DICKINSON WRIGHT PLLC

215 S. WASHINGTON SQUARE, SUITE 200
LANSING, MICHIGAN 48933-1816
TELEPHONE: (517) 371-1730
FACSIMILE: (517) 487-4700
http://www.dickinson-wright.com

WILLIAM J. CHAMPION III
wchampion@dickinson-wright.com
(517) 487-4764

October 31, 2001

Via Electronic Case Filing and Hand Delivery

Dorothy Wideman
Executive Secretary
Michigan Public Service Commission
6545 Mercantile Way
Lansing, MI 48909

Re: In the matter of the application of Ameritech Michigan for a determination that directory assistance services provided to end-users are competitive services under the Michigan Telecommunications Act.
Case No. U-13007
BOH Docket No. 2001-1227

Dear Ms. Wideman:

Enclosed for filing regarding the above-captioned matter please find the original and four copies of ***Ameritech Michigan's Reply Brief***. Also enclosed is the original ***Proof of Service***.

If you should have any questions, please contact me. Thank you.

Very truly yours,



William J. Champion III

WJC/mds
Enclosures
cc: Parties of Record (w/encl.)

LANSING 34060-128 287248

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of Ameritech Michigan for a determination that directory assistance services provided to end-users are competitive services under the Michigan Telecommunications Act.	))))))	Case No. U-13007 BOH Docket No. 2001-1227

PROOF OF SERVICE

STATE OF MICHIGAN)
) ss.
COUNTY OF INGHAM)

Mindy D. Smith, being first duly sworn, deposes and says she is employed at Dickinson Wright PLLC; and that on October 31, 2001, she served upon the parties listed below a copy of ***Ameritech Michigan's Reply Brief*** via email and first class mail at the following address by depositing the same in a United States postal depository, enclosed in an envelope, bearing postage fully prepaid in Lansing, Michigan:

Administrative Law Judge
George Schankler
Michigan Public Service Commission
6545 Mercantile Way, Suite 14
Lansing, MI 48909
(Via Hand Delivery)

Counsel for Attorney General
Orjiakor N. Isiogu
Assistant Attorney General
Special Litigation Division
6520 Mercantile Way, Suite 2
Lansing, Michigan 48911

Counsel for Staff
Michael A. Nickerson
Assistant Attorney General
Public Service Division
6545 Mercantile Way, Ste. 15
Lansing, MI 48911

Counsel for TAM
Harvey J. Messing
Gary L. Field
Loomis, Ewert, Parsley, Davis & Gotting
232 South Capitol, Suite 1000
Lansing, Michigan 48933-1525

Counsel for XO Michigan
Michael S. Ashton
Fraser Trebilcock Davis & Dunlap PC
1000 Michigan National Tower
Lansing, MI 48933

Counsel for MPTA
Leland R. Rosier
Clark Hill PLC
2455 Woodlake Circle
Okemos, Michigan 48864-5941

Counsel for AT&T
John J. Reidy, III
AT&T Corp
222 West Adams, Ste. 1500
Chicago, IL 60606

Arthur J. LeVasseur
Fischer Franklin & Ford
3400 Guardian Building
Detroit, MI 48226

Counsel for WorldCom
Albert Ernst
Dykema Gossett
800 Michigan National Tower
Lansing, Michigan 48933-1742

James R. Denniston
MCI WorldCom Communications, Inc.
205 North Michigan Ave., Ste. 3700
Chicago, IL 60601



Mindy D. Smith

Subscribed and sworn to before me,
a Notary Public in and for said County,
this 31st day of October, 2001.



Deann Baillargeon, Notary Public
Ingham County, Michigan
My Commission Expires: 2/16/03

LANSING 34060-128 284313

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of Ameritech Michigan for a determination that directory assistance services provided to end-users are competitive services under the Michigan Telecommunications Act.	))))))	Case No. U-13007

AMERITECH MICHIGAN'S REPLY BRIEF

In this reply brief, Ameritech Michigan[1] will individually address the arguments raised by Staff and certain intervenors in their initial briefs. Except where necessary to provide context, Ameritech Michigan will not repeat the arguments set forth in its Initial Brief.

