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

December 6, 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

Dear Ms. Wideman:

Enclosed for filing regarding the above-captioned matter please find the original and four copies of ***Ameritech Michigan's Exceptions to Proposal For Decision*** and ***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

AMERITECH MICHIGAN'S EXCEPTIONS TO PROPOSAL FOR DECISION

TABLE OF CONTENTS

Page

I. INTRODUCTION 1

II. DIRECTORY ASSISTANCE SERVICES PROVIDED TO END-USERS ARE COMPETITIVE 2

A. Actual Competition for Directory Assistance Services Was Conclusively Demonstrated 3

1. The PFD Erroneously Found That Print Directories Were Not Actual Competition for Directory Assistance 6

2. The PFD Erroneously Found That Internet Directory Assistance Is Not Actual Competition 8

3. The PFD Erred in Concluding That Telephone Directory Assistance Provided by Third Parties Does Not Constitute Actual Competition 9

4. The PFD Erred in Determining That Wireless Services Do Not Provide Actual Competition 12

B. Competition and End-User Usage Was Demonstrated and Measured By Independent and Reliable Methods 15

C. While The PFD Correctly Concludes That Functionally Equivalent Services Are Available, It Erroneously Limits That Finding To Telephone Directory Assistance 18

III. NO COST STUDY IS REQUIRED UNDER SECTION 207 19

IV. TO THE EXTENT COST STUDIES ARE REQUIRED, AMERITECH MICHIGAN'S COST STUDIES SHOULD BE APPROVED 26

V. CONCLUSION 29

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 EXCEPTIONS TO
PROPOSAL FOR DECISION

On November 20, 2001, Administrative Law Judge (PFD) George Schankler issued a Proposal for Decision (PFD) in this proceeding. The PFD is contrary to the law and the evidence. Ameritech Michigan[1] submits the following exceptions to the PFD.

I. INTRODUCTION

On July 24, 2001, Ameritech Michigan filed an application, together with supporting testimony and exhibits, seeking a determination pursuant to section 207 and, to the extent applicable, section 208 of the Michigan Telecommunications Act (MTA) that 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 provided to end-users are competitive. The PFD recommended that the Commission find that directory assistance services provided to end-users are not competitive and that, should the Commission determine directory assistance services to be competitive, Ameritech Michigan should be required to file a revised cost study, in accordance with Staff's recommendations. The PFD is wrong on both counts.

II. DIRECTORY ASSISTANCE SERVICES PROVIDED TO END-USERS ARE COMPETITIVE

MTA section 207 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 included both rates, if any, and quality of service.

In determining whether directory assistance services are competitive under section 207, the PFD purported to look to the competitive criteria established by the Legislature in section 208(3).[2] Under section 208(3),

> A service is competitive under this section if for an identifiable class or group of customers in an exchange, group of exchanges, or other clearly defined geographical area, the service is available from more than 1 unaffiliated provider and 3 or more of the following apply:
>
> a. Actual competition, including facilities based competition, exists within the local exchange, group of exchanges or geographic area.

---

[2] Section 208 establishes criteria to be used by the Commission in determining whether regulated telecommunication services are competitive services. While it is doubtful, at best, that directory assistance fits within the definition of a "telecommunication service" under MCL 484.2102(dd), Ameritech Michigan had no objection to the PFD's use of section 208 competitive criteria, so far as they are applicable to directory assistance services. These criteria represent the clearest expression of legislative intent as to the requirements for demonstrating that a service is competitive.

b. Both residential and business end- users have service alternatives available from more than 1 unaffiliated provider or reseller.

c. Competition and end-user usage has been demonstrated and measured by independent and reliable methods.

d. Rates and charges for the service have changed within the previous 12-month period.

e. There is a functionally equivalent service, reasonably available to end-users from an unaffiliated provider or supplier.

Although the PFD concluded that both business and residence end-users have reasonably available alternatives to directory assistance services and that functionally equivalent services are available from unaffiliated providers or suppliers, satisfying the section 208(3)(b) and (e) criteria, it concluded that the section 208(3)(a) and (c) criteria had not been met. The PFD is wrong.

