STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion, to consider AMERITECH MICHIGAN's compliance with the competitive checklist in Section 271 of the Federal Telecommunications Act of 1996.	)))))	Case No. U-12320

AFFIDAVIT OF JERRY FINEFROCK

June 29, 2001

AFFIDAVIT OF JERRY W. FINEFROCK

I, Jerry W. Finefrock, being of lawful age and duly sworn, do hereby depose and state as follows:

INTRODUCTION

My name is Jerry W. Finefrock. My business address is 8801 Conant Street, Hamtramck, Michigan. I am employed by Long Distance of Michigan, Inc. ("LDMI") as Senior Director, Regulatory Affairs. My current responsibilities include overseeing issues and matters in the legal and regulatory environment of telecommunications. I also serve on the Board of Directors of the Competitive Local Exchange Carriers Association of Michigan ("LDMI"), a trade association representing the interests of competitive local exchange carriers in this state. Both CLECA and LDMI have participated in the collaboratives established in this proceeding. I am authorized to present this testimony in support of LDMI and CLECA as well as other parties that join in the comments.

If called as a witness, I can testify to the facts asserted in this affidavit.

PROFESSIONAL EXPERIENCE

In 1974, I joined Southern Pacific Communications Co. ("SPCC" -- later to be known under the name "Sprint"). My initial assignment included providing technical network analysis support to the west coast field sales organization of SPCC, regarding large customer communications networks, such as tandem tie line, and CCSA, based on my prior telecommunications consulting and teletraffic engineering experience. In 1975, I was promoted to Manager of Network Analysis for the SPCC marketing organization nationwide. Subsequently, during my continued tenure with SPCC ending in February 1983, I managed the

Network Planning organization, which handled network traffic planning and network traffic routing for the SPCC switched services network nationwide. In my last year at SPCC, I was head of the voice communications Product Planning organization for the company, and all Marketing department personnel for what was now generally known as "Sprint" reported to me.

In early 1983, I accepted the position of Vice President, Network Planning for Lexitel, Inc., a long distance company headquartered in Bingham Farms, Michigan in the Detroit area, responsible for planning the network and optimizing service quality and network costs. I continued in this position for Lexitel, and following the merger of the company with Allnet, as Vice President of Network Planning for ALC Communications Corp., headquartered at the same location, through my departure from ALC in late 1989.

In late 1989, I began work on a new long distance company, which I incorporated in the State of Michigan in May 1990, under the name Long Distance of Michigan, Inc., and which subsequently became generally known as "LDMI". I served as President and CEO of the company during its formative stage, and continued in that role as the company turned up its first customer in June 1992, and up through the growth of the company to about 20,000 customers and about $18 million of annualized revenue, in January, 1997. Following a short retirement, and a role as a consultant to the company, I returned to full-time employment with LDMI as Sr. Director of Regulatory Affairs, in the year 2001. Starting as a small long distance telephone company in Michigan in the early 1990s, LDMI has grown to become the largest telecommunications company headquartered in Michigan: an integrated communications provider which supplies long distance, local, data and other services to many tens of thousands of business and residence customers in Michigan and throughout the Midwest.

PURPOSE OF AFFIDAVIT

The purpose of my affidavit is to support the Comments of CLECA and its members as well as LDMI as a company regarding the commenters' opposition to the Application by Ameritech Michigan Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Michigan. I will demonstrate that, contrary to the assertions of Ameritech, in specific and meaningful respects, Ameritech has not satisfied the required obligations under Section 271.

The M.P.S.C. must do more than deny the 271 application until Ameritech Michigan has eliminated the unlawful behavior and anti-competitive acts that I will describe in the following. The M.P.S.C. must take action ***now*** to order the illegal and anti-competitive actions to cease immediately. Competition is being thwarted in Michigan by Ameritech as we speak. The M.P.S.C. has ignored some of these problems, even ones which LDMI brought to the M.P.S.C.'s attention in meetings LDMI held with the Commissioners and key telecom staff in December 2000 and March 2001. The Commission must take action now, to assure the promise of true competition and fairness for Michigan consumers and business customers – competitive actions for which the Commission is charged to provide under Michigan law, and which the Commission has committed to provide to Michigan citizenry.

In the following comments, I will focus heavily on ***recent*** problems and situations with Ameritech Michigan. In many cases these are incidents arising during the last 30 days. This is not to suggest that there has not been a consistent pattern of improper Ameritech Michigan behavior over a much larger period of time. There has. But were I to dwell on incidents from October 2000 or January 2001, say, one might well expect a response from Ameritech along the lines of, yes, we did have that problem back then, but we've taken action to fix it, and it is no

longer a problem today. As you will see, there is a pattern of current behavior by Ameritech Michigan that puts the lie to Ameritech's 271 claims, and which cries out for action by the M.P.S.C.

Quality of Service Issues, On Ameritech UNE-P and Resale Service

Doug Reid of LDMI has submitted a separate Affidavit in this matter, regarding a number of service issues with Ameritech Michigan. But let me tell you of some others. Problems faced by LDMI's customers. Of an exterior construction company in Kialkaska, MI, taken out of service by Ameritech Michigan during conversion, and out of service from June 7, 2001 to June 13. They left LDMI out of frustration.

Of a security company in Plainwell, MI, where they were out of service from June 4 to June 12, 2001. In this case, Ameritech closed the one trouble ticket on the customer, to avoid missing their 36 hour time frame for restoration, even though the customer's trouble wasn't fixed; LDMI had to open another trouble ticket.

Of a chiropractor in Grand Haven, whose local service was out from June 5 to June 6. Originally, Ameritech had said they wouldn't fix it until June 9; LDMI had to escalate the issue severely to get actionl.

Of a fabricating company in Clinton Township MI, out of service from June 5 to June 6. During a simple conversion from regular local service to UNE-P, Ameritech took them out of service.

Of a dentist in Hazel Park, MI, who during a simple conversion, Ameritech took out their toll free calling capability on June 13, 2001.

Of a manufacturing company in Madison Heights, MI, who also had toll free service eliminated on June 13 during a simple conversion order.

Of an auto firm in Royal Oak, MI, who also lost toll free service in June

Of a mortgage broker in Livonia, MI, where Ameritech removed their call forwarding capability from June 12 to June 13, 2001, during a conversion to UNE-P service

Of an independent living operation in Sterling Heights, MI, who from June 11 to June 12, 2001 had no local telephone service during an Ameritech conversion to UNE-P service.

Of a pet center in Grand Junction, MI, who was totally out of service from June 11 to June 12, 2001, during an Ameritech conversion to UNE-P service.

Of a major LDMI customer in Warren, Michigan, whose local lines were all out of service from June 15 to June 20, 2001, during an Ameritech conversion to UNE-P service.

If Ameritech Michigan says they are ready for "271" authority in Michigan, I say: tell it to our customers.

Ameritech Michigan Fails to Meet Acceptable Standards

In Cooperating With LDMI on OSS Data Transmission Issues

An example of an Ameritech OSS problem that arose in June 2001 was that of the T1 (DS1) circuit that connects between LDMI and Ameritech, which is the critical pathway used for passing all DUF files, all DAF files, and all CABS files from Ameritech towards LDMI, and all order activity and billing information. As volumes of traffic on the T1 have increased, LDMI has discovered that although the circuit is capable of 1.544 megabit speed, in the direction of Ameritech towards LDMI, transmission is only taking place at 56 kilobit speed, or one twenty-fourth the capacity of the circuit. LDMI conducted studies, from which it concluded that within

30 or so days, the physical capacity of the T1 – operating just at the 56 kilobit speed – to handle all of a day's transmissions within a 24 hour period would be exhausted. This meant that beginning in 30 days or so, based on volumes of traffic exceeding 56 kilobit capacity, billing data would be lost.

Let me point out that Ameritech Michigan was not aware that this problem existed until LDMI discovered it and pointed it out. Ameritech Michigan obviously does not monitor such statistics as part of its OSS performance measures, whatever those might actually be.

Now I will note at the outset that it turned out that the problem on this circuit ultimately turned out ***not*** to be due to a fault by Ameritech. It was never LDMI's intent to try to find a party to blame, but merely to get the cooperation of all the parties to try to find the problem, and fix it, as quickly as possible. I'll leave it to you to judge whether Ameritech Michigan demonstrated the level of cooperation that would be expected regarding an important OSS inter-carrier data transmission issue, as you listen to my account of what transpired over several weeks' time.

LDMI first raised this problem with various Ameritech personnel in early June 2001, and again with our Ameritech Account Manager on June 11. On June 7, LDMI opened a trouble ticket regarding the problem with the designated individual at the SBC/Ameritech Call Center in St. Louis. As the days and weeks proceeded, LDMI ended up talking with a designated project manager of Ameritech in Wisconsin, in DUF support; he put LDMI in touch with another designated subject matter expert in the Ameritech Network group, who again confirmed there was a problem, but wouldn't accept responsibility to help fix it. LDMI was then referred to an Ameritech applications engineer in Brecksville, Ohio, who was then found to be out of town for two weeks, and then to a manager of the Ameritech Network group in Southfield, Michigan..

LDMI was getting bounced from one Ameritech person to another, each claiming someone else was responsible for working on the problem. So we went back to our Ameritech Account Manager again, and asked (without real success) for Ameritech to take responsibility for determining which Ameritech department had the responsibility for helping us work on the problem, and for helping us get it fixed.

Meanwhile, on June 18, LDMI encountered a further and unexpected problem. The monthly AEBS file transmitted from Ameritech towards LDMI on the T1 had grown disproportionately large. Rather than the 300 to 400 megabytes that we expected, which would have occupied eight to ten hours of transfer time, we found that we were in the process of receiving a 1.1 gigabyte file for the AEBS file, which swamped the T1 circuit. LDMI continued to work on this issue as a crash priority, but found no one on the SBC/Ameritech side willing to take responsibility for helping fix the problem. During the process of researching and exploring the problem, LDMI learned that there are separate support groups within SBC/Ameritech for AEBS transmissions as compared to DUF transmissions, and none of them seem to know what the other is doing. We were directed to contact the AEBS help desk, but as yet, have not found the AEBS help desk to be helpful. LDMI spoke with the Ameritech project manager for DUF transmissions, in Milwaukee, Wisconsin, on many occasions during this process. When LDMI asked the Milwaukee project manager for an appropriate contact within the AEBS area, he said he would contact the AEBS group on our behalf, but he refused to provide LDMI with such a name or telephone number.

