

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter, on the Commission's own motion,        )  
to consider Ameritech Michigan's compliance        )  
with the competitive checklist in Section 271 of        )        Case No. U-12320  
the federal Telecommunications Act of 1996.        )  
\_\_\_\_\_)

**SBC'S SUBMISSION OF SUPPLEMENTAL ERNST & YOUNG REPORTS**

In response to the Commission's request, Michigan Bell Telephone Company, d/b/a SBC Ameritech Michigan ("SBC") submits herewith, a Report of Independent Accountants issued by Ernst & Young (E&Y), together with SBC's Management Assertions upon which the examination report is based, and an E&Y Supplemental Report regarding Management's Assertions, all dated December 19, 2002, and included as Exhibit A.<sup>1</sup>

As shown in Table 1 of Management Assertions, 113 of the 130 issues identified in the E&Y Report of Independent Accountants dated October 18, 2002 have been corrected as of December 19, 2002. The implementation of these corrective actions changed results reported in June, July and August 2002 for five issues.<sup>2</sup> Of the remaining 17 issues, corrective actions are

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<sup>1</sup> Exhibit A includes E&Y's "Report of Independent Accountants" dated December 19, 2002; SBC's "Report of Management on Changes Implemented to the Reporting of Performance Measurements Pursuant to the Michigan Business," which includes Appendix A – Attachment 1 and Attachment 2, dated December 19, 2002 ("Management Assertions;" and E&Y's Supplemental Report dated December 19, 2002, regarding its "Examination of Management's Assertions Relating to the Status of Corrective Action."

<sup>2</sup> See Management Assertion, Appendix A, Attachment 1, Table 2, B.2.

not expected to change reported results for 11 issues; 3 issues cannot be restated ; and the final 3 issues are expected to have minimal, if any, impact on reported results.<sup>3</sup>

To facilitate the Commission's review, SBC has also prepared four Supplemental Summary Charts, based on the Management Assertions, in Appendix A, Attachment 1, Table 2, which are attached as Exhibit B.<sup>4</sup>

Finally, in response to the Commission's request, E&Y has submitted a Supplemental Report regarding data integrity, which is attached as Exhibit C.

Respectfully submitted,

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<sup>3</sup> See Management Assertion, Appendix A, Attachment 1, Table 2, E, F and G.

<sup>4</sup> Exhibit B consists of four attachments: "Summary of Pending Restatements;" "Summary of Pending Corrections, No Restatement Expected;" "Summary of Pending Corrections, Restatement Not Possible;" and "Summary of Pending Corrections; Impact To Be Determined."