interconnection agreement-related issue (addressed in paragraphs 16-17 of the Reply Affidavit of Scott J. Alexander), a member of the MPSC staff did contact Michigan Bell's counsel prior to February 3, 2003, and indicated that McLeodUSA had informally contacted the MPSC staff regarding that issue and the MPSC staff member requested that Michigan Bell's counsel contact McLeodUSA in an attempt to resolve the issue. As explained in Mr. Alexander's Reply Affidavit, on February 3, 2003, Michigan Bell notified McLeodUSA that it agreed with McLeodUSA's position and that the collocation orders involving the former Phone Michigan collocation arrangements would be processed pursuant to the terms of the McLeodUSA interconnection agreement from the effective date of the agreement. Michigan Bell's counsel was subsequently advised by the MPSC staff member that McLeodUSA had advised the staff member that this issue had been resolved.

- 2. In the Michigan Bell Alexander Reply Affidavit, Michigan Bell states that the interconnection agreement-related issue has been resolved because Michigan Bell is in the process of reviewing McLeodUSA's collocation-related orders for the former Phone Michigan. What was the result of that review?**

Michigan Bell has not yet fully completed the review, but the majority is complete. McLeodUSA has submitted a total of twenty-five (25) collocation applications for the Phone Michigan collocation arrangements since the effective date of the McLeodUSA interconnection agreement (May 11, 2002). Fourteen (14) required no adjustment because they did not affect billing. (These included complete disconnects (4), rejected applications (1), cancelled applications (1), and applications merely involving the placement of equipment (8).) The remaining eleven (11) applications are for augments, which could require requotes or adjustments to bills. Michigan Bell has completed the review of nine (9) of those applications. Michigan Bell has not yet completed the review of the final two (2) applications, but will do so shortly.

As a result of the nine (9) completed reviews, SBC determined that seven (7) were originally quoted pursuant to the terms of the McLeodUSA interconnection agreement. Accordingly, no requotes or adjustments were required. The remaining two (2) applications were originally quoted and accepted by McLeodUSA pursuant to the tariff. However, because the augments at issue had not yet been completed, final bills for non-recurring charges had

not yet been rendered. Accordingly, no billing adjustments were required. Instead, the revised non-recurring charges will be reflected in the final bill (net of deposit). The following table summarizes the original and revised non-recurring and recurring charge quotes for each of these applications:

CASE#	Original Non-Recurring Quote	Revised Non-Recurring Quote	Original Monthly Recurring Quote	Revised Monthly Recurring Quote
MI1230022721V	\$1,463.76	\$1,197.48	\$425.28	\$366.85
MI0123032788P	\$2,735.35*	\$3,355.32	\$ 4.67*	\$ 55.00

* The increase in the revised quote is the result of an error in the original quote. The application requested dual entrance facilities, but the original quote reflected a single entrance facility. This was corrected in the revised quote.

3. Have other competitive LECs changed their accounts using the Michigan Bell process?

No CLEC appears to have yet pursued and completed a conversion of accounts in the manner described in Mr. Brown's Reply Affidavit. SBC is currently involved, however, in project planning with several CLECs to accomplish similar conversions (both inside and outside of Michigan). Moreover, several CLECs have converted collocation arrangements in essentially the manner described in footnote 8 of Mr. Brown's Reply Affidavit.

4. In the Michigan Bell Brown Reply Affidavit, you state that CLECs are charged approximately \$3.00. Specifically, how much will McLeodUSA have to pay to consolidate its accounts? Is that per order?

Because McLeodUSA has not pursued a project plan to convert its Phone Michigan accounts, Michigan Bell is unable to precisely quantify the total costs that McLeodUSA would incur for such a consolidation. As explained in paragraphs 19-23 of the Reply Affidavit of Justin W. Brown, a project plan must account for numerous variables, including differences in the type of products in the embedded base. Moreover, as explained in footnote 8 of Mr. Brown's Reply Affidavit, the process of transferring a collocation arrangement is by its very nature an ICB process. This change is accomplished through a Nonstandard Collocation Request ("NSCR"), which is priced on an ICB basis. Accordingly, it is extremely difficult to simply estimate total costs without the cooperation of McLeodUSA as part of an overall project plan.

Nevertheless, in an effort to address the Staff's question, Michigan Bell provides below rough estimates of potential costs. First, Michigan Bell estimates that the NSCR to transfer collocation arrangements from the Phone Michigan ACNA to the McLeodUSA ACNA would involve charges of approximately \$3,500 per collocation arrangement. According to Michigan Bell's records, there are currently *** Phone Michigan collocation arrangements, for a total approximate cost of ***. The foregoing costs reflect

charges for the NSCR application; restenciling the CLEC name and ACNA on interconnection blocks and panels as well as power panels associated with the collocation arrangement; updating the power database records; updating the Trunk Information Record Keeping System ("TRKS"); updating the collocation database; updating the collocation billing systems; and updating floor space drawings.

As Mr. Brown further explained, McLeodUSA would then be required to submit LSRs to convert end-user accounts and/or circuits. Mr. Brown's Reply affidavit indicated that a typical rate for this type of conversion would be approximately \$3.00 per order. This figure represents the price for an initial service order on a simple loop (actually \$3.16 per the McLeodUSA Pricing Schedule), which would apply for the vast majority of Phone Michigan's current accounts. However, the actual type and number of orders required – and consequently the charges – varies by product. For instance, the charges for **DSI** and DS3 conversions would be higher – as provided for in the McLeodUSA Pricing Schedule. Local interconnecting trunk groups would also need to be converted through the issuance of ASRs. Additionally, the number of orders and associated charges is dependent upon McLeodUSA's actual network configuration and circuit inventory in place at the time of the conversion. In an effort to address the Staff's question, Michigan Bell estimates that the total cost of LSRs (and ASRs for local interconnection trunk groups) to complete this portion of the Phone Michigan conversion would total approximately *** McLeodUSA would likely also choose to convert the Phone Michigan switched access trunk groups and special access circuits. Michigan Bell estimates that the additional cost for such conversions would be approximately ***