On Wednesday June 20, 2001, LDMI asked the designated Ameritech manager of the Network group in Southfield, Michigan, what guaranteed throughput rate Ameritech would support on the T1, and he responded that there is no guaranteed throughput rate, and no

guarantee of the service quality. The Ameritech Network manager said that 56 kbps might be as good as it gets: that if they found no constraints in their network, and yet observed that this was as fast as it worked, that this was just the way life was sometimes. To this, LDMI's quality control director, Tom Vandeveer, responded that if our data requirements were in the hundreds of megabytes per day, and well within the capacity of a T1 but Ameritech was blocking an acceptable transmission speed from occurring, this was simply an unacceptable business relationship. The Ameritech official had no further response or suggestion.

All of Ameritech's data transmission towards LDMI is via Ameritech's "Connect Direct" network, and LDMI considered it was at least possible that it could be the Ameritech Connect Direct network which was impeding the speed of data delivery. In order to test out this theory LDMI requested of Ameritech to attempt transmission of data in the direction of Ameritech towards LDMI, utilizing the standard FTP protocol, bypassing "Connect Direct" and with Ameritech "pushing" the test files towards LDMI. In conversations with a designated Ameritech engineer in Southfield, Michigan, Ameritech indicated to LDMI that they did not have anyone that knew how to "push" a file towards LDMI using industry-standard FTP. Rather, LDMI would have to be the active party, who would access the Ameritech FTP site, and "pull" the file across. All that was required for this, was for Ameritech to supply LDMI with a user i.d. and password for this effort. There then began an intensive process, over several days, involving many dozens of telephone calls and many hours on the phone to Ameritech, for LDMI to finally be able to obtain an Ameritech user name and password to enable this test. It then took a number of hours, working with the Ameritech support group, to successfully initiate the FTP data transfer, which occurred on Thursday June 21, 2001. The FTP tests demonstrated that the T1 was capable of transmitting the files at twelve times the speed obtained using the Ameritech

Connect Direct software, suggesting there had to be some way to resolve the problem, and increase the circuit transmission speed considerably. On about June 25, further testing and efforts found and resolved the problem – and as I indicated earlier, it was ultimately determined that the circuit problem was not at the Ameritech end, it was at the LDMI end.

But the delays all along on the T1 DUF/DAF/AEBS/CABS data transmission problem, had been Ameritech bouncing LDMI all around, and the failure by Ameritech to assign someone to assist LDMI, and stay with the problem until the parties could mutually resolved it. As Doug Reid, LDMI's Director of Operations recounts it, "At one point, on this T1 problem, we had to wait until some Ameritech guy got out of a training session, in order to help us. Now if he's your expert, and your only expert in a corporation with over a hundred thousand employees… well, I don't buy it. I don't think Ameritech is taking LDMI seriously, or providing us with the opportunity to compete successfully as a CLEC."

Why LDMI Has Not Signed The Mi2A

The M.P.S.C., in a March 2001 decision, said CLECs shouldn't worry about signing the Mi2A contract with Ameritech Michigan. But I don't see it that way. As I will discuss below, restrictions have been placed by Ameritech Michigan on EELs service, which I feel certain the M.P.S.C. will overturn. If I sign the Mi2A, I could be locked into those unreasonable conditions for the term of the Mi2A contract, while those CLECs who did not sign it enjoy the benefits of the better terms as offered under the Michigan tariff.

Similarly, as also discussed below, there is a huge and unjustified charge applied by Ameritech Michigan on UNE-P Centrex. I again feel certain the M.P.S.C. will eliminate that outrageous charge. If I sign the Mi2A, I could be locked into those unreasonable conditions for

the term of the Mi2A contract, while those CLECs who did not sign it enjoy the benefits of the better terms as offered under the Michigan tariff.

Those are among the reaons why LDMI and most other CLECs have not signed the Mi2A as of now. And as you read the rest of my testimony, that may help to explain why the various issues that Ameritech Michigan has tied to signing the Mi2A – the ability to turn up additional business lines for existing UNE-P customers, the ability to turn up a new EELs circuit rather than having to first install it as special access, the ability to change the location of an existing UNE-P telephone line without having to convert to resale, under a new billing telephone number, and then back to UNE-P again – why those issues are so critical for resolution by the M.P.S.C., and ***critical for resolution by the Commission now***.

The UNE-P "Flow-Through" Problem

Starting early in 2001, executives and managers of Ameritech Michigan assured LDMI that the great majority of UNE-P orders "flow-through": that is, the great majority of UNE-P migration orders which LDMI submits via EDI (electronically) will be handled in a fully-automated manner, without requiring manual intervention by Ameritech personnel. But as LDMI personnel visited the Ameritech Michigan LSC center during the last several months, several Ameritech front-line troops whispered to LDMI people that such assertions simply aren't true. LDMI also observed substantial quantities of UNE-P orders on which data which LDMI had submitted electronically had somehow changed, or typographical errors had been introduced, suggesting that large quantities of these UNE-P orders had been manually re-keyed by SBC/Ameritech personnel, or otherwise altered or handled in a manual way.

To get to the bottom of this serious concern about Ameritech credibility, and other Ameritech Michigan problems, LDMI communicated with its Ameritech Account Manager on May 26, 2001, saying in part, "LDMI is experiencing serious problems with SBC/Ameritech OSS systems: in particular, provisioning issues on UNE-P. The difficulties are growing ever more serious. As a result, LDMI needs to conduct a weekly meeting with yourself, as our Account Manager, and with management officials of the Southfield LSC, for the duration until the problems have been solved and resolved. I need to hold the first weekly meeting with you and Southfield LSC officials this week, the week of May 28th."

Subsequent LDMI communiqués noted, "I am still awaiting word from you, as to the date, time and location of the meeting this week"; and "Time keeps slipping by. I need to know immediately if SBC/Ameritech will meet with LDMI this week, or not." But ultimately, Ameritech refused to hold that first "weekly" meeting with LDMI until June 11, 2001. And despite detailed written questions from LDMI well in advance, with a request for written answers from Ameritech, written answers from Ameritech were not supplied at the June 11 meeting – the written answers, such as they were, were not communicated to LDMI until June 22.

One of LDMI's written questions to Ameritech on May 30, 2001 was: what percentage of LDMI orders for UNE-P migration, as submitted to Ameritech, actually "flow-through"? At the meeting on May 11, Ameritech Michigan responded that, from a study on LDMI orders which they had recently conducted, only 42 percent of LDMI orders "flow-through". The great bulk of the orders, or 58 percent, therefore involve manual handling by Ameritech, and the potentiality of Ameritech-induced errors during re-keying or other such manual processing at the Ameritech end. LDMI asked Ameritech to put the percentages of LDMI orders that flow-through in writing; but in its written response of June 22, Ameritech did not do so. And again Ameritech

Michigan did not do so at the next meeting with LDMI on June 28, 2001, which consisted of myself, our Ameritech Account Manager, Ameritech Service Manager, and Regional Service Manager.

It was further made clear during Ameritech Michigan's comments at the May 11, 2001 meeting that various other orders are rejected by Ameritech for miscellaneous reasons and are not counted in the statistics of UNE-P orders submitted by LDMI for the "flow-through" statistics. Thus, the percentage of LDMI orders which actually flow through is less that the 42 percent number we were given.

It its May 30, 2001 questions, LDMI pointed out KPMG's definition of flow-through from the Michigan Master Test Plan, and said, "It is LDMI's observation that an unacceptable amount of UNE-P orders submitted to Ameritech Michigan end up involving manual intervention by Ameritech's service representatives. This is despite repeated statements by SBC/Ameritech management that the great majority of UNE-P orders in Michigan 'flow-through'. LDMI and SBC/Ameritech need to jointly get to the bottom of these discrepancies." In its June 22 response, Ameritech declined to directly respond. Ameritech said simply, "You need to contact KPMG to get their definition of 'Flow Through'. We can not speak for other entities." [But as Ameritech well knew, LDMI had gotten the KPMG definition, and had supplied it to Ameritech as part of its May 30 questions!] As to working together to get to the bottom of the discrepancies, Ameritech said nothing. In its May 30, 2001 questions, LDMI said, "KPMG defines flow-through as follows: 'An order placed by a CLEC's customer service representative that can be provisioned correctly without manual intervention by Ameritech's service representatives'"… [and went on to say], "LDMI requires a detailed written response from SBC/Ameritech, as to whether its definition of 'Flow-through' is identical to that of

KPMG, above, and if different, precisely how it is different." In its June 22, response, Ameritech didn't answer the question. Again at the next meeting with Ameritech Michigan on June 28, 2001, LDMI again asked for Ameritech Michigan's definition of flow-through, and whether it differed from that of KPMG, and again, Ameritech Michigan declined to respond.

In its May 30, 2001 questions, LDMI said, "If there is any re-keying of LDMI's orders, or portions of orders, at the Southfield LSC, or otherwise the order may have 'fallen through to manual', this does not constitute 'flow-through', in LDMI's judgement. Please indicate in a written response whether SBC/Ameritech concurs with the LDMI view on this point. In its June 22 response, Ameritech didn't answer this question. LDMI asked again at the meeting on June 28th, and again, Ameritech Michigan declined to respond.

In its May 30, 2001 questions, LDMI said, "Please also provide a flowchart showing each interface point and involved system, in the 'Flow-through' and non Flow-through process, and include full definitions for any acronyms used." During the June 11 meeting with Ameritech, LDMI pointed out that other RBOCs have provided such flowcharts to CLECs, but in a search of the SBC/Ameritech websites, LDMI had not been able to find such flowchart documentation as applicable to Ameritech. In its June 22 response, Ameritech did not provide such a flowchart, and again did not provide it in the subsequent meeting on June 28. Ameritech Michigan referred to whatever documentation was on CLEC online, and said whatever it was, it was adequate, and no further documentation would be given to LDMI separately.

In its May 30, 2001 questions, LDMI referred to the posted "Ameritech Flow-Through and Exceptions document, as posted as of 5/28/01, https://clec.sbc.com/cmp/cmp.cfm", and asked, "What is the exact definition of each UNE-P exception?"

In the June 11, meeting, Ameritech Michigan personnel responded with words to the effect of, "you should already know what all of these mean". LDMI's response was to the effect of "we ***don't*** know what these mean, otherwise we wouldn't have asked the question! We've searched the SBC website, and can't find many of them defined – an example being, 'Complex TOS'." At this point, Ameritech responded that LDMI had made a good point, and that definitions should be supplied to LDMI. But in its June 22 written response, Ameritech declined to provide ANY definitions – for 'Complex TOS', or anything else. Instead, Ameritech said:

> "The posted 'Ameritech Flow Through and Exceptions' document,
> As posted as of 5/28/01, https://clec.sbc.com/cmp/cmp.cfm
> - What is the exact definition of each UNE-P exception
>
> ***This information is located online in the CLEC handbook***
> - Where is documentation of these definitions found?
>
> ***This information is located online in the CLEC handbook***
> - How would LDMI or Ameritech spot each such exception
>
> ***You would have to look at each and every order***
> - Is each such exception noted, by exception type, on reject notification back to LDMI?
>
> ***The exception is noted on the reject report"***

At the June 28th follow-on meeting, Ameritech Michigan indicated that they believed the definitions as found at the CLEC online website were sufficient, and no further definitions would be provided directly to LDMI. LDMI's Ameritech Michigan Account Manager said, your LDMI reps [your own employees] know what these mean, and you should ask them.