A. Actual Competition for Directory Assistance Services Was Conclusively Demonstrated

In evaluating whether "actual competition" exists for directory assistance services, the PFD concluded, consistent with Staff's position, that the requirement of "facilities based" competition was inapplicable to directory assistance service, since directory assistance is not a "facilities based" service. [PFD, at 15][3] Accordingly, the PFD concluded that,

> [T]he question is whether "actual competition exists within the Ameritech service area." In addressing this question, one must define what "actual competition" means in the DA marketplace. [PFD, at 15]

---

[3] While Ameritech Michigan agrees with Staff and the PFD in this regard, to the extent the "facilities based" requirement is deemed to be applicable, the evidence is undisputed that telephone directory assistance competitors do utilize their own facilities, such as operator call centers, rather than exclusively reselling services. For example, both Metro One and InfoNXX have operator centers in Detroit. [Moore Direct, Tr. 81-82]

While the PFD did not define the term, the PFD concluded that "actual" competition "connotes some significant level of competition so that some fledgling or nominal alternative to 1-555-1212 DA would not satisfy Sec. 208(3)(a)." In essence, the PFD appears to have created some type of quantitative threshold for when "actual" competition exists, without identifying the quantitative threshold. "I know it when I see it" is not an appropriate standard. Furthermore, the PFD apparently concluded that services which compete with directory assistance by providing end-users with listed telephone numbers cannot be considered "actual competition" unless they are (a) available to all end-users and, (b) use a single technology, a voice telephone. Again, the PFD has misread the law.

The dictionary defines "actual" as "existing and not merely potential or possible."[4] It does not connote anything with respect to quantity. Ameritech presented testimony which demonstrated that the lack of entry barriers, regulatory climate and technological advancement have made it possible for competition to develop.[5] The evidence went much further than that, however. The evidence is undisputed that competition is not merely *possible*, it exists, and it is flourishing.

In reviewing whether actual competition exists, Staff took a common sense approach consistent with the law and marketplace reality. Mr. Lonergan testified that,

> Staff agrees with Ameritech that telephone users throughout the state have alternatives for obtaining directory assistance and that these alternatives do reflect the essence of competition. In addition to various print directories, internet services and commercially available databases including CD-ROM products, directory assistance via phone is available from Ameritech, MCI WorldCom,

---

4 American Heritage Dictionary of the English Language, 4th Ed. (2000)

5 In rejecting WorldCom's attempt to interject irrelevant arguments, the PFD noted that this proceeding concerns "*whether* competition exists, not *why* it may or may not exist. Hence, while the 'why' issues are informative, they are not germane to the 'whether' issues which must be decided." [PFD, at 14] (Emphasis in original.)

> Allegiance Telecom, AT&T, Teligent, Comcast, Sprint, CenturyTel and other providers. Staff submits that Ameritech has demonstrated that this criterion has been met. [Lonergan Direct, Tr. 310]

Without any cogent explanation, and despite evidence of their widespread availability and usage, the PFD erroneously concluded that print directories, internet directory assistance, and wireless directory assistance did not constitute "actual competition."[6] Similarly, the PFD found that "DA via access code and from third-party providers are competitive services for 1-555-1212 services," [PFD, at 16] but also found that they were not "actual" competition.

Inexplicably, the PFD did not even discuss the undisputed fact that Ameritech Michigan's directory assistance services also face competition from directory assistance services offered by interexchange carriers, such as AT&T, WorldCom and Sprint, *without the need to dial any access code*[7]. An AT&T customer, for instance, who dials "00" has access to listed telephone numbers from around the neighborhood as well as around the country.

The PFD also failed to discuss the undisputed fact that *all* CLEC customers do not use Ameritech Michigan's retail directory assistance services. In fact, they do not even have access to the services. In sum, the PFD ignored the expert opinion of the Commission Staff, ignored the evidence, and misinterpreted the law on this piont.

---

[6] The PFD discussed these services individually. It is not clear whether the PFD considered whether the cumulative effect of all of these services would rise to the level of "actual" competition, even as improperly defined.

[7] Complete, nationwide listed telephone numbers are available to end-users from their interexchange carrier by dialing "00" or 1+(NPA)555-1212.

