

Michigan Public Service Commission

Staff Report

Results of 3rd Competitive Market Conditions Survey

April 2002

Case No. U-12320

The Michigan Public Service Commission Staff conducted its 3rd Information/Data Request of Ameritech Michigan and all licensed Competitive Local Exchange Carriers (CLECs), which included incumbent local exchange carriers (ILECs) that also operate as CLECs in Michigan. This survey was sent out to 173 licensed CLECs in the state of Michigan as of December 31, 2001. The survey was sent out to the companies on January 7, 2002 with a response date of February 15, 2002. A reminder survey was also mailed on March 6, 2002 to the companies that had not yet responded. The data collected was for the calendar year ending December 31, 2001. This information was gathered to assist the Commission in furthering its evaluation of the state of local competition in Michigan.

The original survey vehicle was developed through a collaborative process set forth in the Commission's order in docket U-12320 in 2000. This survey requested some information that the companies considered confidential. The results of portions of this survey are reported as total group numbers to maintain the confidentiality of the individual company numbers.

Attachment A is a chart that indicates the number of lines attributed to CLECs in Michigan as submitted by the CLECs responding to this survey. Of the 173 CLECs that the survey was mailed to, 102 companies filed a response with 52 of those companies reporting that they are actually providing service today, and of this group 23 CLECs are providing service to both residential and business customers. Of that group of 52 that report that they are providing service, 42 CLECs have reported actual line counts as of 12/31/01. The companies with no line activity have either just begun to offer service with no line activity to report for 2001 or they are providing services other than local, like resold long distance. Ameritech also reported the same type of counts from information they have pertaining to the number of lines that they provide to the CLECs (Attachment B). There is a discrepancy between what Ameritech reports and what the CLECs report. This can be attributed to what Ameritech estimates as the number of lines that

the CLECs provide totally over their own facilities and what the CLECs report as actual for this category.

From the data compiled through this survey (Attachment A), staff has found that the number of lines provided by CLECs (including over their own facilities) is 896,023. Staff has prepared a chart of the number of access lines provided by all of the incumbent local telephone companies in Michigan (Attachment C). This indicates that the number of lines provided in Michigan (ILECs including Ameritech and CLECs) is 7,014,263. The number of CLEC lines compared to total lines represents 12.8%. Ameritech's share is 72.2% while GTE's share is 11.5%. The small independent telephone companies represent 3.5% of the total lines in Michigan. The survey responses indicate that the geographic areas covered by CLEC lines encompass the Detroit, Grand Rapids, Lansing, Saginaw and Upper Peninsula LATAs with the majority of the competitive lines being provided in the Detroit LATA. From the data that Ameritech provides, 63% of the competitive lines are provided in the Detroit area, 23% of the competitive lines are provided in the Grand Rapids area, 6% of the lines are provided in the Lansing area, 6% of the lines are provided in the Saginaw area and 2% of the lines are provided in the Upper Peninsula area.

The 2001 Survey Results Show That:

CLECs With No Lines	60
CLECs 1 – 1,000 Lines	16
CLECs 1,001 – 10,000 Lines	12
CLECs over 10,000 Lines	14
Total CLECs Responding to Survey	102

The above information indicates a grouping by size of CLECs according to the number of customer lines that they served in 2001. The data indicates that of the 102 CLECs reporting, 60 were serving no customers in 2001 which represents almost 59% of the group, while the second group served between 1 line and 1,000 lines, a group of 16 CLECs or about 15.5%. The third group served between 1,001 and 10,000 lines each and is comprised of 12 CLECs for an 11.8% share, and the last group of CLECs served over 10,000 lines each and represents 14 CLECs also for a 13.7% share.

Staff made an attempt to verify which companies may have line activity and to obtain line counts from all of the viable CLECs. Staff has determined that those companies not responding to the survey mainly comprised a group of newly licensed CLECs that are not yet providing service, CLECs that were licensed but are no longer in business or are companies with negligible line counts. During 2001, the Commission had 21 CLECs go out of business and surrender their licenses. From staff's review, we have determined that the majority of the viable CLECs have reported through this survey process.