In its May 30, 2001 questions, LDMI said "The list of exceptions [to what orders Flow-through] is formidable. It's clear that a substantial portion of UNE-P orders are currently defined outside the scope of automated EDI handling, and hence, are defined outside the scope of 'Flow-Through'. What is the schedule by which each of these exceptions will be moved over to become 'Flow-Through treatment? Please respond in writing."

In its June 22 response, Ameritech did not answer this question. And again, at the June 28th meeting, Ameritech Michigan did not provide such a schedule for flow-through improvement.

In its May 30, 2001 questions, LDMI pointed out that SBC/Ameritech was suddenly defining "UNE-P New Installs in Michigan" as a non-Flow-Through category. LDMI asked, "What is the SBC/Ameritech definition of 'New Installs' as used in this description, and how can LDMI specifically identify UNE-P orders or lines which will fall under this SBC/Ameritech definition?"

It its June 22 response, Ameritech did not answer this question. In the June 28 meeting, LDMI again asked, and the answer was: if, in processing the order, we have to check whether facilities are available or not, then we consider this to be a new install request, and we're not going to provide it unless you either sign the Mi2A, or you sign the "SBC/Ameritech merger agreement". At this point Sharyn Mooney of LDMI responded that on LDMI orders for additional lines under "resale", Ameritech is not checking to see if facilities are available or not: that typically Ameritech waits until the actual due date, the day when the service is to turn up, to notify LDMI that it has discovered no facilities are available and so this definition on UNE-P didn't make any sense.

Again, I asked for the definition of new installs for which Ameritech Michigan would reject the order because we hadn't signed the Mi2A, and the Ameritech Michigan Service Manager responded, "any new install. But what about, I asked, an order where all the wires and facilities necessary to turn up the line were already in place and connected, and the only thing necessary to turn on dial tone was a translation in the central office? Again, on June 28th the Ameritech Michigan response was: that's a new install, and won't be processed on UNE-P

unless LDMI has signed the Mi2A. I pointed out that during the Michigan Tariffs Collaborative, Ameritech conceded that it would consider such a circumstance to be an "existing combination" not a "new combination:", and thus such a UNE-P order would not be classified a new install. LDMI's Ameritech Michigan Account Manager responded that this was news to them, and they were not interpreting it that way.

In its May 30, 2001 questions, LDMI asked, "In addition to the 'Flow-Through and Exceptions' list posed at the SBC CLEC web site, and the 5/29/01 revised Ameritech Flow-Through and Exceptions Matrix, are there ANY OTHER conditions experienced in UNE-P orders processed at the Southfield LSC center, where the order could 'fall through to manual', require any amount at all of LSC re-keying, or otherwise require any manual intervention of any kind prior to being fully provisioned? Please respond yes or no in writing, and if yes, provide full details."

In its June 22 response, Ameritech did not answer this question.

LDMI, in its May 30, 2001 questions, then listed a series of actual LDMI-to-Ameritech problem reports, and asked for each, "Is this [this order] a new Exception to [the] Ameritech Flow-Through process?"

In its June 22 response, Ameritech did not answer this question.

In its May 30 questions, LDMI referred to the 5/29/01 revised Ameritech Flow-Through and Exceptions Matrix, and asked, "How did 'UNE-P New Installs in Michigan' suddenly achieve Non-Flow-Through Status?"

Ameritech's response this question, on June 22, was simply, "At this time LDMI is not approved to do new installs in Michigan."

At its meeting with Ameritech on June 11, LDMI asked for the next meeting with the Ameritech Account Management and LSC management group to be held on June 21, with written answers to LDMI's questions to be provided to LDMI well in advance of the June 21 date. Ameritech agreed to this, but as the June 21 date loomed, and with repeated LDMI requests to confirm who would be attending on June 21, Ameritech backed off on the June 21 date, ostensibly because LDMI had not circulated a written agenda for the meeting. So because of the refusal by Ameritech Michigan, the actual "second" weekly meeting was not held until June 28, 2001.

The written responses to LDMI's questions, such as they were, did not get submitted from Ameritech Michigan to LDMI until June 22, 2001, as indicated above.

In its May 30, 2001 questions, LDMI had requested of SBC/Ameritech its detailed organizational and escalation lists for the Southfield LSC, the MCPSC, OSS IT contacts, and other relevant SBC/Ameritech personnel, with the requested data to include "name, title, phone/fax/email/pager", and to "describe which of the personnel LDMI may directly contact, and for which personnel it is only allowed to contact through the intermediary of our SBC/Ameritech Account Manager". At the June 11, 2001 "first weekly meeting", Ameritech Michigan gave LDMI several escalation lists, which included only the first few levels of management in the escalation chain, and which contained telephone numbers for those individuals, but not their email addresses, pager numbers, and so forth.

So in its agenda issued on June 25 for the "second weekly meeting" on June 28, LDMI noted that "SBC/Ameritech has yet to provide the email addresses, fax numbers, pager numbers, and cell phone numbers for the escalation lists given to LDMI on June 11, or to complete the escalation paths up through and including the CEO of SBC." At the "second weekly meeting"

on June 28, 2001, Ameritech's Regional Service Manager responded as follows: I thought about providing you more information, but realized, if I provided you with more information, such as fax numbers, pager numbers, cell phone numbers and et cetera, that would be doing more than we have given to any other CLEC, and that it is important that everyone be given the same thing. I responded back that this statement was incorrect: that we knew that several other CLECs have indicated to us that they have been given substantially more escalation information than SBC/Ameritech has given to LDMI.

Moreover, I pointed out, Ameritech Michigan ***had*** previously provided us with all the information, in writing some months before, including the fax numbers, pager numbers and et cetera, right up through the CEO of SBC; we now needed an update of the information, because of major organizational changes which had again occurred on the SBC/Ameritech side. But despite LDMI's entreaties, Ameritech Michigan at the June 28, 2001 meeting refused to provide LDMI with the requested escalation information. Moreover, Ameritech said that it did not intend to give LDMI any such revised escalation information during the future weekly meetings. Instead, Ameritech insisted that the best source, and the only source of this information would be the CLEC online web site -- which does not contain pager numbers et cetera, and which only lists the first several levels of escalation.

Ameritech Michigan at the June 28th meeting said that they were sorry that some Ameritech account team had given something to other "customers" (CLECs), but in the interests of "fairness to everybody", and to insure that everyone focuses on the same escalation document, the escalation information at CLEC online would be the best source, and the only source, for the escalation data.

Again, LDMI asked if that information at CLEC online contained pager numbers and cell phone numbers. Ameritech Michigan's Regional Service Manager responded, "no". And that was the end of the conversation on the topic.

EELs, Private Lines, And Ameritech Michigan Discriminatory Behavior

Call them EELs, call them private lines, call them Special Access circuits, call them DS1s or call them T1s – no matter what name you give them, Ameritech Michigan is discriminating against LDMI and similarly-situated carriers in the pricing and terms for dedicated facilities to customers. And it is outrageous and incomprehensible that the Michigan Commission has played along with this behavior, and continues to do so today.

LDMI purchases DS1s (T1s) or DS3s that it needs to connect to locations of its customers, out of Tariff F.C.C. No. 2 of the Ameritech Operating Companies. These are referred to as "Special Access" facilities. While the M.P.S.C. has the ability to prescribe more favorable rates or terms than are contained in that Tariff F.C.C. No. 2, it has not done so.

Carriers such as LDMI have argued to the F.C.C. and to the M.P.S.C. that they should be able to obtain such private line service under more reasonable pricing, such as TELRIC or TSLRIC – but those arguments have fallen on deaf ears. The Commissions have argued that Access charges involve intentional subsidies or some such public-interest folderol, and the intended pricing of Special Access is what the carriers should pay.

But in the nearly ten years that LDMI has been in business, Switched Access prices have come down dramatically – whereas Special Access prices, in any meaningful way, have not come down at all. Special Access, as best LDMI can determine, is "market" priced – meaning,

priced at whatever prices Ameritech Michigan can get away with. And since the Commission hasn't offered the carriers any alternative, Ameritech gets away with plenty.

Since early in its history, LDMI has sought competitive alternatives to Ameritech Michigan intraLATA Special Access costs. Early in the 1990s, LDMI and TCG worked together to establish fiber-optic entrance facilities into LDMI's Hamtramck, Michigan switching and operating center headquarters, to establish such a competitive alternative. LDMI was, in fact, the first customer of TCG, on its first Michigan fiber-optic system.

TCG and other alternative providers of intraLATA transmission capacity provide good competitively priced services on routes where they are able to control all the costs. An example of this is fiber connectivity between LDMI and another carrier in the same LATA, where TCG provides the fiber connection, end-to-end. But when TCG or another alternative provider have to provide connectivity to the customer premises of a small or medium-sized customer, the economics quickly break down.

LDMI serves small and medium-sized businesses, and residential users. Such small customers do not cost-justify the kind of investments required for TCG or other alternative providers to build fiber optic facilities direct to the customer location. So just as LDMI is dependent on Ameritech for the "last mile" to get to such a customer, so is TCG or other competitive local providers. And just as is the case with LDMI, TCG and other such local providers are asked to purchase their "last mile" DS1s to customer locations out of Ameritech's Tariff F.C.C. No. 2 tariff, at similarly exorbitant rates.

As of June 2001, LDMI had approximately 120 DS1s to customer locations in Michigan as provided by Ameritech (all of them priced out via Ameritech's Tariff F.C.C. No. 2), and merely 13 DS1s to customers as obtained from TCG or other alternative local providers. LDMI

utilizes the alternative carriers where they are cost-justified, and the fact that fully 90% are obtained from Ameritech at its exorbitant rates illustrates the problem which LDMI and other carriers face in Michigan.