I. STAFF'S POSITION

After a thorough analysis of the competitive alternatives available to customers, Commission Staff agrees that directory assistance services provided to end-users are competitive and recommends approval of Ameritech Michigan's application, subject to certain conditions, discussed below. [Staff Brief, at 12] The Staff's conclusion that Ameritech Michigan's directory

[1] Michigan Bell Telephone Company d/b/a Ameritech Michigan, a Michigan corporation, is a wholly owned subsidiary of Ameritech Corporation, which owns the former Bell operating companies in the states of Michigan, Illinois, Wisconsin, Indiana, and Ohio. Ameritech Corporation is a wholly owned subsidiary of SBC Communications, Inc. Michigan Bell offers telecommunications services and operates under the names "Ameritech" and "Ameritech Michigan" (used interchangeably herein) pursuant to assumed names filings with the state of Michigan.

assistance services meet the applicable competitive criteria is clearly correct. The Staff does, however, take issue with the cost studies presented by Ameritech Michigan in this proceeding, and also recommends that current exemptions for handicapped customers should be retained after directory assistance services are deregulated. Specifically, Staff recommends that the Commission should,

> condition the grant of any competitive declaration relating to DA service on (1) Ameritech Michigan's submission of a compliant cost study for DA; and (2) a requirement that tariffs include provisions that exempt customers from directory assistance charges who have a physical or mental limitation that restrict the use of a telephone directory similar to that provided by Ameritech Michigan Tariff 20R, Part II, § 2, Sheet 4." [Staff Brief, at 12-13]

A. Staff's Proposal to Condition the Grant of Any Competitive Declaration Upon Submission of a Revised Cost Study is Inconsistent with the MTA

Commission Staff's proposal to condition a competitive declaration upon submission of a cost study that conforms to its proposal is inconsistent with the MTA. MTA section 207, MCL 484.2207, as amended by 2000 Act 295, provides that,

> *Until directory assistance service is determined by the commission to be a competitive service*, the commission shall determine the manner in which all directory assistance service to the end-user is to be regulated under this act. The regulations shall include both rates, if any, and quality of service. (Emphasis added.)

Section 207 is jurisdictional. If directory assistance services are not subject to competition, the Commission has jurisdiction to regulate them. If they are subject to competition, the Commission does not. Nothing in section 207 suggests that the Commission can "condition" a determination that directory assistance service is competitive and, thus, subject to its jurisdiction, upon a provider submitting a cost study. Clearly, whether or not a provider

submits a cost study has no relevance to whether a service is competitive. As AT&T points out, "[t]he approval of a TSLRIC study is not inherently a matter related to the investigation of whether a service is 'competitive'. . .." [AT&T Brief, at 4]

Commission Staff bases its argument that the Commission should require Ameritech Michigan to submit a revised cost study as a condition of making its competitive declaration upon MTA section 208(9), which requires submission of TSLRIC studies in connection with competitive declarations to deregulate *rates* under section 208, and the Commission's March 29, 2001 Opinion and Order in Case No. U-12765 ("March 29 Order.")[2]

In Case No. U-12765, Ameritech Michigan filed an application under section 207 and, to the extent applicable, section 701 of the MTA for a determination that directory assistance services are competitive.[3] Case No. U-12765 was a "notice and comment" proceeding. No evidentiary hearings were held. In its March 29, 2001 Opinion and Order, the Commission stated,

> After reviewing the parties' comments, the Commission is not persuaded that it may grant the application without a more extensive record basis for making such a determination. Rather, the Commission finds that, pursuant to the authority granted in MCL 484.2208(8); MSA 22.1469(208)(8), before making the requested determination, it should require Ameritech Michigan to file an application for a

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2 *In the matter of the application of Ameritech Michigan for a determination that directory assistance and related services are competitive under section 207 and 701 of the Michigan Telecommunications Act.*

3 Section 701(1), added by 2000 PA 295, imposed a "rate freeze" on most telecommunication services, except for those services "determined to be competitive." Pursuant to section 701(4), "the commission shall issue a determination as to whether a service is competitive within 60 days from the date the application is filed. If the determination is not made within 60 days, the service is considered competitive." The rate freeze provisions of section 701 have been stayed by order of the United States District Court in *Ameritech Michigan v. Engler*, Case No. 00-CV-73207-DT (E.D. Mich., September 14, 2000) As discussed *infra*, the applicability of section 701 to directory assistance services is at best dubious, since such services do not appear to fit within the MTA's definition of "telecommunication services."

