

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**SPRINT COMMUNICATIONS COMPANY, L.P.**, )  
for arbitration to establish an interconnection )  
agreement with **AMERITECH MICHIGAN.** )  
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Case No. U-11203

At the January 15, 1997 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. John G. Strand, Chairman  
Hon. John C. Shea, Commissioner  
Hon. David A. Svanda, Commissioner

**ORDER APPROVING ARBITRATION AGREEMENT WITH MODIFICATIONS**

**I.**

**HISTORY OF PROCEEDINGS**

On September 20, 1996, Sprint Communications Company, L.P., (Sprint) filed a petition for arbitration regarding the pricing, terms, and conditions for interconnection with Ameritech Michigan, pursuant to Section 252(b) of the federal Telecommunications Act of 1996 (the FTA), 47 USC 252(b). In accordance with the procedures adopted in the Commission's July 16, 1996 order in Case No. U-11134, Sprint filed proposed testimony and exhibits to support its arbitration position. On October 1, 1996, Administrative Law Judge Frank V. Strother, Robin Ancona, and Margaret Wallin were assigned to the arbitration panel.

On October 15, 1996, Ameritech Michigan filed its response to the petition and a proposed interconnection contract.

On October 17, 1996, the parties met with the arbitration panel to establish a procedural framework for addressing the disputed issues. At that time, dates were established for the parties to file proposed decisions of the arbitration panel and for oral presentations in support of those proposed decisions.

On November 7, 1996, the parties filed proposed decisions of the arbitration panel. In addition, the parties submitted a joint letter stating that, for many issues, the parties had agreed to accept the results of like issues in the pending Cases Nos. U-11151 and U-11152, the arbitration between AT&T Communications of Michigan, Inc., (AT&T) and Ameritech Michigan. The letter also indicated that the parties had resolved several other issues. On November 14, 1996, the parties made oral presentations to the panel and reported on additional issues they had resolved.

On December 16, 1996, the arbitration panel issued its decision, which identified 13 issues remaining in dispute. For each of those issues, the panel stated its decision and the rationale underlying its determination and the language from the proposed agreement that the panel recommended be adopted.<sup>1</sup>

On December 26, 1996, Ameritech Michigan and Sprint filed objections to the decision of the arbitration panel. Those filings reflect that the parties have no objections to the panel's resolution of Issues 5, 6, and 10. Those portions of the arbitration agreement to which the parties have not objected are properly and finally resolved for the reasons set forth in the arbitration panel's December 16, 1996 decision. The issues that continue in dispute are discussed below.

## II.

### DISCUSSION

#### Interconnection

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<sup>1</sup>The parties' proposed decisions agreed on the issues to be arbitrated, but arranged and numbered those issues differently. In the arbitration panel's decision, the panel followed Sprint's order, but identified both parties' numbers for each issue.

a. Single Point of Interconnection

The first issue addressed in the arbitration panel's decision concerns whether Sprint should be given a single point of interconnection in each local access and transport area (LATA).<sup>2</sup> The decision notes that the parties had agreed to a single point of interconnection for physical linking of the two networks and accepts that agreement. The decision further notes that in the two multiple tandem LATAs in Michigan, Sprint would connect at a single point but agreed to run logical trunk groups to the other tandem or tandems.

Sprint's objection to the resolution of this issue is stated as a request for clarification that Sprint need not provide the trunking to additional tandems, but may compensate Ameritech Michigan to transport its traffic from the tandem to which Sprint is interconnected to the other tandems in the LATA. Sprint states that "this approach will properly compensate Ameritech, but not force Sprint to install facilities which it believes are unnecessary." Sprint's objections, p. 2.

It is not apparent in the transcript of the presentations or the proposed decisions of the parties that the provider of trunking between tandems was in dispute. The Commission finds that Sprint may either establish its own trunking between tandems or, if capacity is available for that use, Sprint may pay Ameritech Michigan to provide the connections with each tandem. However, pursuant its agreement, Sprint remains responsible for arranging logical trunking to each tandem in a multiple tandem LATA.