The average rate center to rate center airline miles of the LDMI T1s to customers is 18 miles, and the average circuit involves Zone 2 to Zone 3 pricing (these factors play in to the pricing, as Ameritech varies its prices for special access or EELs based on these issues). LDMI's Hamtramck location is in Ameritech zone 3 and most of its customers who have DS1s from LDMI are in zone 2. The following pricing comparisons are based on those assumptions, and those figures are used to simplify and clarify the comparisons below. But the fact remains that as the mileage is varied, or the zone information is varied, the conclusions below all remain the same. I mention that, because Ameritech is probably going to suggest otherwise, that somehow the numbers were taken out of context or that with different assumptions, different conclusions would be reached. That is not the case, and any such arguments, if they are raised, are nonsense.

Most often, when an LDMI customer orders a facility involving a DS1 from LDMI, the customer does so without making a long-term commitment to LDMI. So naturally, LDMI would want to purchase DS1s from Ameritech under month-to-month pricing. For anyone who would like to follow along this discussion by referring to the Ameritech tariff, the applicable pages are Ameritech Tariff F.C.C. No 2., pages 411, 411.2, 411.4, 413.2.6, 414, and 445.1.1.1. For month-to-month pricing, we have (on page 411) one TZ4X2 local distribution channel at the customer's location in Michigan Zone 2, at $280.00 monthly. Then on page 411.2, we have two CZ4X3 Channel Mileage Terminations, Zone 3, at $101.00 monthly each. (Where one end of the circuit is in a different zone than the other, the higher zone number, and thus the higher price, is used by Ameritech to calculate channel mileage termination, and channel mileage, prices.)

On Page 411.4, we must purchase 18 miles of channel mileage, which is 18 1YZX3's in zone 3, at $31.20/month each, or $561.60 monthly. And then, we need to bring this DS1 into LDMI's location on its DS3-level entrance facility (this is cheaper than bringing it into LDMI on a separate DS1 entrance facility). That's on page 413.2.6, and we'll buy it at the lowest available price, which is $1,040.00 monthly if we commit to a 60-month Optional Payment Plan. LDMI's studies show that at any given time, its entrance facilities are loaded to, at most, 65% of capacity. A DS3 has a capacity of 28 DS1s, so 28 times 65% is about 18 DS1s. So $1,040.00 divided by 18 equals $57.78 monthly cost for the entrance facility that must be allocated to this customer's DS1.

Next, LDMI must pay Ameritech for M1/3 multiplexing. This is the electronic box which allows a DS3 to be split up into 28 DS1s. On the market today, LDMI can buy an M1/3 mux for from $900 to $1,100, total price. Using an old industry rule-of-thumb, if you want to convert the capital cost into a monthly cost, multiply times 0.025. If you want to cover both the capital-and-interest and maintenance costs, multiply times 0.035. So take the midrange price of $1,000, and multiply times 0.035, and we get a monthly cost of $35 per month that would be a reasonable price at which Ameritech would rent an M1/3 to LDMI, including its operating and maintenance costs.

But naturally, Ameritech has bigger and better ideas, under "whatever we can get away with" pricing. So on page 414, in Michigan Zone 3, under month-to-month pricing, Ameritech rents the M1/3 as a USOC code QM3X3 "interconnection – central office multiplexing – per arrangement – Ameritech DS3 to Ameritech DS1" for a lofty $810.00 per month. So to avoid that incredible hit, LDMI has instead rented its M1/3s from Ameritech under 60-month Optional Payment Plan (OPP) terms, where the monthly price is "only" $500.00 per month (one half the

purchase cost of the equipment). Again with 65% average loading, we divide that monthly cost by 18, and get a MUX cost applicable to this customer DS1 of $27.78 monthly.

Then we go to page 445.1.1.1, and get the Non Recurring Charge (NRC) for installing the DS1 customer circuit: $75 Administrative charge, plus $338 Design and Central Office Connection Charge, plus $540 Customer Connection Charge at the customer location, plus $540 Customer Connection Charge at the LDMI location, totaling $1,493.00 NRC for the circuit.

Adding up all the monthly costs above, we get a monthly total cost of $1,129.16 for the T1, from LDMI to the customer location eighteen miles away. (As we will see below, the similar price under EELs is $90.23 per month, for exactly the same circuit, in exactly the same circumstances. So the Special Access price the M.P.S.C. asks us to pay is twelve and a half times the cost-based price.)

Unfortunately, customers won't buy DS1 service from LDMI at $1,129.16 per month (assuming here we pass through only our direct facility cost, with no administrative handling charge or profit). Such a price is uneconomic. A customer can get such a DS1 from an Ameritech Five-Star Distributor, or an ISP enjoying a special relationship with Ameritech, typically for $400 per month, or even much less.

So LDMI is forced to purchase the DS1 from Ameritech under the lowest prices available under the F.C.C. No. 2 special access tariff, which is that of 60-month OPP (Optional Payment Plan) terms. By doing so, the monthly price for the circuit, and pro-rated entrance costs, drops from $1,129.16, down to $502.86 per month. And magically, by ordering it that way, the NRC (one-time installation charge) drops from $1,493,00 down to $75.00 !! (Only Ameritech Michigan could explain that.)

So even though LDMI's customer is typically buying from us under month-to-month terms (why should they sign up for a long-term price, when prices are continually coming down, and we have many competitors who don't require contracts?) – LDMI must commit to buy the circuit from Ameritech under 60-month terms – where if the customer disconnects in less than 60 months, LDMI is stuck making up the difference with Ameritech.

The result is that each and every one of LDMI's 120 customer DS1s have been ordered from Ameritech under 60 month OPP terms. We have done so, because Ameritech has had a gun to our head: in order to get monthly prices that are even half-way competitive, and reasonable installation costs, we have had to order the DS1s this way.

When LDMI began these 60 month OPP term arrangements some years ago, Ameritech had an unwritten rule, but one they were frequently willing to state to LDMI and other similar carriers: Don't worry about the 60-month terms. As long as your volume of DS1 and above business with Ameritech is growing, we won't hold you to those terms. We know you need flexibility. So if you need to take down a DS1 to a particular customer, we won't impose the penalty charge – so long as your volume of business with us is stable or growing. If your volume of DS1s and above is as big or bigger this year than last, and next year the same or bigger than this year, we won't hit you with the penalty charges. We want to encourage you to do business with Ameritech not the competitors. We're not trying to tie your hands.

But you may not be so surprised to learn that Ameritech has discontinued that unwritten policy, and disavows any knowledge of it. So LDMI is stuck at this point with 120 customer DS1s from Ameritech with a potential penalty charge over the five years of $30,000 per DS1 ($500 monthly average cost, times 60 months). Total possible penalty: $3.6 million. No businessman would undertake such a commitment when his customers were not also making a

commitment, under reasonable circumstances. LDMI, and carriers like us, have done it because we've had a gun pointed at our head, on Ameritech's unreasonable pricing. And the F.C.C. and the M.P.S.C. have allowed Ameritech to do it.

You may also not be surprised to learn that only a small portion of LDMI's business relies on Ameritech DS1s to the customer location. The pricing under F.C.C. No. 2 is uneconomic, at best. So over 95% of LDMI's customer business is conducted via switched access on the long distance side, or UNE-P or resale on the local side, and so forth, where such unreasonable terms and conditions apply. But that means that few if any customers enjoy the benefits of high-speed T1 connections. (If Bob Filka of the Michigan Economic Development Corporation wonders why there aren't more high-speed connections in Michigan, perhaps his most important action in the "Link Michigan" initiative might be to get Ameritech Michigan to offer more reasonable T1 prices.)

Meanwhile, while Ameritech and the Commissions have insisted carriers such as LDMI should purchase DS1s for customers out of Ameritech Tariff F.C.C. No. 2 at ridiculously inflated prices, Ameritech Michigan has taken quite another tack with customers and users who it does not view as competitors. Ameritech Michigan, in the last few years, has quietly signed various private ICB (Individual Case Basis) contracts with ISPs, individual large customers and others, at prices dramatically lower than the prices which Ameritech charges LDMI.

Under typical ICB terms (cloaked behind non-disclosures, but some of those who have such ICB contracts are willing to talk confidentially), an ICP or Ameritech 5-star distributor or other favored Ameritech customer can get a DS1 that costs LDMI $1,129.16 under month-to-month terms, or $502.86 under a 60 month OPP commitment, for about $195.00 per month. And

instead of a $1,493.00 installation charge, or $75.00 under 60 month OPP terms, the favored customer under ICB terms often has an installation charge from Ameritech of zero.

Not surprisingly, certain ISPs and others are able to quote their customers ***retail*** prices for DS1s which are well below LDMI's underlying ***costs*** for DS1s. Some have even entertained reselling such capacity to LDMI with a markup, only to back off when they realize Ameritech would probably not allow such an arrangement.

Incidentally, to make the record complete, Ameritech filed some modest price changes to its Tariff F.C.C. No. 2, effective July 3, 2001. The month-to-month price of the DS1 at $1,129.16 per month remains unchanged, but the 60 month OPP price drops down from $502.86 monthly to $498.36 monthly. The installation charge for month-to-month remains unchanged at $1,493.00, but the $75.00 NRC for 60 month OPP terms drops down to $50.00.

The Problem With EELS

And that brings us to EELs service. The Michigan Bell Telephone Company Tariff M.P.S.C. No. 20R, Part 19, Section 19, lists the terms and conditions for "reconfiguration of qualifying special access arrangements to unbundled network element (UNE) combinations".

But the EELS tariff can only be used to convert an existing Special Access facility over to EELs. And as noted above, any CLEC with any thought of their cost structure has had to order their Special Access facility under 60 month OPP terms, which renders them unavailable for conversion. As Ameritech says in this tariff, Part 19, Section 19, Sheet 9: "Additionally, penalties or fees will be applied as delineated in Tariff FCC No. 2 (Interstate Access), Tariff MPSC No. 20R, Part 21, Section 2 (Intrastate Access), and/or the telecommunications carrier's contract, as appropriate, including penalties for early termination of special access arrangement".

So LDMI could convert its 120 existing Ameritech customer T1s over to EELs, but at a penalty cost of several million dollars.

But that's not all. Using restrictive language which the FCC has approved ***and which the M.P.S.C. must now reject***, Ameritech refuses to allow EELs to be utilized for most purposes that a CLEC might want to use it. The rules indicate that at a minimum, "at least 50 percent of the activated channels on the circuit it seeks to reconfigure are used to provide originating and terminating local dialtone service to the end user". So using the facility for high-speed Internet access is out. Using it to provide integrated access service, with a combination of LDMI long distance access and LDMI access to Ideal Technology Solutions ANX data network of the automobile companies is out. A combination of LDMI long distance and frame relay or ATM service is out.