> contested case hearing pursuant to Section 203 of the MTA, MCL 484.2203; MSA 22.1469(203), on the issue of whether DA service is competitive in an exchange, group of exchanges, or other clearly defined geographical area. *Id*., at 12.

While the Commission opined that section 208(8) authorized it to require a contested case hearing, the March 29 Order contained no discussion or analysis of the rationale underlying its opinion.[4]

As noted in its Initial Brief, Ameritech Michigan has no quarrel with the Commission's decision to require a contested case hearing before making a determination that directory assistance services are competitive. Unlike section 208, section 207 is silent as to the procedure to be utilized by the Commission in making a determination that directory assistance services are competitive. In the absence of a specifically mandated procedure, it was not unreasonable for the Commission to determine that section 203 procedures could be invoked.

Ameritech Michigan submits, however, that the Commission's authority to require a contested case hearing in this case does not derive from section 208(9). On its face, section 208 applies only when a provider seeks to classify a regulated telecommunication service as competitive in order to deregulate the *rate* of the service. That is a far different animal from a competitive determination under section 207 that has the effect of totally removing the service from the Commission's jurisdiction.[5]

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[4] While Ameritech Michigan's application in that proceeding questioned whether directory assistance services could properly be considered "telecommunication services" under both section 208 and section 701, the issue was not fully briefed for the Commission. Ameritech Michigan's application noted that a finding that the service was competitive under section 207 would obviate the need for the Commission to rule on that issue.

[5] As noted above, it is, at best, dubious that directory assistance fits within the MTA's definition of a telecommunication service. MCL 484.2102(dd)

Section 208 sets forth a detailed, but relatively straightforward, procedure under which providers may classify rate-regulated services as competitive:

1. The provider files to classify the service as competitive. MCL 484.2208(1).
2. The provider notifies its customers of its proposal to classify a service as competitive and the rate to be deregulated. MCL 484.2208(6)
3. While the Commission may, upon complaint or its own motion, review a classification under section 203, the classification takes effect and the rate is deregulated 45 days from the date of the notice. MCL 484.2208(7).

If a service is classified as competitive under section 208, "the rate for the service shall be deregulated and not subject to review under this act." MCL 484.2208(2). Under section 208(9), a provider may not file a competitive delcaration until it has an approved total service long run incremental cost study for the service.

As Mr. Lonergan noted in his testimony, a competitive classification under section 208 does not totally exempt a service from regulation. While the rate for the service may be deregulated, other valid regulatory requirements, such as filing tariffs, may remain in force. [Lonergan Direct, Tr. 312]

As a practical matter, the precise statutory basis for the Commission's jurisdiction to require a section 203 hearing would normally be a moot question, since Ameritech Michigan does not challenge it.[6] In its March 29 Order the Commission also opined, however, that Ameritech Michigan should submit a TSLRIC study for its directory assistance services pursuant

[6] The March 29 Order was merely a determination that the Commission would not make a determination at that time, and that a section 203 hearing should be held. The other opinions expressed by the Commission in the order are arguably dicta.

to section 208(9). Again, the Order contains no discussion or analysis as to the rationale for applying section 208(9) cost study requirements in a proceeding governed by section 207.

Applying the section 208(9) cost study requirement to a section 207 determination is both inappropriate and illogical. Because section 208 is intended to permit providers to "self-declare" a service to be competitive and the associated *rate* to be deregulated without any hearing, section 208(9) requires that the provider "shall not file to have a service classified as competitive until the provider has received the approval of the commission of a total service long run incremental cost study for the service to be classified." The purpose of requiring a TSLRIC study in connection with a section 208 filing is so the Commission can assure compliance with MTA section 321. Section 321 provides that,

> Except as otherwise provided under section 304a, a provider of a *regulated telecommunication service* shall not charge a rate for the service that is less than the total service long run incremental cost of providing the service. (Emphasis added.)

Section 321 is applicable only to regulated telecommunication services. Since a telecommunication service classified as competitive under section 208 continues to be regulated, the requirement for a TSLRIC study makes sense.