1. The PFD Erroneously Found That Print Directories Were Not Actual Competition for Directory Assistance

The PFD concluded that print directories "cannot be considered as competition for directory assistance services," reasoning that,

> Print directories have been ubiquitous in Ameritech's service area for many years. Had the legislature deemed print directories to be competition for DA, it would have deregulated DA when it passed the MTA. After all, virtually every end-user has a free print directory. [PFD, at 15][8]

The PFD's conclusion is both unwarranted and an unsustainable leap of logic.[9]

Prior to the enactment of section 207, 2000 PA 295, by the Commission's jurisdiction over end-user directory assistance services was limited to "local directory assistance," defined as "the provision by telephone of a listed number with the caller's area code." MCL 484.2102(p). The 2000 PA 295 amendment both expanded the Commission's jurisdiction to encompass *all* intrastate directory assistance services and, consistent with the MTA's overall purpose to "[a]llow and encourage competition to determine the availability, prices, terms, and other conditions of providing telecommunication services," MCL 484.2101(b), provided for the deregulation of directory assistance services upon a determination by the Commission that the service is competitive.

---

[8] In fact, the evidence is undisputed that print directories are available to 100 percent of Ameritech's customers from one or more directory companies, including McLeod USA Publishing, Transwestern Publishing, Landmark Publishing, CRG Directories and Ameritech Publishing. [Lonergan Direct, Tr. 311; Moore Direct, Tr. 83; Exhibit A-3]

[9] Although not stated, the PFD's logic would presumably apply to every other competitive product or service that was available at the time the Legislature acted, including internet directory assistance and telephone directory assistance offered by *every* local and interexchange carrier in Michigan. This interpretation would render both sections 207 and 208 essentially meaningless.

It is certainly not a novel concept for the Legislature to set policy goals and legal requirements, entrusting the implementation of a law in specific factual situations to an administrative agency in the first instance. That is the primary purpose of administrative agencies. For the PFD to conclude that, in entrusting the Commission to make a determination as to whether competition for directory assistance services exists, the Legislature had already concluded, *sub silencio*, that competition does not exist, is inconsistent with both law and reason.

Under this logic, the Commission would have no role under section 207 other than to determine what, if anything, has *changed* since the MTA (or presumably the most recent amendment thereto) was passed. The PFD's logic is nothing short of Kafkaesque:

> "The Legislature empowered the Commission to make a determination as to whether directory assistance is competitive, but the Commission can't determine that directory assistance is competitive, since if it was competitive, the Legislature would have already said so and deregulated it!"

Clearly, the Legislature did not direct the Commission to make a determination as to whether competition for directory assistance had developed since the passage of 2000 PA 295. It provided for the deregulation of directory assistance services upon a determination that the service is competitive. Obviously, that determination must be made in the context of an appropriate proceeding, rather than materializing out of the ether. This is that proceeding.

Directory assistance, by definition, has one function or purpose: to provide an end-user with a listed telephone number. Print directories have the identical purpose and function. To the extent a customer chooses to look up a listed telephone number in a phone book, the customer has no need to use, and does not use, operator assisted directory assistance to do so. In the real world, that is known as competition.

2. The PFD Erroneously Found That Internet Directory Assistance Is Not Actual Competition

While dismissing the competitive alternative offered by print directories, the PFD concluded that "it is reasonable to at least look at internet directory services." [PFD, at 15][10] The PFD concluded that internet directory assistance is "an alternative to 1-555-1212" [PFD, at 16], but found that "Ameritech has not established that this service provides 'actual competition' for 1-555-1212 DA" since "[a] substantial percentage of end-users do not have computers with internet access and the process for obtaining a phone number over the internet is far different than simply dialing 1-555-1212." [PFD, at 15]

The PFD's conclusions are unsupportable as a matter of law. First, the evidence is undisputed that 42% of United States households now have internet access.[11] [Lonergan Direct, Tr. 311] The number of internet users is now about 400 million and is doubling every one to two years. [Moore Direct, Tr. 85] From 1999-2000 alone, use of internet directory assistance increased by 22.6%, and usage is expected to grow at a rate of 34% over the next 7 years. By 2007, the internet will be used for directory assistance over *5 billion times*.[12] [Moore Direct, Tr. 89] This is more than some trifling or theoretical usage. The services are *actually* used. In fact, the evidence is undisputed that internet directories are among the most heavily used sites on the

---

10 The PFD did not explain the inconsistency of deciding to "at least look at" internet directories, which also were in existence at the time 2000 PA 295 was enacted, while refusing to "at least look at" print directories.