So even though our illustrative circuit case (above) costs only $90.23 per month under Ameritech Michigan EELs rates, it is unattainable for LDMI under any reasonable CLEC configuration. If we order the service up for the customer first under month-to-month special access prices and then convert it to EELs, we must incur a non-recurring charge of $1,493.00, a one month's minimum charge of $1,129.16, and then the nonrecurring charge under EELs, all in order to then get an ongoing monthly charge under EELs of $90.23. It is obvious that this mechanism has been set up deliberately to thwart competition, and to render this option unavailable.

These are the actions the M.P.S.C. must take. (1.) declare that an ordinary DS1 configuration is an existing combination, which must be made available under the EELs tariff above: that a new-install EEL can be ordered directly under the tariff. (2.) declare the existing Ameritech Nonrecurring charges for EELs to be clearly non-TSLRIC, and reduce

***them down to the $50 NRC which Ameritech allows under its Special Access tariff. (3.) Declare that a CLEC may use an EEL for any purpose, including local dial tone, frame relay, ATM, high-speed Internet access, long dist*ance access or whatever. (4.) Remove other restrictions, such as "the loop-transport combination is not allowed to be connected to the Company's tariffed services" (5.) Make Special Access services available under TSLRIC pricing. (6.) Eliminate Ameritech's ability to be the policeman on EELs service, and thus block.**

LDMI today has some 50,000 Michigan customers, who in turn have only about 130 customer T1s. That means that over 99 percent of those customers lack the ability to enjoy direct long distance access, high-speed Internet access, and other advantages. If the M.P.S.C. will only take reasonable action, with T1 EELs priced at about $90 per month and a $50 installation charge and no artificial restrictions, there could be tens of thousands of LDMI customers with T1 level access. Isn't it part of the M.P.S.C.'s job, to eliminate unreasonable restrictions, to assure Michigan citizens enjoy the benefits which modern technology and high-speed Internet and other access can provide?

Please act, and act now.

Using Unconscionable Financial Incentives to Its Sales Channels,

Ameritech Has Locked Up the Michigan Local Services Market For Business,

Rendering Competition Impossible

LDMI has an excellent reputation among Michigan businesses for its great low long distance prices, its integrity, the quality of its customer service, simple and accurate billing, and its friendly face to face approach. But in attempting to market local telephone service to its

customers and customer prospects in the territory of Ameritech Michigan, LDMI has run into a stone wall.

That stone wall is represented by this simple fact: of the Michigan businesses within Ameritech Michigan territory which LDMI approaches, it finds fully 80 percent of them are unavailable, having been locked into long-term contracts with Ameritech. Those contracts, operating under the name of CompleteLink and several similar arrangements, have been marketed to customers by Ameritech or its agents under questionable circumstances, and under compensation arrangements which are suspect and which could not be attainable by companies which operate in the free enterprise system, where monopoly cash flow does not exist.

The rule of thumb for CLECs, based on my knowledge and experience, is that a profitable competing local exchange carrier can afford to pay not more than ten percent of local services revenues in the form of commissions and other direct sales expenses. But in its very successful efforts over the last two years to lock up the local service market in Michigan, Ameritech Michigan has paid from fifteen percent to forty-five percent of total local services revenue in the form of direct commissions, half of that being paid up front.

And this does not include the additional compensation made in the forms of points systems, vacation and travel awards, and other forms of compensation. And it does not include Ameritech's associated internal sales and marketing costs, or special incentives offered to the customers themselves for signing into these deals. And it also does not include the effect of ICB (Individual Case Basis) pricing discounts offered to Ameritech's favored distributors and agents, for holding on to existing customers, for its "WinBack" efforts, and for otherwise attracting local customer lines and usage back from CLECs.

This concerted effort of customer lockdown by Ameritech Michigan has been accomplished through its direct representatives, its authorized distributors, its business office personnel, and its telemarketing representatives. Overall, Ameritech Michigan currently has at least 2,000 reps and other personnel working full time on this local sales effort. (Ameritech Michigan has about 20 authorized distributors actually working in the State of Michigan, and those authorized distributors have as many as 100 sales reps apiece. And this doesn't count the direct representatives, business office personnel, telemarketers and other agents.) The size of this sales effort – the number of sales representatives selling the local services products of Ameritech Michigan -- dwarfs that of all CLECs operating in Michigan ***combined***.

But Ameritech Michigan has gone further. In signing up distributors and agents, Ameritech Michigan has required that they commit to an exclusive relationship with Ameritech. That huge number of agents and resellers can, in many instances, market LDMI long distance services. But they are all prohibited from marketing LDMI local services. This anti-competitive action has been taken with the clear intent of making hundreds, and indeed thousands, of sales agents unavailable to LDMI and other CLECs in Michigan.

Using Its Monopolistic Powers of Extortion,

Ameritech Michigan Is Working To Force CLECs to Sign the Mi2A

Beginning on June 26, 2001, Ameritech Michigan began to reject all LDMI "change" orders on UNE-P, saying that it did not have to, and would not, process any such UNE-P "change" orders for LDMI until and unless LDMI had signed the Mi2A agreement.

Change orders are for actions such as a change of location for a customer.

In order to get around this unlawful action which had not previously been disclosed to LDMI by Ameritech Michigan, LDMI has had to do the following: (1.) establish a new

Ameritech Michigan BTN (billing telephone number) for the involved telephone lines; (2.) place an order with Ameritech Michigan to convert those lines from UNE-P to local "resale"; (3.) complete the "change" order activity; (4.) place another order, to convert the lines back to UNE-P; (5.) take action to eliminate the temporary new BTN, restoring the lines to the proper BTN under UNE-P.

What will this mean to the involved customers? Total confusion. Anger towards LDMI for unexplained and unexpected activity. And quite possibly, an expression of dissatisfaction, such as 'I never had these problems when I was with Ameritech'.

What will this mean to LDMI? Delays in completing the customer's request. Considerable additional workload. The possibility of errors, on LDMI's part, or Ameritech's part, for all the complexities of the unwarranted and unnecessary conversion of the lines to resale, the BTN change and back again, etc. The possibility the customer's dial tone could be interrupted.

Ameritech Michigan Has Sold Incredible Amounts of Centrex Service

To Michigan Business Customers, Locking Them up Under Long Term Contracts

And In Attempting to Sell LDMI UNE-P Service To Such Customers,

LDMI Has Learned that UNE-P on Ameritech Michigan Centrex is Uneconomic

When Ameritech Michigan first instituted PICC charges in Michigan several years ago, LDMI first learned to its shock and surprise the high percentage of those customers who have been sold into Centrex service by Ameritech Michigan.

Ameritech Michigan today bills LDMI and other IXCs interstate PICC charges for all the business multi-line, Centrex, ISDN, and several other categories of "business" telephone line service. That billing is received by LDMI from Ameritech Michigan in the form of an electronic

file, which contains, among other things, the involved telephone number, and the category of service (Centrex, Business Multi-line, etc.) as that line is classified and identified in Ameritech Michigan's billing records.

Currently, the number of "business" telephone lines within the geographic territory of Ameritech Michigan and for which Ameritech Michigan is billing LDMI for interstate PICCs is in the vicinity of 100,000 business telephone lines. LDMI has conducted a study of that Ameritech PICC billing data for May, 2001, and determined of the total, an incredible 32.03 percent – or approximately one-third of the total -- are reflected in Ameritech Michigan's billing records as Centrex lines.

Centrex service was originated by the Bell System in the early 1960s. Its introduction was prompted in part by the efforts of Bernie Overyender, communications manager for the General Electric Corporation. Bernie had grown tired of the outrageous charges for long distance telephone service from the Bell System (interstate and intrastate long distance prices were then close to a dollar per minute), and the fact that on his Bell System-provided PBX systems in America he could not obtain modern telephone features such as direct inward dialing, call transfer, detailed billing by extension number, least cost routing, and a uniform nationwide dialing plan for calling from office to office.

Those modern features were beginning to be offered on PBX systems manufactured in Europe, but Bell had nothing similar to offer. Most large Bell PBX systems at the time were the "701" step-by-step switching system, which was invented in the late 1800s and which had been fully developed by 1925. The step-by-step switching system was totally incapable of providing the modern features that Bernie insisted upon. All incoming calls had to be answered manually by row after row of G.E. company operators, operating antiquated manual cord switchboards.

The F.C.C. was just beginning to authorize private corporations in the U.S. to construct their own private microwave systems, to which privately-owned PBX systems could be connected. (The Bell System did not allow any PBX systems, other than the ones it owned, to be connected to its telephone lines; there was no competition in the U.S.)

Bernie told the Bell System that unless it immediately came up with a cost-effective solution that gave General Electric the modern operational features and cost reductions he expected, he was going to build his own coast-to-coast microwave system, and purchase hundreds of his own PBX systems to install around the country, and bypass the Bell System. The Bell companies took this threat – and similar ones that were coming from other large U.S. corporations – seriously. It was something Bell had to respond to quickly. But the only switching systems capable of providing the features that Bernie insisted upon were located in its most modern central offices – the ones providing modern "dial tone" to customers. Bell had no PBX systems which could provide those features, and refused to purchase such PBXs from Europe which had the features. What was Bell to do?

In the early 1960s, the Bell System responded with a four-pronged approach. Bell came up with a clever discount plan for "private lines" which interconnected large-customer PBX systems, which it called TELPAK. TELPAK was designed to mimic the arrangements of a customer owned private microwave system, and gave huge discounts on private line prices to large corporations. (Following anti-trust actions launched by MCI and then the Justice department, TELPAK was subsequently found to be a contrived series of artificial discounts, and unlawful.) For uniform dialing among all of G.E.'s nationwide offices via the "private line" network, Bell introduced "CCSA" service, offered only to G.E. and a few other giant corporations, which utilized the intelligence and alternate-routing capability of its most modern

central offices. For long distance calling, Bell introduced "WATS" service. And for the PBX solution, the Bell System introduced "Centrex C.O.", standing for Centrex Central Office.

All of these new services came about in the early 1960s. And to a large extent, they represent the last set of truly innovative services the Bell companies have ever produced.

With Centrex and the other Bell offerings in place, Bernie Overyender gave up his quest for a private telephone system. He had achieved his objective of a modern system, and had reduced his cost for long distance calling for his huge network of U.S. offices, from nearly one dollar per minute, down to about 10 cents per minute (smaller companies, who couldn't get the features and savings which G.E. had negotiated, were not so lucky). I had the opportunity to meet Bernie Overyender in the 1970s, when he was the communications manager for Xerox Corporation. But I digress.

With Centrex, and using the intelligence contained only in its most modern central offices, the Bell System was immediately able to offer features such as call transfer, call hold, conference calling, direct inward dialing, individual billing by Centrex telephone number, 4-digit (etc.) dialing among Centrex "extensions", and least-cost routing (based on the series of digits dialed by the user on outbound calls, the calls would be routed to the most cost effective route).