**Competitive Market Conditions
3rd Information/Data Request
CLEC Access Line Data
For the Period Ending Dec. 31, 2001
As Reported by CLECs**

1. Lines Served via Resale of ILECs service	77,958
2. Lines Served via Unbundled Network Facilities	213,585
3. Lines Served via UNE Platform	411,404
4. Other Dedicated LEC Access Lines	<u>65,647</u>
5. Total via ILEC Facilities (Lines 1 + 2 + 3 + 4)	768,594
6. Lines Served via CLEC Own Facilities	123,080
7. xDSL Lines	<u>4,349</u>
8. Total Lines Served (Lines 5 + 6 + 7)	896,023

This survey was sent to 173 companies with CLEC licenses in Michigan as of January 7, 2001, including ILECs with CLEC licenses.

This information is collected from the 42 CLECs that reported any line activity. The rest of the reporting group reported no lines.

Business Lines	433,851	48%	(34 CLECs)
Residential Lines	<u>462,172</u>	<u>52%</u>	<u>(31 CLECs)</u>
Total Lines	896,023		(23 CLECs – both)

**Competitive Market Conditions
3rd Information/Data Request
CLEC Access Line Data
For the Period Ending Dec. 31, 2001
As Reported by Ameritech**

1. Lines Served via Resale of Ameritech's Service	72,811
2. Lines Served via Unbundled Network Facilities	151,202
3. Lines Served via UNE Platform	422,281
4. Total Lines Served via Ameritech Facilities (Lines 1 + 2 + 3)	646,294
5. Estimated Lines Served via CLEC Own Facilities*	638,543
6. xDSL Lines	<u>9,573</u>
7. Total Lines Served (Lines 4 + 5 + 6)	1,294,410

*Ameritech estimates lines served via CLEC own facilities (non-DSL) based on CLEC interconnection in service trunks times 2.75 (estimated lines supported per trunk) minus unbundled loops.

ACCESS LINE INFORMATION
For Michigan Telephone Companies for 2001
As Reported by Incumbent Local Exchange Carriers (ILECs)

Company Name	Res. Lines	Bus. Lines	Public	Total Access Lines
1. Ace Telephone Company	5,078	1,025	16	6,119
2. Allendale Telephone Company	5,445	2,612	0	8,057
3. Ameritech	2,997,114	2,036,642	37,544	5,071,300
4. Baraga Telephone Company	3,821	1,354	67	5,242
5. Barry County Telephone	6,621	1,540	2	8,163
6. Blanchard Telephone	1,302	197	6	1,505
7. Bloomingdale Telephone	1,902	331	9	2,242
8. Carr Telephone	2,019	79	8	2,106
9. CenturyTel, Inc.	88,695	25,078	870	114,643
10. Chapin Telephone Company	662	30	0	692
11. Chippewa County Telephone	1,297	476	3	1,776
12. Climax Telephone Company	1,085	466	3	1,554
13. Deerfield Farmers' Telephone	2,366	400	20	2,786
14. Drenthe Telephone Company	641	124	3	768
15. Frontier Communications of Michigan	20,689	4,583	128	25,400
16. GTE Systems (incl. Alltel)/ Verizon *	606,120	194,013	3,595	803,728
17. Hiawatha Telephone Company	4,707	1,831	130	6,668
18. Kaleva Telephone Company	2,127	555	0	2,682
19. Lennon Telephone Company	1,729	316	0	2,045
20. Midway Telephone Company	822	110	7	939
21. Ogden Telephone Company	424	50	0	474
22. Ontonagon County Telephone	3,137	1,325	49	4,511
23. Peninsula Telephone Co.	1,366	258	0	1,624
24. Pigeon Telephone Company	2,836	990	9	3,835
25. Sand Creek Telephone Company	1,091	159	1	1,251
26. Springport Telephone Company	1,706	266	0	1,972
27. TDS Telecom/Comm. Corp.	3,804	1,257	0	5,061
28. TDS Telecom/Chatham	2,628	440	0	3,068
29. TDS Telecom/Island	1,243	300	0	1,543
30. TDS Telecom/Shiawassee	5,129	1,178	0	6,307
31. TDS Telecom/Wolverine	8,556	1,695	0	10,251
32. Upper Peninsula Telephone	6,499	804	23	7,326
33. Waldron Telephone Company	508	114	4	626

Company Name	Res. Lines	Bus. Lines	Public	Total Access Lines
34. Westphalia Telephone Company	902	270	3	1,175
35. Winn Telephone Company	650	145	6	801
Total Access Lines	3,794,721	2,281,013	42,506	6,118,240

Ameritech Lines	5,071,300	72.2%
GTE/Verizon Lines	803,728	11.5%
Independent Telco Lines	243,212	3.5%
CLEC Lines	896,023	12.8%
Total Lines in Michigan	7,014,263	100.0%