11 The household penetration does not even count those customers who have access to the internet at work or through public computers at libraries and schools.

12 It is reasonable to infer that internet directory assistance users in Michigan are similar to those in other states. With approximately 4% of the population, internet directory usage in Michigan would significantly exceed that of Ameritech's directory assistance. [Confidential Exhibits A-5, A-6]

entire internet. [Moore Direct, Tr. 84] There is no reason to assume that end-users in Michigan behave any differently with respect to their directory assistance usage than end-users throughout the nation. Directory assistance has become a nationwide and even worldwide business. The companies that offer internet directory services are hardly "mom and pop" outfits. They include AOL Time Warner, AT&T, Verizon, Yahoo! and Microsoft. [Moore Direct, Tr. 84; Exhibit A-4] The fact that not every end-user has access to the internet does not mean that internet directory assistance is not "actual competition" for Ameritech Michigan's directory assistance service.[13] The fact that internet directory assistance requires a different device than a standard voice telephone is irrelevant to the question of whether it competes with telephone directory assistance.[14]

3. The PFD Erred in Concluding That Telephone Directory Assistance Provided by Third Parties Does Not Constitute Actual Competition

The PFD found that,

> [A]ccess code services offered by other providers do compete with 1-555-1212 DA in that an end-user can pick up a telephone and dial an alternative provider's access code to receive the same service supplied by Ameritech. And everyone who has basic local exchange service has access to this alternative." [PFD, at 16]

Nonetheless, the PFD, applying some unstated and unsubstantiated test, found that this did not represent actual competition.

---

13 As discussed above, not every end-user has access to Ameritech's directory assistance.

14 Internet directory assistance services are available through a computer with a browser and on-line connection of some type. They are also available on numerous wireless devices and even may be downloaded to personal digital assistants, such as a Palm Pilot.

The term "access code services" was never used by any witness. Apparently, the PFD is referring to directory assistance services provided by interexchange carriers, which are available to *all* end-users, including those presubscribed to another interexchange carrier, by dialing the carrier's "10-10" access code. Perhaps the best known of these services are WorldCom's "10-10-900" service and AT&T's "10-10-ATT-00 Info" services. These services are the same directory assistance services offered by interexchange carriers to their presubscribed customers by dialing "00."[15]

The PFD concluded that although "access code DA" is available to everyone and has been "promoted to some extent," it has not "matured to the point that it provides 'actual competition.'" [PFD, at 16] First, the PFD apparently failed to recognize that interexchange carriers, such as AT&T, WorldCom and Sprint, have been providing directory assistance in Michigan since divestiture.[16] Their current services include both local and national telephone numbers. They are available to 100 percent of end-users in Ameritech Michigan's service area.

---

[15] Customers can also access their presubscribed interexchange carrier's directory assistance by dialing "00" or 1+NPA+555-1212. They can also access any other interexchange carrier's directory assistance by preceding those numbers with the carrier's access code.

[16] The FCC has repeatedly recognized that directory assistance services are competitive. Most recently, the FCC permanently waived CEI requirements for so-called "reverse" directory assistance for Ameritech Michigan and other SBC companies, stating,

> [I]n our previous order granting SBC's existing waivers, the Bureau determined that a waiver of the CEI requirements was in the public interest since competition already existed in the directory assistance market, and since compliance with the CEI requirements was not necessary to allow competing providers to offer that service.

Petition of Nevada Bell, et. al, CC Docket 00-227, Memorandum Opinion and Order (Rel'd, November 1, 2001), at page 8.