With the way that Centrex billing was set up by the Bell System, another important advantage was created for businesses or governments with "campus" type environments; that is, employees located in multiple buildings in the same telephone exchange. A particular feature of Centrex was to give the Bell System a huge advantage when it became permissible for a company or government entity to purchase its own PBX systems. The feature: there were no expensive "mileage" charges to interconnect the various offices together into one common system, using Centrex, as there were with all PBX systems.

By contrast, if a company or government entity wanted to install a large PBX system at its main location, and link all the other offices together with PBX extensions off the main PBX, the costs of doing so were prohibitive under Bell System pricing. Such "off-premise" extensions (OPXs) were initially priced at dozens of dollars more per month, per PBX extension, than was the case with regular telephone lines.

As the Bell companies began to realize the advantage this gave them over competitors who wanted to sell competitive PBX systems, they moved the mileage charges for OPXs out of their PBX tariffs, and put them into their "private line" (or "special access") tariffs. Under private line pricing, the cost of the mileage charge for just a single OPX line was from a hundred to several hundred dollars per month (and still is today, despite dramatic reductions in the cost of the involved electronics and transmission facilities). The Bell System got away with this maneuver, and still gets away with it today, in Michigan and all across the country. Centrex came to dominate the multi-campus environment. But at the time, it was only available to large corporations.

The policy of only offering Centrex to large businesses changed rapidly after the Bell System Divestiture. In the Divestiture negotiations with the U.S. Justice Department (I was involved in a small way, when at SP Communications, the original Sprint – I was one of the Sprint managers with whom Justice Department officials consulted on technical and network issues), the Bell Companies were told that they could not own any telephone equipment, including PBX system or key systems. But the Bell Companies made an impassioned plea to the Justice Department, that Centrex service was inextricably intertwined with central office operation. And that since the central offices were going to the Bell Companies, Centrex should also go to the Bell Companies.

Following Divestiture, Ameritech determined that since Centrex was the only "PBX"-like service it could offer, it would promote it to the hilt, and even offer it to very small business customers. With Centrex, a small business could avoid "OPX" costs; it could get dial transfer, conference calling, direct inward dialing, 4-digit (etc.) dialing among phone users, identified billing by Centrex extension, all for a fraction of the cost that these features were available to other Ameritech "business line" customers. And importantly, these Centrex customers, small and large, could get "least cost routing".

In the meantime, "Feature Group A" service had been introduced by the Bell Companies to the IXCs. Feature Group A was essentially just an ordinary business line for outgoing calling, but one on which the cost of outbound toll calls to the home LATA was only about three cents per minute, rather than the 25 cents or more per minute for intraLATA toll which Ameritech business customers had to pay. And uniquely among the five Ameritech states, Ameritech Michigan quietly let it be known that it would market Feature Group A service to individual business customers, not just to IXCs like LDMI.

Meanwhile, Ameritech Michigan instituted a large network of authorized distributors in Michigan, who were given huge commissions for selling Centrex and other Ameritech products. It was never explained how Ameritech could cost-justify the huge number of advanced features it was giving away on Centrex, which cost huge amounts of dollars if ordered by the customer on business line service, if offered at all. (To my knowledge, the M.P.S.C. has never investigated it.)

The authorized distributors of Ameritech initially ran into resistance from some customers in trying to switch them from Ameritech business line service to Ameritech Centrex service, and earn their huge commissions from Ameritech for doing so. Despite the advanced

features – which many small businesses at the time were not that familiar with – Ameritech and the distributors were asking them to sign long-term contracts for Centrex service, with penalty charges if they didn't meet revenue commitments over the life of the Centrex contract.

But then the Ameritech distributors and agents discovered the magic of Feature Group A. By packaging Feature Group A along with Centrex and "least cost routing", the Ameritech distributors in Michigan had an unbeatable package. They could now walk into a customer, and say: I can give you unbeatable savings on your long distance calling within your home LATA. Today, your local business phone lines from Ameritech cost you about $300 per month. Your toll calling on Ameritech within the home LATA now costs you about $600 per month. By signing up for this Centrex contract for seven years, I can give you your local phone lines for not much more than you are paying today. But I can also give you all the modern telephone features that are available on Centrex for no additional charge. And I can give you least-cost-routing with Feature Group A, which will reduce your cost on IntraLATA toll calls from the $600 per month you are now paying, down to about $100 to $150 per month. So how does that sound to you? It's the most amazing deal you've ever heard of from a telecom company, isn't it? But I can only give it to you, if you sign this seven-year contract for Ameritech Centrex service.

The Ameritech distributors and Ameritech sales agents in Michigan, whether they realized it or not, were taking advantage of the unique demographics of calling in Michigan. Unlike the other Ameritech states, the typical business customer makes over half of his or her long distance calling within the home LATA. Calls to other LATAs in Michigan, and to other states, comprise the other half. (In recent years, the IntraLATA toll revenues of Ameritech Michigan have been as large as the IntraLATA toll revenues of the other four Ameritech states combined.)

Feature Group A gave the distributors and agents a huge opportunity, when coupled with the "least cost routing" they could get on Centrex. With any other phone system, the Feature Group A line would have to be terminated on a separate point on the customer's phone system, and they would have to push a different button, or dial a different access code on the phone system, to get access to the Feature Group A line, which then might be busy when they tried to reach it. With Centrex's automatic alternate routing, the user didn't have to dial anything different to get the F.G. A line(s) – this is done automatically by the Centrex, and for those instances when the F.G. A line or lines is/are in use, calls automatically "route advance" to the next least expensive route.

And with the Ameritech Michigan Centrex offering, business customers with as few as two or three lines were for the first time offered Centrex service, and huge numbers of Michigan businesses were signed up for the service. LDMI's average business customer has from 5 to seven local business or Centrex telephone lines. We serve small and medium sized businesses, who in the past were not likely to be candidates for Centrex service. But with the huge sales campaign waged by Ameritech Michigan, huge numbers of small businesses have been locked into the service on long-term contracts. And as I indicated earlier, of the LDMI business lines covered by those pesky PICC charges, over 32 percent of them are Ameritech Michigan Centrex customers.

LDMI serves customers in every exchange in the State of Michigan, from Adrian to Zeeland, and from the bottom of the state to the top of the U.P. Our numbers, we believe, are representative of the Ameritech Michigan business base at large. For larger businesses than the average size of businesses in Michigan served by LDMI, the percentages on Centrex service are probably even larger than LDMI's 32 percent.

Currently, a small study by LDMI shows that of Centrex contracts we have reviewed for current LDMI customers or customer prospects in Ameritech Michigan territory, which are currently in effect, 53% of them have a term of seven years, 27% have a term of five years, and 20% have a term of three years. We do not mean to say that this study is scientific across the whole of Ameritech Michigan, but it is suggestive of the Centrex contract lengths now in place.

That's the bad news. And now here's what LDMI thought was good news, but also turns out to be bad news. Our small study of those in Ameritech Michigan territory who have Ameritech Michigan Centrex contracts, suggests that perhaps one-third of those contracts have expired. For those customers for whom the contracts have expired, there is in theory the opportunity for LDMI or another CLEC to convert them over to Centrex service under UNE-P. But that's where the story starts to fall apart.

One possible way for LDMI to pick up an existing Centrex customer is under local resale. But under resale, the reseller's discount isn't available for any Centrex arrangement that has been "grandfathered". And it turns out that five out of the six Ameritech Centrex offerings have been grandfathered. So on five out of the six offerings, if we convert the customer over to LDMI, we have to pay the retail rate to Ameritech, assuring that we would take a loss in offering the service.

Under UNE-P pricing terms and conditions in Michigan, Ameritech offers Centrex service under UNE-P. The thing that tanks UNE-P Centrex from Ameritech Michigan is a single monthly recurring charge that Ameritech Michigan has created, called the "Centrex common block" charge, which is $354.86 per month per Centrex common block. Studies by independent telecom consultants hired by LDMI have shown that this renders UNE-P Centrex from Ameritech Michigan as uneconomic, for Centrex customers who have fewer than about 100

telephone lines. The average LDMI business customer has from 5 to 7 telephone lines, and well over 95 percent of our lines are derived from customers having fewer than 100 telephone lines.

The "Centrex common block" charge of Ameritech Michigan, in the view of our independent telecom consultant who is a former Ameritech executive is "outrageous". This is a charge for the use of software in the Central office – software which was created many years ago, and has not been significantly updated in well over ten years – that is a sunk cost. The software exists whether one more Centrex customer is added or not. There is no possibility that Ameritech Michigan could cost-justify its UNE-P Centrex monthly common block charge. It would fail the test of TSLRIC, and even fail the test of "market based" pricing.

The Centrex common block charge under UNE-P of Ameritech Michigan is a charge designed specifically to thwart local telephone competition in Michigan. It is an illegal barrier to competititve entry. It is an affront to all that the M.P.S.C. is trying to do to support expanded local competition in Michigan. The M.P.S.C. must order the "Centrex common block charge" to be eliminated immediately, both for tariffed UNE-P service, and for UNE-P service under the "Mi2A".

As With Centrex Contracts, Ameritech Michigan Has Continued Its Anti-Competitive and Illegal Contracts Designed To Thwart CLEC and Other Competitors, First with "ValueLink" Contracts, and Now With "CompleteLink"

Meanwhile, as the decade of the 90s was proceeding, and moving past the turn of the century, many Michigan businesses found themselves downsizing. They no longer needed as many Centrex lines, but by reducing their number of Centrex telephone lines, they were in violation of their 7-year (or 3-year or 5-year) Ameritech Centrex contract. At the same time, "dialing parity" was forced upon Ameritech Michigan (Ameritech Michigan consistently meets

its obligations as a good corporate citizen only after every court appeal of an M.P.S.C. decision has been exhausted).

With the advent of dialing parity, where the customer could choose his carrier for intraLATA calling without having to dial different digits or select a different line. Competitive long distance prices for intraLATA calling had come down dramatically, and all of a sudden, the Centrex user found his Ameritech Centrex system for his small business was no longer cost-effective.

But as contract expiration dates approached, these Michigan Centrex customers of Ameritech found themselves in a Catch-22 dilemma: if they tried to get out of their Centrex contract early, they faced penalties from Ameritech which often amounted to tens of thousands of dollars. If they stayed with the Centrex contract to the bitter end, but with a reduced number of phone lines, they faced underutilization penalties on the Centrex contract, which ran from thousands of dollars to many, many tens of thousands of dollars per customer. What was the poor Michigan business, who had been unwise enough to sign up with Ameritech Michigan Centrex, to do?