In this regard, section 208 stands in sharp contrast to section 207. Under section 207, the sole basis upon which the Commission has jurisdiction to regulate directory assistance services provided to end-users, a determination that a service is competitive divests the Commission of jurisdiction over the service. In other words, a competitive directory assistance service is no longer a regulated service subject to section 321. Since there is no requirement that unregulated services meet any artificial cost standard, it would serve no logical purpose to require a TSLRIC study. For that reason, the Legislature did not include any cost study requirement in section 207.

Nothing in section 207 suggests that procedural or substantive requirements of section 208 are incorporated by reference or otherwise applicable. For example, while section 207 does not require a contested case hearing, no one would argue that it authorizes the type of "self-declaration" procedure contemplated by section 208.[7] Section 207 requires a Commission determination, and there is no procedure for "automatic" relief if the Commission fails to make such a determination. In this regard, section 207 is more akin to section 701. Section 701 also requires a Commission "determination" that a service is competitive, rather than a provider self-declaration. Under section 701, however, if the Commission fails to make a determination within 60 days of an application, the service is deemed competitive. Nothing in section 207 suggests that the TSLRIC study requirements of section 208 are intended to be grafted on the section, particularly since they have nothing to do with whether directory assistance services are competitive.

B. If a TSLRIC Study is Required, the TSLRIC Studies Submitted by Ameritech Michigan Should be Approved

The cost studies submitted by Ameritech Michigan in this proceeding are consistent with both the Commission's costing principles and the MTA. [CONFIDENTIAL Exhibits A-7, A-8 and A-9] The cost studies, as well as Staff's criticism thereof, were discussed in detail in Ameritech Michigan's Initial Brief. Those arguments will not be repeated here. To the extent Staff's objections are based on the updated assumptions and cost models used in Ameritech

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[7] As discussed in its Initial Brief and further discussed below, this does not mean that the competitive criteria set forth in section 208(3)(a) – (e) are irrelevant to this proceeding. Far from it. The criteria are the Legislature's clearest expression of what it means for a service to be "competitive."

Michigan's cost studies (compared with Exhibit I-10), the problem is easily solved. Mr. Barch testified that, other than applying the appropriate Commission approved retail shared factor, the TSLRIC of retail DA would be identical to the unbundled wholesale DA cost study approved by the Commission in Case No. U-11831.

The National Directory Asssistance (NDA) cost study, CONFIDENTIAL EXHIBIT A-8, does, however, reflect certain aspects of the service which are unique and have no wholesale analogue. In particular, the longer holding times associated with NDA affect a number of cost elements, and the vendor charges associated with the national listings database are unique to this product. [CONFIDENTIAL Exhibit A-8, A-9] While Staff notes that DA service is not "new," NDA service is, in the sense that the service is newly subject to regulation. Until the enactment of 2000 PA 295, NDA was not even arguably subject to Commission regulation.[8] It would, therefore, have been both unnecessary and inappropriate to include costs unique to NDA in the unbundled DA cost studies in Case No. U-11831, as those services are not purchased on a wholesale basis.

To the extent that revisions to Ameritech Michigan's cost studies are deemed to be required, Ameritech Michigan agrees with Staff's position that such a compliance cost filing should be made in this docket. [See, Lonergan Cross, Tr. 319] Ameritech Michigan could submit a compliance cost study consistent with Mr. Passariello's recommendations in short order.

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[8] Until enactment of 2000 PA 295, the Commission's jurisdiction under section 207 was limited to "local directory assistance."

C. Staff's Proposal to Require Tariffs for Unregulated Directory Assistance Service is Contrary to the MTA.

Commission Staff proposed that current exemptions for certain handicapped customers from charges for directory assistance remain in effect following deregulation of the service. While Ameritech Michigan has no current intention of changing its exemption policy, requiring that policy to be set forth in tariffs is contrary to the MTA. MTA section 402 permits, but does not require, providers of unregulated services to file tariffs. As indicated in the Direct Testimony of Sandy Moore, Ameritech Michigan is willing to provide advance notice to Commission Staff in the event Ameritech Michigan decides to alter its current exemption policy. [Moore Direct, Tr. 91] In that way, the Commission could take whatever action it deemed appropriate at a time when a concrete plan was before it and a decision could be based upon facts rather than speculation.