Ameritech Michigan requests that the Commission clarify that if multiple tandems are deployed in other LATAs in the future, logical trunking to each tandem in that LATA would also be required. The Commission finds that the parties' agreement that logical trunking is needed in multiple tandem LATAs includes LATAs in which multiple tandems are deployed in the future, unless the parties agree otherwise.

b. Multi-Jurisdictional Trunking

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<sup>2</sup>In most cases, the LATA boundaries are the same as those for an area code.

Ameritech Michigan objects to the panel's determination that local and intraLATA toll traffic may be combined with interLATA toll traffic on a single trunk group (multi-jurisdictional trunks). Ameritech Michigan first argues that Sprint's proposed use of multi-jurisdictional trunks causes billing problems because Ameritech Michigan cannot correctly separate and identify the type of traffic made on a single trunk and thus could not accurately bill for calls terminated on its network. Moreover, Ameritech Michigan argues, if Sprint does not originate a call that travels through Sprint's switch, Sprint will be unable to identify the traffic type or the carrier that originated the call. Rather, the call will appear to have originated on Ameritech Michigan's network.

Second, Ameritech Michigan opposes combining all traffic on a single trunk group because, with Feature Group D (FGD) trunks, call completion problems arise. Ameritech Michigan asserts that all interexchange carriers use FGD trunks. If Sprint also uses a FGD trunk, Ameritech Michigan's office switches are not capable of switching a call from one FGD trunk to another FGD trunk.<sup>3</sup> When two FGD trunks are connected, Ameritech Michigan asserts, certain information, most notably, the code that identifies the interexchange carrier (IXC) to whom the call should be delivered and billed, is lost, which makes it impossible to deliver the call to the interexchange carrier. Thus, Ameritech Michigan argues, call completion will not always be possible if the Commission adopts the arbitration panel's decision.

Finally, Ameritech Michigan states that the cost burden on Sprint if the Commission adopts Ameritech Michigan's position is minimal, because use of a separate toll connecting trunk (TCT) group for interLATA traffic results in no added cost to Sprint.

The Commission finds that the arbitration panel's determination on this issue should be upheld. It appears to the Commission that economic entry into the market requires that Sprint be permitted to use its

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<sup>3</sup>Ameritech Michigan asserts that software does not currently exist for proper routing of a call from one FGD trunk to another FGD trunk.

existing trunks for all traffic whenever feasible. Sprint has committed to provide accurate, auditable billing records. Moreover, there are ways around the connection problems, as reflected by Suzanne Springsteen's<sup>4</sup> admission that Ameritech Michigan can put local and non-local on the same trunk. The problems for Ameritech Michigan appear to be billing and measurement problems, which can be reasonably resolved through establishing percentage of use factors.

For these reasons, the Commission upholds the arbitration panel's decision and adopts Sprint's proposed language in Section 4.6.1 of the contract.

c. Electronic Interfaces

Ameritech Michigan argues that the arbitration panel erred in adopting Sprint's proposed language allowing the use of electronic interfaces for certain interconnections pursuant to a fiber-meet arrangement. Ameritech Michigan would require Sprint to interconnect at fiber-meet points with an optical fiber interface, as opposed to an electronic interface. Ameritech Michigan argues that Sprint failed to establish that problems would arise from using optical interfaces. Ameritech Michigan states that adopting its position will not require Sprint to change any other part of its network from electronic to optical equipment except the optical equipment at the fiber-meet.

Ameritech Michigan further argues that adopting its position on this issue will ensure that the networks of both parties are as efficient and reliable as possible. It states that it will incur higher costs if it must first purchase outdated electronic equipment that will later be updated to optical.

Ameritech Michigan adds that if Sprint is allowed the option of electronic interfaces, the Commission should require Sprint to compensate Ameritech Michigan for all costs incurred as a result of Sprint's election

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<sup>4</sup>Ms. Springsteen is Director of Wholesale Interconnection, with Ameritech Information Industry.

to use electronic interfaces for fiber-meet interconnection that exceed the costs for optical interfaces.

Ameritech Michigan requests that the Commission adopt Ameritech Michigan's proposed Section 3.3.