Now came Ameritech, and its agents and distributors, to the rescue. Ameritech would let the customers out of their Centrex penalty charges, if only the customer would sign up for a long-term contract for Ameritech "ValueLink" service. (The first version of this service was called "AVCP", for "Ameritech Value Calling Plan", and later, the name was changed to ValueLink.) ValueLink was a long-term contract for Ameritech intraLATA toll service. Like the Centrex contracts, ValueLink contracts were also for many years in length, with significant penalties at the end of the contract for "underutilization". But many Michigan businesses were desperate to get out from under the Centrex contracts, and so they signed up for ValueLink.

But under ValueLink, the Michigan business customer of Ameritech Michigan again had substantial underutilization penalties. Whether the customer signed up under ValueLink because he/she was desperately trying to get out of a bad Ameritech Michigan Centrex contract, or whether he/she was just adopting ValueLink as a way to get out from under high intraLATA toll charges from Ameritech's normal toll pricing, the ValueLink customers have found themselves in the same "Catch-22" situation. Huge penalties loom for them at the end of the term, for not meeting the revenue commitment over the length of the contract – and with intraLATA toll prices coming down based on competition from LDMI and other CLECs, the ValueLink contracts were no longer cost-effective.

What was the poor Michigan business, who had been unwise enough to sign up with Ameritech Michigan ValueLink, to do?

Now came Ameritech, and its agents and distributors, to the rescue. Ameritech would let the customers out of their ValueLink penalty charges, if only the customer would sign up for a long-term contract for Ameritech "CompleteLink" service. CompleteLink service, introduced about a year and a half ago, is a long-term contract that locks up the Michigan business customer as the captive customer of Ameritech Michigan not only for all of their intraLATA toll (as on ValueLink), but also for all of their local lines and local phone usage as well.

CompleteLink contracts typically have terms of three years or five years; the majority of them so far seem to have been signed for three year terms, although the five year contracts seem to be gaining speed.

When LDMI or another CLEC encounters CompleteLink, ValueLink or Centrex contracts, LDMI is dead in the water. Ameritech Michigan has won, because the penalty charges faced by the customer in trying to get out of the Ameritech Michigan contract is so many

thousands of dollars, that the customer cannot possibly consider switching their local phone service to a CLEC.

LDMI's sales managers estimate that at least eighty percent of the business customers that they approach in Ameritech Michigan territory currently have an Ameritech contract – CompleteLink, SimpleLink, ValueLink or Centrex – and thus only 20 percent of the market is available to LDMI in Ameritech Michigan territory for marketing LDMI's, or any other CLEC's, local telephone service. The CEO of another telecom company headquartered in Michigan who markets local, long distance and other products to business customers, says the eighty percent number is too low: he estimates that fully 90 percent of business customers in Ameritech Michigan territory are currently locked down by an Ameritech Michigan CompleteLink, SimpleLink, ValueLink or Centrex contract.

Here are some comments from LDMI's Grand Rapids, Michigan Sales Director, that shed more light on some of the above issues: "We signed up a customer recently, who was sure he was not covered by an Ameritech Michigan contract. He checked his CSR from Ameritech, and it did not show any contract in place. But after LDMI had turned up his service, Ameritech contacted him, and billed him a $3,000 penalty charge. The customer said, forget it, I'm not under contract, it's not on my CSR. Then all of a sudden, after the customer switched to LDMI,, the customer found his CSR from Ameritech had been modified, and it now showed that a contract was in place.

"LDMI then changed the customer back to Ameritech, to help the customer out. The customer then wrote a letter to Ameritech, indicating that he had never signed a contract, and the person who had signed it was not authorized. Ameritech was unmoved, and insisted the penalty charge would be applied. I actually got the customer on the line with Ameritech on a 3-way

conference call, and said, I'm looking at the CSR right in front of me, and there's absolutely nothing on it about there being a contract. And the Ameritech person said, well it shows up on ours… and guess what, it showed up on ours, a month later, as if they had added it after the fact."

"Ameritech is famous for having customers sign contracts, and leaving blank how many years the contract is for, until after the customer has signed. And shame on the customer for not noticing it. But particularly the distributors of Ameritech Michigan are very shady. I know their distributors make a ton of money off these contracts. It's heavy on up-front money, and the longer the contract, the bigger the payoff."

"There also is a huge problem of customers who have been locked into these contracts, who have dollar commitments they cannot meet. This is largely the fault of the Ameritech distributors. And their Centrex contracts are even worse: they are all five or seven year contracts. And on customers we want to convert to business line service, using FeatureLink, Ameritech is refusing to allow us to include the Ameritech FeatureLink offering under UNE-P."

When LDMI is trying to convert a Centrex customer over to business line service, we have to contend with the fact that Centrex has several features that normally won't be provided by Ameritech on business line service. These features include call transfer, and consultation hold. FeatureLink is an Ameritech offering, also referred to as "mini-Centrex", which provides those features to a business line customers.

But Ameritech refuses to allow LDMI to convert a customer from Centrex, over to UNE-P business line service with the FeatureLink option. The product information that is located on Ameritech/SBC's "CLEC Online" says that action is not permitted. And if we try to keep them as a Centrex customer, the huge and unwarranted Centrex common block charge renders the

service dramatically unprofitable. Clearly, this is an orchestrated and carefully crafted plan by Ameritech Michigan, to thwart competition.

Under UNE-P, Ameritech Michigan Is Using Voice Mail In An Anti-Competitive Way, Which Violates The Telecom Act And Is Also A Key "271" Issue

On June 25, 2001, I testified before a hearing of the Ohio Public Utilities Commission in Toledo, regarding proposed rules that would allow Alltel, United, and other ILECs in Ohio adopt Alternative Regulation, where the ILEC would soon be able to raise rates for unregulated services at will. A number of senior citizens testified, forcefully and emotionally, that what the PUCO considered "unregulated" or "optional" telephone services were not viewed by the senior citizens in the same light.

Several of the seniors specifically mentioned ILEC voice mail service, which they said was today a necessity, not a luxury. One of them told me outside the meeting room how they have become dependent on ILEC voice mail, as their only way of receiving urgent messages from their doctors and from their out-of-town children, when they were away from the house, or could not reach the phone in time.

In a similar fashion, the M.P.S.C. has blithely brushed competitive concerns about Ameritech Michigan voice mail aside, saying it is an unregulated service, and not a matter for CLEC concern on UNE-P.

LDMI's findings are that roughly twenty percent of the potential UNE-P business market in Michigan is unavailable due to our current inability to obtain an acceptable and reasonably priced Ameritech Michigan UNE-P voice mail product, or to get access under any reasonable

terms to the SMDI links and stutter dial tone to be able to deploy our own voice mail platform via UNE-P in Michigan

LDMI specifically raised the subject of voice mail on UNE-P, in meetings with the MPSC Commissioners and key telecom staff in December 4, 2000, and March 5, 2001.

On December 4, 2000, LDMI told the Commission: "No Voicemail option currently available with UNE-P. If LDMI cannot offer a comparable voicemail service with UNE-P, many businesses will not consider switching their local service to LDMI. LDMI requested that Ameritech provide voicemail with UNE-P. Ameritech initially agreed to proceed with a trial involving LDMI and then subsequently indicated that all plans to offer voicemail with UNE-P were on hold. As an alternative, LDMI has issued a Bona Fide request to Ameritech to interconnect and LDMI provided voicemail system to their network. Response due in December."

On March 5, 2001, LDMI told the Commission: "LDMI forced to maintain some resale after commercial UNEP deployment – Why? -- Cost effectiveness of converting resale customers with voicemail... "… Impact? -- More complexity and cost to LDMI -- EDI software must accommodate both resale and UNEP -- Must develop and maintain different back end processes for ordering and billing reconciliation." And among "2 main areas of concern", LDMI listed "High cost of UNEP Centrex and voicemail".

Ameritech Voice Mail is a service which Ameritech Michigan has heavily and successfully marketed to Michigan businesses and consumers, through an aggressive program with its authorized distributors, sales agents, direct sales organization, business offices, and telemarketing representatives. The issue is not whether Ameritech Voice Mail is the best product for customers. The issue is not whether it is a "regulated" or "unregulated" service. The

issue is that a substantial fraction of the business and residential customer base of Ameritech Michigan has selected Ameritech Voice Mail as their method of voice mail, and those customers expect that if LDMI is to become their local telephone provider, LDMI must be able to provide the same or virtually identical voice mail service, ***including*** the "stutter dial tone" and/or lamp indicator that they receive on the local phone line, indicating they have a message waiting.

Throughout 2000, LDMI actively marketed Ameritech local resale service. Under local resale, Ameritech Michigan offered its voice mail product to LDMI, including "stutter dial tone". LDMI noted major gaps in coverage of the resale Ameritech Michigan voice mail platform. In particular, that on the West side of Michigan, Ameritech Michigan was offering voice mail coverage to resellers only in the greater metro area of Grand Rapids, but not in Kalamzoo, Benton Harbor, Zeeland, Three Rivers and St. John. Ameritech does provide voice mail with stutter dial tone to its retail customers in those areas, but has refused to provide it there to resellers such as LDMI.

LDMI brought this issue to Ameritech Michigan's attention, but without success. LDMI also asked Ameritech to provide to it the "Personal Receptionist" feature in the Lansing and Grand Rapids areas, but again without success.

In the Fall of 2000, during the Michigan Tariffs Collaborative, LDMI asked about the availability of voice mail, with stutter dial tone, on the Ameritech UNE-P offering in Michigan. The answer from the Ameritech attorneys was that this ***is*** an available service, and one which is available under the UNE-P tariff in Michigan.