II. AT&T'S POSITION

AT&T states in its Initial Brief that it "does not necessarily disagree with the underlying premise of Ameritech's Application – that retail directory service may be a competitive service within certain geographic areas in Michigan." [AT&T Brief, at 2] AT&T argues, however, that Ameritech Michigan should be required to submit revised cost studies before its application is approved. Much of AT&T's argument has already been addressed above, and will not be repeated here. One of AT&T's claims, parroted by WorldCom, merits a brief response, however.

AT&T takes the position that Ameritech Michigan must initiate multiple proceedings in order to obtain a determination that directory assistance services are competitive. First,

according to AT&T, Ameritech Michigan must initiate a proceeding to have a TSLRIC study approved. Then, months or perhaps years later, Ameritech must initiate a separate proceeding seeking a competitive determination for the services. [AT&T Brief, at 3] While it is not surprising to see a competitor such as AT&T arguing in favor of such a costly, cumbersome and time-consuming procedure, such a procedure would be inconsistent with the MTA's goals of streamlining regulatory procedures and allowing competition to determine the terms and conditions under which services are provided. MCL 484.2101. Staff does not support such a bifurcated process which would run counter to many years of Commission practice and precedent and serves no purpose other than delay and increased expense. Clearly, there is no bar either in logic or law to approving a cost study, assuming approval is required, as part of a proceeding to determine whether the service is competitive.

III. MPTA'S POSITION

MPTA's Initial Brief focuses entirely on its desire to avoid deregulation of the directory assistance services provided by Ameritech Michigan to independent pay phone providers (IPPs.) Apparently, in order to hedge its bet, MPTA recommends that the application be denied in its entirety, relying on the unspecified arguments of others.

As Ameritech Michigan's application makes clear, Ameritech Michigan is not seeking in this proceeding a declaration that directory assistance services provided to IPPs are competitive, whether or not IPPs are considered "end-users" under section 207 or not. Accordingly,

Ameritech Michigan has no objection to an order that specifically excludes directory assistance provided to IPPs from the Commission's competitive determination.[9]

IV. TAM'S POSITION

TAM supports Ameritech Michigan's application and requests the Commission to determine that directory assistance services are competitive. Ameritech Michigan concurs and will not respond to TAM's Initial Brief.

V. WORLDCOM'S POSITION

WorldCom, like AT&T, disputes both the sufficiency of Ameritech Michigan's cost studies and the timing of its application. These contentions are discussed above, and will not be repeated here.

WorldCom takes the position that directory assistance services are not competitive. WorldCom's position in this regard is flawed by its mistaken view of the applicable law and standards to be applied in this case and habit of attempting to relitigate outcomes in other proceedings with which it is apparently dissatisfied.

WorldCom's Initial Brief relies heavily on its interpretation of a pre-Telecommunications Act of 1996 FCC decision to classify AT&T as "non-dominant" in the interstate interexchange

[9] Of course, Ameritech Michigan reserves the right to seek a competitive determination with respect to directory assistance provided to IPPs at another time.

marketplace.[10] WorldCom is so enamored of this decision, it chose to incorporate in its Initial Brief over seven pages of the stricken testimony of Michael Lehmkuhl purporting to analyze the decision verbatim.[11] The Administrative Law Judge has already correctly ruled that the FCC decision relied upon by WorldCom is irrelevant. As the Administrative Law Judge ruled on Ameritech's Motion to Strike,

> I don't believe this lengthy discussion of the FCC's determination of what is a dominant and not a dominant carrier, under their legal constraints and rules and regulations, has anything to do with this case. I don't even know why it's in here." [Tr. 56-57]

The determination that the Commission must make in this case is whether directory assistance services provided to end-users are competitive *as that word is used in MTA section 207*, not whether some carrier should be classified as "dominant" or "non-dominant" for purposes of FCC tariffing or other requirements.[12] While section 207 neither defines the term "competitive" nor specifies the process under which the Commission should make a determination that a service is competitive, section 208 does express the Legislature's will as to the specific proofs required to demonstrate that a service is competitive.[13] In the absence of

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10 *Motion of AT&T to be Reclassified as a Non-dominant Carrier*, FCC 95-427 (Rel'd, October 23, 1995).

