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MPSC issues report on SBC compliance with Federal Telecommunications Act

January 13, 2003

The Michigan Public Service Commission today issued a report and an order on the compliance by SBC (formerly known as Ameritech Michigan) with the federal Telecommunications Act of 1996. That Act permits former Bell operating companies, such as SBC, to enter the long distance phone business provided the company complies with a 14-point checklist designed to ensure that the company's actions do not inhibit the development of a competitive telecommunications market. In the report, the Commission concludes that SBC is in compliance with the 14-point checklist. The report will be delivered to the Federal Communications Commission, the agency whose final authorization is required for SBC to enter the long-distance market.

Today's report resulted, in part, from a 3-year study of SBC's operations, which was initiated by a Commission order in February 2000. That order resulted in the development of a test plan implemented by a third-party contractor – BearingPoint, formerly KPMG Consulting. Throughout the process the Commission conducted a number of collaborative meetings to obtain input from interested parties. In addition, parties filed written comments at various stages of the process and the Commission conducted a public hearing on November 25, 2002.

In a companion order issued today, the Commission ordered SBC to file a compliance and improvement plan by February 13. This plan must address issues that have been identified as needing further attention, as a result of the third-party testing. The order also convenes a collaborative session of interested parties to be held on March 4, 2003, to discuss these issues. SBC is required to file a modified compliance and improvement plan by March 13 to incorporate issues discussed in the collaborative.

"Today's report represents a vital step in the development of a competitive telecommunications market in Michigan," said Commission Chairman Laura Chappelle. "This landmark decision signals that Michigan consumers truly have competitive choices for local phone services and very soon will gain greater choice for long distance and bundled services. The competitive market we enjoy is attributable to hard work: Michigan was among the first states to set wholesale network prices that Competitive Local Exchange Carriers found acceptable for mass market entry and to adopt a wholesale performance measurement plan. We issued an order in February of 2000 clearly setting forth the 271 blueprint for Michigan and have worked for nearly three

years testing and improving SBC's wholesale support systems. Today we conclude competition is thriving and SBC should be able to compete in long distance services. This includes assessing the need for additional remedies and penalties in SBC's existing performance remedy plans should that become necessary."

"I'm encouraged by SBC's commitment to a flourishing competitive telecommunications environment and look forward to the company becoming a leader in wholesale and retail telecommunications services," said Commission David Svanda. "The Commission will remain vigilant in its oversight, however, to ensure that there will be no backsliding in the future," said Commissioner David Svanda. "Today's report and order are not our final step in the development of a competitive market, but rather one of many in a continuing process to ensure the viability of competitive alternatives."

"Based on the totality of the evidence, including the fact that SBC has lost more than 20% of its market share in the local telecommunications market in Michigan, due in large part to this Commission's efforts in fulfilling our responsibilities under state and federal law, I can support the recommendation," said Commissioner Robert Nelson. "I note that our support is predicated on the continuation of Federal Communications Commission policies and rules issued pursuant to federal law, that allow competitors access to the Unbundled Network Element Platform (UNE-P), and our Commission's commitment to continue to meet our responsibilities to promote and encourage competitive markets."

The MPSC is an agency within the Department of Consumer and Industry Services.

Case No. U-12320