The Commission finds that Sprint should have the option of using its already installed electronic interfaces, where possible, on an interim basis. The panel's recommendation does not provide for the use of electronic interfaces for new construction. Therefore, excess costs for electronic interfaces should not be a problem. Thus, the Commission finds that the arbitration panel's adoption of Sprint's proposed Section 3.3 is appropriate.

d. Inclusion of Extended Area Service in Meet-Point Billing

Ameritech Michigan objects to the arbitration panel's determination that the current meet-point billing arrangements between Sprint and Ameritech Michigan for interexchange traffic should be expanded to include extended area service (EAS), as Sprint proposed. Ameritech Michigan argues that Sprint's proposal is not consistent with Schedule 1.2 of the agreement, in which meet-point billing is defined as "an arrangement whereby two local service providers (including an [incumbent local exchange carrier] and a [competing local exchange carrier]) jointly provide exchange access to an [interexchange carrier] for purposes of originating or terminating toll services and each such provider receives its share of the tariffed charges." Ameritech Michigan argues that Sprint's proposed Section 6.1.2 adopted by the arbitration panel, provides for meet-point billing on EAS traffic, which is rated as local, not toll, and which does not involve third-party carriers.

The arbitration panel based its adoption of Sprint's meet-point billing proposal on the inability to accurately measure calls on the mixed trunk groups. However, Sprint's presentation reflects that if Ameritech

Michigan must offer transit service,<sup>5</sup> meet-point billing is not needed for EAS. As more fully discussed in the following section of this order, the Commission finds that Ameritech must offer transit service. Therefore, there is no reason to impose meet-point billing for EAS traffic, and Sprint's proposed language in Section 6.1.2 is rejected. Therefore, the Commission finds that the meet-point billing proposed by Sprint should not be necessary.

### Transit Service

Ameritech Michigan objects to the portion of the arbitration panel's decision that adopts Sprint's proposed rates, terms, and conditions involving transit service. Ameritech Michigan argues that nothing in the FTA requires it to provide such service and, therefore, the issue is not properly one to be arbitrated. It argues that any implication that Ameritech Michigan's duty to provide interconnection with its network includes a duty to provide transit service is contrary to Federal Communications Commission (FCC) precedent that holds that interconnection does not include the transport or termination of traffic. According to Ameritech Michigan, the requirement to interconnect only requires the physical interconnection of two networks. Thus, Ameritech Michigan argues, the arbitration decision goes beyond the requirements of the FTA.

Ameritech Michigan further argues that the panel disregarded the balance created in the FTA between incumbent local exchange carriers (LECs) and their new competitors, and instead substituted its speculation that transit service would promote competition. Ameritech Michigan argues that the possibility exists that transit service would discourage prompt direct interconnection between Sprint and other providers.

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<sup>5</sup>Transit service refers to Ameritech Michigan's delivery of traffic between Sprint and a third-party local exchange service provider over Ameritech Michigan's local/intraLATA trunks.

Ameritech Michigan states that had Congress intended to require incumbent LECs to provide transit service, it could have explicitly stated so in the FTA, but did not.

Therefore, Ameritech Michigan argues, the prices and terms for transit service are not governed by the FTA and are not proper subjects for arbitration. On that basis, Ameritech Michigan requests the Commission to strike this issue from the panel's decision and order that Ameritech Michigan's proposed Section 7.3.3(a)(1)(A) be incorporated in the parties' agreement.

In the Commission's November 26, 1996 order in Cases Nos. U-11151 and U-11152, the Commission rejected the same arguments raised by Ameritech Michigan as follows:

The Commission finds that Ameritech Michigan's objection to the arbitration panel's determination on this issue should be rejected. As the arbitration panel recognized, absent transit service, new competitors would face a significant barrier to entry due to their inability to simultaneously interconnect with every other LEC. Further, given that an important purpose of the FTA is to encourage the development of competition in local exchange markets, the Commission is not persuaded that the FTA should be interpreted to allow Ameritech Michigan to refuse to perform transiting services. Indeed, nothing in the FTA suggests that Ameritech Michigan may refuse to resell any element, function, or group of elements and functions to AT&T for use in the transmission, routing, or other provision of the telecommunications service simply because a direct interconnection with AT&T and another telecommunications provider might obviate the necessity for Ameritech Michigan to perform transiting service. For a competitive marketplace to flourish, new entrants must be able to provide service to customers in an economically viable manner. Because Ameritech Michigan's proposed language creates a barrier to competition, the Commission finds the arbitration panel properly rejected it.