11 Apparently knowing that it would be improper to cite to stricken testimony in its brief, WorldCom simply quoted the stricken testimony verbatim, as argument, in its brief. Without commenting on the propriety of this, it clearly affirms the Administrative Law Judge's decision to strike the testimony as improper legal argument. WorldCom filed an Emergency Application to review the Administrative Law Judge's ruling, to which Ameritech Michigan will reply in due course.

12 The terms "dominant" and "non-dominant" do not appear anywhere in the MTA.

13 Only MTA sections 207, 208 and 701 use the term "competitive." Other sections use derivations such as "competing" or "competition." Webster's defines the word as: "relating to, characterized by, or based on competition." Competition is, in turn, defined as "the effort of two or more parties acting independently to secure the business of a third party by offering the most favorable terms." *Webster's Ninth New Collegiate Dictionary*, Merriam-Webster (1985).

some statutory indication that "competitive" means one thing in section 208 and something else in sections 207 and 701, it would be absurd to create some new standard out of a vintage FCC case. The evidence is overwhelming that Ameritech Michigan's directory assistance services are competitive under the legislatively mandated criteria set forth in section 208.[14]

WorldCom's contention that directory assistance services are not competitive is based upon a warped view of both the MTA and the evidence presented in this proceeding. WorldCom claims that:

1. Ameritech Michigan has approximately 91.7% of the lines in the Ameritech Michigan service area and that this "approximates the market share for dialed DA calls by customers." [WorldCom Brief, at 12] Yet, WorldCom's witness admitted that he didn't know the relationship between access lines and DA call volumes. [Tr. 280] When asked about WorldCom's 10-10-9000 service, he candidly admitted that "it's not tied to an access [line]. Anybody can dial the numbers." [Tr. 278] Access lines are not a good predictor of directory assistance "share", and they clearly have no relationship to usage of internet directories, telephone books, interexchange carrier directory assistance or any of the host of other competitive services.
2. WorldCom contends that Ameritech's market share loss may be almost entirely attributed to loss of large business customers. [WorldCom Brief, at 12-13] It bases this contention on Mr. Lehmkuhl's speculation. Contrary to Mr. Lehmkuhl's

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[14] Under section 208, if a competitive market exists, a provider may file to classify the service as competitive "for all providers." It is interesting to note, in this regard, that on September 7, 2000, immediately after 2000 PA 295 was signed into law, WorldCom filed an application seeking a determination under section 208 that directory assistance services are competitive. *See,* MPSC Case No. U-12596. Despite his unsupported protestations that directory assistance is not competitive, Mr. Lehmkuhl testified that such a filing did not surprise him. [Lehmkuhl Cross, Tr. 279]

speculation, however, the evidence is undisputed that both business and residential usage of Ameritech Michigan's directory assistance have dramatically declined. [Moore Rebuttal, Tr. 98; CONFIDENTIAL Exhibit A-6]

3. WorldCom claims that "[b]ased on the ubiquitous network which Ameritech has in place in its own service territory, it is believed that Ameritech could readily absorb all local DA traffic of its competitors immediately." [WorldCom Brief, at 16] WorldCom's Brief does not cite to the record for this rather outlandish and unsupported allegation – for good reason. Mr. Lehmkuhl's baseless testimony in this regard was stricken. [Tr. 195]

4. WorldCom repeats Mr. Lehmkuhl's claim that its 10-10-9000 service has been "grandfathered." [WorldCom Brief, at 15] The evidence is undisputed, however, that the service is still available to all callers and continues to be promoted by WorldCom. [Moore Rebuttal, Tr. 98-99]

5. WorldCom claims that 1+(NPA)555-1212 is not a competitive alternative to Ameritech Michigan's directory assistance services, even while acknowledging that customers can obtain both local and national directory assistance listings by using this alternative provided by all interexchange carriers. [WorldCom Brief, at 15] Of course, WorldCom fails to mention the obvious: Ameritech Michigan's "market share" of calls to 1+(NPA) 555-1212 is *zero*, since this dialing code is automatically routed to a customer's interexchange carrier and Ameritech Michigan is not currently permitted to handle interexchange calls.[15]

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[15] Neither WorldCom nor AT&T challenged the evidence that those companies combined complete more than 1 *billion* directory assistance calls annually. [Moore Direct, Tr. 88]

6. WorldCom complains that Ameritech Michigan has not priced its directory assistance listings (DAL), one of many sources of directory listings available to competitive directory assistance providers, at "cost." [Initial Brief, at 19] Apart from having nothing to do with this proceeding, WorldCom, through selective quotation of the FCC's *DAL Provisioning Order*,[16] failed to mention that the FCC's order rejected proposals to require DAL to be provided at cost.