On August 24, 2000, I communicated with our then-Ameritech Account Manager, Stephanie Crowne concerning Ameritech Voice Mail, saying: "Beginning in March of this year, we have expressed our dissatisfaction to Ameritech regarding an improper lack of Ameritech

Voice Mail coverage for Resellers, in major portions of the Western side of Michigan. Today, Ameritech offers Ameritech Resale VM on the West side of the state, only in the immediate Grand Rapids area. LDMI has been seeking to obtain the service in the Kalamazoo, Benton Harbor, Zeeland, Three Rivers and St. John areas, among others. Ameritech provides this VoiceMail coverage to its own retail customers in all of those areas, but refuses to provide it to Resellers. In addition, in areas where service is available to resellers, Ameritech makes certain features unavailable to resellers. For instance, we have service in the Lansing area, but the Personal Receptionist feature is not available to LDMI, although it is to Ameritech's retail customers. Beginning in March, our discussions were with our Ameritech voice mail account manager, Liz Leavy, 312-335-3072. We also worked with the Ameritech Resource Center, 800-607-0090, and the Resource Center Manager, Debbie Johnson (same number as above). Subsequently, Liz Leavy left SBC/Ameritech; I'm told the new rep is Jennifer Parkes, 312-335-7340, who reports to Peggy Beata. I brought these problems to the attention of Ameritech legal officials and the staff of the Michigan Public Service Commission, during the Michigan Tariffs Collaborative meeting in Chicago on August 22. The Ameritech legal officials said they were unaware of the gaps in coverage in Western Michigan. But regarding UNE-P, they said that "stutter dial tone" is an available feature under UNE-P, to operate with a CLEC-provided voice mail system. But their comments were vague, and it was clear they didn't understand the technical issues involved, and thus could not provide assurance that true voice mail access could actually be provided. What is needed, under UNE-P, is this: the ability of a CLEC-provided voice mail system, once it recognizes that the customer has one or more messages in their mail box, to communicate with the Ameritech local central office switch, and turn on the "stutter dial tone" feature on their phone line, alerting that customer that they have messages. What I need

from you on this, Stephanie, is the following: (a.) organization chart information, showing me the escalation path from the Ameritech voice mail rep, Jennifer Parkes, right on up to Ed Whitacre, SBC's chairman – details to include name, title, phone, fax and beeper numbers, and email address. (b.) similar information about Ameritech technical people, who can intelligently address this need, and whether and how it is provided under UNE-P: "the ability of a CLEC-provided voice mail system, once it recognizes that the customer has one or more messages in their mail box, to communicate with the Ameritech local central office switch, and turn on the "stutter dial tone" feature on their phone line, alerting that customer that they have messages". I also need all technical diagrams, memos or other information associated with this issue. I need this information in my hands by close of business Monday, August 28, 2000."

On August 25, 2000, our then-Ameritech Account Manager Stephanie Crowne responded back as follows: "Regarding question 5., Voice Mail, this is a competitive product. There are many companies which can provide voice mail service to LDMI. Ameritech is not required to provide ubiquitous coverage for the product. Concerning CPO [UNE-P] and voice mail, I am not aware of any of the issues regarding access to 'stutter dial tone'. This, as well as a visual indicator is available with CPO [UNE-P], or, a combination of the two types of message waiting features."

In her comments about "many companies" who could provide voice mail, Ms. Crowne had missed the point. LDMI has a voice mail system. Many others do as well. But none of those can access the vitally required "stutter dial tone" of Ameritech in its central office that serves the local UNE-P customer, unless Ameritech Michigan cooperates to make it available. And Ameritech Michigan has not done so.

On September 5, LDMI held a lengthy conference callj on UNE-P issues with our Ameritech Account Manager, and with Bill Erricson, the “UNE Combinations Product Manager” for Ameritech. My notes of that conversation show that “We [LDMI] stressed the importance to LDMI of voice mail on both resale and UNE-P, and the geographic limitations now on resale, such as Kalamazoo. Bill indicated that Ameritech "wholesale" voice mail is available on UNE-P, but that "retail" Ameritech voice mail is not available on UNE-P. They asked, which of those two Ameritech voice mail products are we are currently utilizing on resale, and no one on the call had the answer. Can you tell me as much as possible about it?

“We stressed that "stutter dial tone" is a crucial component of a successful voice mail offering; we asked if their "wholesale" product has stutter dial tone, and they said they would have to check. As to an LDMI-provided voice mail system which under UNE-P we would like to connect to the various Ameritech central offices, in order to offer our own voice mail service, Bill said that access to activate stutter dial tone would be at no additional charge, since that is an integral function of the "switching" function that is made available for one fixed price, irrespective of what central office features are being activated on it.

“We asked for details as to how we could interface an LDMI-provided voice mail system that needs to link up to Ameritech's stutter dial tone feature, and they said they would have to check that out.”

Unfortunately, that conference call with Ameritech on September 5, 2000, like so much in our dealings with Ameritech Michigan on UNE-P and similar issues, led to nothing. Ameritech did not address our concerns, and did not solve the outstanding problems.

On September 11, 2000, the Michigan Tariffs Collaborative had another conference call, to try to move matters off dead center for various contested issues. Parties were to submit their

comments to the M.P.S.C. on other issues that should be considered and decided, in addition to what was on the Staff's list. In its submission dated September 11, 2000, LDMI said as follows: LDMI issue B-5, concerning voice mail and OS/DA is only partially included in Staff issues 4 and 5. Therefore, please add the following issue: 'Should the Commission require Ameritech to detail its voice mail and Operator Services/DA offerings prior to requiring signing of the agreement. It is not clear to the CLEC what Ameritech intends to offer. For example: a) Availability of voice mail on both resale and UNE-Platform, and whether the geographic limitations now on resale (such as unavailability in Kalamazoo) would remain and whether the restrictions will also apply to UNE-P. b) Which voice mail products will be available on UNE-Platform, and whether those will be in the tariff offering or limited to the amendment. c) Whether "stutter dial tone" will be made available to allow CLECs using UNE-P to offer their own voice mail offerings, and under what terms and conditions. d) Whether the "personal receptionist" feature will be made available, under what terms and conditions, and over what geographic area.'."

Unfortunately, the M.P.S.C. never came to grips with this issue.

In order to get an access method which would allow an LDMI-provided voice mail platform to communicate with the stutter dial tone in numerous Ameritech central office switching machines around the state, some effective method of interconnection would need to be specified. Since Ameritech Michigan was not willing to take the lead to develop this, LDMI undertook to specify a workable arrangement, and order the service connected. To do this effectively and so that it would not be rejected out of hand, we needed an expert who knew the inner workings of the Ameritech Michigan network. We found this individual in the person of Jerry Nigbor, who had recently retired as a key subject matter expert of Ameritech's in the areas

of SS7, and the interconnection arrangements of Ameritech's hub end-offices in the various Michigan LATAs, the associated SMDI links, outgoing trunk groups and incoming DID trunk groups, and the interconnection to Ameritech's stutter dial tone and message waiting light functions.

The design from Mr. Nigbor was incorporated within a Bona Fide Request submitted by LDMI to Ameritech Michigan on November 16, 2000, saying, "With this letter, LDMI Telecommunications (LDMI) is formally submitting its Bona Fide Request for an internetwork connection from the LDMI Glenayre voice mail (VM) platform to each Ameritech VM hub end-office in LATAs 340 (Detroit) and 348 (Grand Rapids). Additionally, LDMI is requesting that Ameritech designate VM hub switches in LATAs 344 (Saginaw), 346 (Lansing) and 342 (Upper Peninsula), and that Ameritech provide an internetwork connection from the LDMI VM platform to these VM hubs. As required by the LDMI Michigan Interconnection Agreement with Ameritech, attached to this letter is a technical description that supports this request. As detailed in schedule 2.2 of the LDMI Michigan Interconnection Agreement, LDMI will be notified of Ameritech's receipt of this request within five (5) business days. Additionally, LDMI will be provided a preliminary analysis of this request within thirty (30) days and a Bona Fide Request Quote no later than sixty (60) days from Ameritech's receipt of this request. LDMI is looking forward to a fast, positive response from Ameritech. Thank you for your efforts in regards to this matter. [signed] Glenn Moore Vice President- Sales Operations [LDMI]."

But on December 6, 2000, Ameritech Michigan rejected LDMI's Bona Fide Request for voice mail, saying in part, "Product Management [Ameritech] has reviewed your request and we are confused about why this avenue was taken when these services fall under retail." Voice mail

services under UNE-P, on the wholesale side of the house, falling under Ameritech retail? Give me a break. But again, LDMI was dead in the water with Ameritech, due to no fault of its own.

Ameritech's refusal to accept the LDMI BFR (Bona Fide Request) was improper. SMDI links certainly are used to transport telecommunications services, and as such should be considered a network element. The Telecommunications Act of 1996 requires that ILECs provide CLECs access to network elements on an "unbundled" basis and the M.P.S.C. has established stringent pricing standards for unbundled network elements. Retail rates as charged by Ameritech Michigan for voice mail do not comply with the rules set forth by the Michigan Commission. Ameritech had told the Michigan Tariffs Collaborative that access to SMDI links was an available UNE-P service.

Ameritech then told us that if we could just be patient, they were coming out with a new wholesale offering of voice mail for UNE-P, responding to LDMI's concerns. That wholesale product was announced by Ameritech in Accessible Letter CLECAM01-052, saying in part, "We have heard you! Ameritech is pleased to announce that we will be voluntarily making available Voice Mail as an add-on Ameritech CPO (UNE-P) service to CLECs… this offer will be an interim solution to UNE-P CLECs… and in no way commits Ameritech to providing a permanent Voice Mail UNE-P add-on service."

But as LDMI briefed the M..P.S.C. Commissioners and key telecom staff on March 5, 2001, that voicemail offering was ***not*** priced in a way that any CLEC could or would take advantage of it. It was priced dramatically higher than Ameritech Michigan's corresponding voice mail product under local resale. The monthly recurring charges for the resale voice mail platform ranged from $6.00 down to $3.65. For the UNE-P product, Ameritech Michigan was demanding $10.95 per month, flat. Sub mailboxes under resale were priced at $1.00 monthly

recurring charge, up to 8; for UNE-P, they were priced at $4.00 monthly recurring charge, up to two. The available greeting length under the resale Ameritech voice mail product was 5 minutes; under the UNE-P offering, only 45 seconds. The message length under the resale product was 1, 2, 3, 4 or 5 minutes; under UNE-P, just 2 minutes, no option. The nonrecurring charge on the resale product was zero; on the UNE-P product, $19.95. The "page urgent" feature under resale costs $1.00 MRC; under UNE-P, $4.00 MRC.

The UNE-P voice mail offering of Ameritech Michigan was dead on arrival, based on pricing obviously designed to make it uneconomic and unattractive to any CLEC.

LDMI's findings are that roughly twenty percent of the potential UNE-P business market in Michigan is unavailable due to our current inability to obtain an acceptable and reasonably priced Ameritech Michigan UNE-P voice mail product, or to get access under any reasonable terms to the SMDI links and stutter dial tone to be able to deploy our own voice mail platform via UNE-P in Michigan.

The M.P.S.C. needs to take effective action now, to resolve these issues for the citizenry of Michigan.

VERIFICATION

I Declare under penalty of perjury that the statements in this affidavit are true and correct to the best of my knowledge and belief.

Executed on the ____ day of _____, 2001.

_____
Jerry W. Finefrock

STATE OF _____

COUNTY OF _____

Subscribed and sworn to before me on this __ day of _____, 2001.

_____

Notary Public
My Commission expires: _____