Order, p. 14.

The arbitration panel's decision follows the Commission's decision as quoted above. The Commission is not persuaded that a different result is required in this case and therefore rejects Ameritech Michigan's objection on this issue.

Branding of Operator Services

Ameritech Michigan objects to the portion of the arbitration panel's decision that would require Ameritech Michigan to unbrand all operator services and directory assistance calls if it is unable to attach Sprint's brand to such calls, arguing that it is inconsistent with the FTA. Ameritech Michigan states that its proposed language provides for rebranding of operator services and directory assistance, where technically feasible. According to Ameritech Michigan, its proposed Sections 10.10.1 and 10.10.2 track the FCC's determination in ¶ 971 of the FCC's First Report and Order, CC Docket Nos. 96-98 and 95-185, issued August 8, 1996 (FCC Order), and give Sprint two options with regard to branding these services. Sprint may either ask Ameritech Michigan to rebrand these services for Sprint resale customers or Sprint may have those calls routed to Sprint's own operator services and directory assistance services platform. In Ameritech Michigan's view, this is precisely what the FCC requires.

Ameritech Michigan asserts that nowhere does the FCC require that if these services cannot be rebranded, they must be unbranded for all calls. In fact, Ameritech Michigan argues that to require it to unbrand all such calls would violate established rules concerning the immediate identification of operator services for public telephones, such as pay telephones or telephones in hotels and hospitals. See 47 CFR 64.703.

Finally, Ameritech Michigan argues that Sprint has really requested that the Commission prohibit Ameritech Michigan from branding any calls, if Sprint determines not to incur the costs necessary to rebrand resold services. Ameritech Michigan states that Sprint's choice should not eliminate Ameritech Michigan's ability to brand its own calls.

The Commission finds that the language requested by Sprint should not be included in the contract. Ameritech Michigan must comply with Sprint's request to rebrand or unbrand operator and directory assistance services, unless it has demonstrated to the Commission that the request is not feasible. Ameritech Michigan has not yet demonstrated that any requested rebranding or unbranding of these services is not

feasible. Thus, unless Ameritech Michigan should later prove to the Commission that a request is not feasible, Ameritech Michigan must provide the rebranding or unbranding requested.

The Commission is persuaded that to require Ameritech Michigan to unbrand all of its operator services and directory assistance services in cases in which rebranding or unbranding is not feasible might result in the inadvertent violation of FCC rules. Further, the Commission does not read ¶ 971 of the FCC Order to require that all operator or directory assistance services be unbranded when it is not feasible in one small area to unbrand or rebrand these services. Moreover, the Commission notes that Ameritech Michigan offers operator and directory assistance services on an unbundled basis, for which rebranding is not apparently a problem. Thus, Sprint has the option of either paying for rebranding, where feasible, or having calls directed to its own operator services platform.

The Commission thus rejects the language proposed by Sprint in Section 10.10.1 of the contract.

#### Manual Interfaces

Ameritech Michigan objects to the arbitration panel's adoption of Sprint's proposed language to preserve manual interfaces for operations support systems. Ameritech Michigan states that Sprint desires to slow down progress to electronic interfaces, which the FCC has ordered Ameritech Michigan to provide. Ameritech Michigan argues that if Sprint wants to use manual interfaces, it should be required to pay for additional costs associated with that decision.

Ameritech Michigan argues that Sprint's resale volumes are expected to be substantial. For example, Sprint stated that it wants to be able to send as many as 300 orders per day for this region until September 1, 1997. Ameritech Michigan argues that it cannot provide parity in processing time or reporting of manual orders or complaints. Accordingly, Ameritech Michigan argues, Sprint should not expect parity with other providers that use electronic interfaces for operations support

systems. Further, Ameritech Michigan asserts, manual interfaces cannot be expected to operate on a “close-to-real-time” basis.

Ameritech Michigan argues that its proposed language should be adopted. However, if the Commission adopts Sprint’s language, Ameritech Michigan argues, Sprint should be required to compensate Ameritech Michigan for all costs involved in providing manual interfaces, and should not expect parity in processing time with those carriers using electronic interfaces.

The arbitration panel noted that electronic interfaces have not yet been established and deployed on an industry wide basis. It agreed that for an initial evaluation period, Sprint should be allowed to enter the market using manual interfaces.