7. Finally, WorldCom has completely misconstrued MTA section 208(4). Section 208(4) limits the ability of a provider to use the automatic competitive declaration provisions of section 208(6) if one of its competitors is a small local exchange carrier. Even if this section applied to Ameritech Michigan's application, and it does not, section 208(4) merely requires a provider to "apply to the commission for a review of the service under section 203 to determine whether the service is competitive and the rate deregulated." Of course, this is a proceeding under section 203.

WorldCom's claim that Ameritech Michigan's directory assistance services are not competitive is belied by the evidence in the record. The reality, as set forth in Ameritech's Initial Brief, is that customers have numerous choices for obtaining directory listing information, and are increasingly exercising those choices.

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16 *Provision of Directory Listing Information First Report and Order,* CC Docket 97-173 (Rel'd January 23, 2001).

VI. ATTORNEY GENERAL'S POSITION

The Attorney General takes the position that while "[c]learly, the directory assistance market is in the process of growing," it is not sufficiently "mature" to declare directory assistance to be competitive. [AG Brief, at 1-2] According to the Attorney General, the "alternative choices are not exactly ubiquitously available and/or reasonably priced to be affordable." [AG Initial Brief, at 3] While the Attorney General finds some fault with most competitive services, her Initial Brief fails to consider the competitive marketplace as a whole.

The Attorney General asserts that directory assistance services offered by CLECs are "dependent on the successful migration of the end-user to the CLEC." [AG Initial Brief, at 3] The evidence is undisputed, however, that more than eight percent of customers in Ameritech Michigan's service area have made that "successful migration" and, as a result, do not use Ameritech Michigan's directory assistance services.

The Attorney General acknowledges that internet directory sites "provide a useful way of obtaining directory assistance services," yet claims, without benefit of record support, that they are not an adequate substitute "due to the current digital divide." [AG Initial Brief, at 3] Clearly, however, the customers who made 555-1212.com, Anywho.com, Infospace.com, Smartpages.com, Switchboard.com and Superpages.com among the most popular sites on the internet found these sites to be an adequate substitute. [Moore Direct, Tr. 84] As Ms. Moore testified,

> the use of internet directory assistance increased by 22.6% between 1999-2000 and is expected to grow at a rate of 34% over the next seven years. By 2007, it is expected that the internet will be used over 5 billion times for directory assistance information. [Moore Direct, Tr. 88-89]

The Attorney General acknowledges that "there is a proliferation of wireless carriers," but asserts that "the vast majority of customers "are of a certain financial status." [AG Initial Brief, at 3] Again, there is no record support for this contention. To the contrary, as Mr. Lonergan testified, there are 3.4 million wireless subscribers in Michigan. [Lonergan Direct, Tr. 311]

Finally, the Attorney General fails to even discuss the ubiquitous directory assistance services available from interexchange carriers. As Mr. Lonergan testified, directory assistance from AT&T, WorldCom and Sprint are available to 100% of end-users in Ameritech Michigan's service area. [Lonergan Direct, Tr. 311]

VII. CONCLUSION

The Legislature, consistent with the express purpose of the MTA to encourage competition, granted the Commission authority to regulate directory assistance services until such time as the Commission determined that they were subject to competition. That time has come. The Commission Staff supports a finding that Ameritech Michigan's directory assistance services are subject to competition. The evidence in this proceeding compels that finding. It is now time for the competitive marketplace to be allowed to work.

Respectfully submitted,

Bruce R. Byrd (P48092)
AMERITECH MICHIGAN
444 Michigan Avenue, Room 1750
Detroit, Michigan 48226
(313) 223-8008

and

DICKINSON WRIGHT PLLC



By: _____
John M. Dempsey (P30987)
William J. Champion III (P31934)
Attorneys for Ameritech Michigan
215 South Washington Square, Suite 200
Lansing, Michigan 48933
Telephone: (517) 371-1730

Dated: October 31, 2001

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