It appears to the Commission that the arbitration panel’s decision should be upheld on this issue. There is no indication that a manual interface is not technically feasible, and Ameritech Michigan should provide this on an interim basis. However, the Commission agrees with Ameritech Michigan that Sprint should pay any additional costs caused by Sprint’s delay in adopting an electronic interface.

The Commission further finds that Sprint’s language does not require strict parity in processing time. Rather, any delay, which should be minimal, must be demonstrated to be required due to the manual nature of the interface.

The Commission therefore adopts the arbitration panel’s decision, with the proviso that Sprint must compensate Ameritech Michigan for additional costs incurred because of the use of manual operations support systems processes.

#### Implementation Team

Ameritech Michigan argues that, subsequent to the November 14, 1996 oral presentations, the parties resolved their differences over how often the implementation team should meet.

The Commission notes that, in a letter dated November 27, 1996, Ameritech Michigan notified the arbitration panel that it believed this issue had been resolved, but that letter also noted receipt of a letter from Sprint indicating that no further issues had been resolved. It is thus unclear whether this issue is disputed, or to what the parties have agreed if they have reached an agreement.

The parties should implement their agreement on this issue, if they have reached an agreement. Otherwise, they should implement the conclusion of the arbitration panel.

### Provisions Concerning Directories

Ameritech Michigan objects to the arbitration panel's decision that Ameritech Michigan "should directly communicate with Sprint in connection with the provisioning of directory listings and directories for Sprint retail customers." Arbitration panel decision, p. 17. By doing so, Ameritech Michigan asserts, the panel ignored the existence of Ameritech Publishing, Inc., the directory publisher, as a separate, nonsubsidiary corporation that sells advertising and publishes directories. Ameritech Michigan asserts that, "without basis in fact or law, the panel sought to institutionalize inefficiency and thus extra cost." Ameritech Michigan's objections, p. 26. In Ameritech Michigan's view, it makes sense for Sprint to deal directly with Ameritech Publishing, not to go through Ameritech Michigan.

In its November 26, 1996 order in Cases Nos. U-11151 and U-11152, the Commission found that the arbitration panel's determination concerning directories should be revised to reject the inclusion of AT&T's proposed language for Section 15.2.5, which is in all material respects identical to the language Sprint proposed. Accordingly, the Commission finds that Sprint's proposed language for Section 15.2.5 should be rejected, for the reasons stated in the November 26, 1996 order in Cases Nos. U-11151 and U-11152.

That order further reflected that Ameritech Michigan need not provide listings in the yellow pages. Although the Commission recognized the requirement that Ameritech Michigan provide listings in the white

pages, it rejected AT&T's proposed language that would require the provision of a listing in the yellow pages.

Finally, the Commission adopted the arbitration panel's determination that listing information about the competing LEC, including addresses and telephone numbers for customer service, is required by law. See, e.g., MCL 484.2309(1); MSA 22.1469(309)(1). There is no material difference in the language proposed by Sprint in this case. Thus, Sprint's proposed Section 15.1.7 is adopted.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; the Communications Act of 1934, as amended by the Telecommunications Act of 1996, 47 USC 151 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, 1992 AACCS, R 460.17101 et seq.

b. The interconnection agreement, as adopted by the arbitration panel and modified by this order, should be approved.

THEREFORE, IT IS ORDERED that:

A. The interconnection agreement, as adopted by the arbitration panel and modified by this order, is approved.

B. A complete copy of the interconnection agreement, as approved by this order, shall be filed within ten days of the issuance of this order.

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

John G. Strand  
Chairman

(SEAL)

I dissent, as discussed in my separate  
opinion.

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John C. Shea  
Commissioner

David A. Svanda  
Commissioner

By its action of January 15, 1997.

Dorothy Wideman  
Executive Secretary

The Commission reserves jurisdiction and may issue further orders as necessary.

MICHIGAN PUBLIC SERVICE COMMISSION

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Chairman

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Commissioner

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Executive Secretary

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Suggested Minute:

“Adopt and issue order dated January 15, 1997 approving the interconnection agreement adopted by the arbitration panel with certain modifications for Sprint Communications Company, L.P. with Ameritech Michigan, as set forth in the order.”