[Lonergan Direct, Tr. 310] In 1999, AT&T and WorldCom handled over a *billion* directory assistance calls. [Moore Direct, Tr. 80] That would seem mature enough.[17]

The PFD's offhand reference to the fact that Ameritech Michigan's competitors promoted their services "to some extent" understates the case. The evidence is undisputed that AT&T promoted its "00 Info" services to the extent of $92 million dollars -- more than $8.2 million specifically targeted at Michigan -- in 1999-2000 alone. Similarly, WorldCom also spent significant sums of money promoting its 10-10-9000 "America's Directory Assistance" service, including more than $3 million in the Ameritech region during 1999 alone.[18]

The PFD also discounted the telephone directory assistance services offered by providers such as InfoNXX and MetroOne. According to the PFD, "Ms. Moore did testify that third-party providers InfoNXX and MetroCom [sic] have experienced triple digit growth, but no source was given for the information. . .." [PFD, at 16] In fact, Ms. Moore not only testified as to the phenomenal growth, she also identified the source of the information. "*According to its year 2000 10-K* filed with the Securities and Exchange Commission, Metro One's revenues and net income have increased more than 800% since 1996, and its growth appears unabated. First quarter revenues increased 69% over the prior year." [Moore Direct, Tr. 82] (Emphasis added.)

The PFD failed to acknowledge that telephone directory assistance services are provided by every CLEC as well. Mr. Lonergan testified that "directory assistance via phone is available from Ameritech, MCI WorldCom, Allegiance Telecom, AT&T, Teligent, Comcast, Sprint,

---

[17] It is a reasonable inference that use of these nationwide services in Michigan is similar to that of the nation as a whole. With approximately 4% of the national population, this would mean approximately 40 million calls originated in this state, hardly a trifling number.

[18] In addition, WorldCom engaged in a direct mail campaign, sending 10-10-9000 telephone stickers to customers in Michigan. [Exhibit A-1]

CenturyTel and other providers." [Lonergan Direct, Tr. 310] According to Staff, CLECs currently serve approximately 8% of the total access lines in Ameritech Michigan's service area. [Lonergan Direct, Tr. 311] These CLECs provide directory assistance using either their own operators or third-party vendors, including Ameritech Michigan. [Moore Direct, Tr. 78]

Customers who choose CLECs for their local service are not end-users of Ameritech Michigan's directory assistance. There is no evidence that would support an inference that CLEC customers use telephone directory assistance any differently than Ameritech Michigan's local customers.[19] It is, therefore, reasonable to conclude that approximately 8% of all telephone directory assistance calls are handled by CLECs (or their directory assistance vendors), rather than through Ameritech Michigan's retail service.[20]

4. The PFD Erred in Determining That Wireless Services Do Not Provide Actual Competition

The PFD found that directory assistance offered by wireless carriers,

> "suffers from the same shortcoming as internet service. It requires a separate device which must be acquired and utilized to access DA. A substantial number of end-users do not have wireless service." [PFD, at 17]

The PFD's conclusion that wireless directory assistance "is an alternative" [PFD, at 17], but does not compete with wireline directory assistance because it "requires a separate device" is

---

19 In fact, since CLECs typically target high usage customers, if anything their customers may be more frequent users of telephone directory assistance.

20 The loss of local exchange customers to CLECs explains some portion of Ameritech Michigan's loss of retail directory assistance usage. It is unlikely, however, that those competitive losses could explain the full extent of Ameritech Michigan's competitive directory assistance losses.

mystifying. No one would seriously doubt, for example, that DVDs compete with video tapes, or that CD-ROMs compete with cassette tapes, even though they require separate devices.

Wireless directory assistance is offered in Michigan by Sprint PCS, Nextel, Cingular Wireless, AT&T Wireless, Voicestream Wireless and Verizon Wireless, among others. [Moore Direct, Tr. 85] With respect to the "substantial number" of persons that do not have wireless service, the evidence is undisputed that there are approximately *3.4 million* Michigan wireless subscribers in Michigan who, therefore, have access to cellular directory assistance. [Lonergan, Tr. 18] Cellular telephone penetration continues to grow at a rapid pace, and along with it, cellular directory assistance services.[21]

The PFD's assertion that "the fact that wireless end-users seek DA via wireless providers does not demonstrate how often local exchange service end-users elect wireless DA" illustrates the PFD's overly restrictive understanding of the nature of competition. Wireless end users do use wireless DA, rather than Ameritech Michigan's directory assistance. Wireless users are also local exchange service users, unless they have dropped their local exchange service entirely. Whether or not wireless end-users are also local exchange service end-users, or have elected to drop their land-line service, is beside the point. A call to wireless DA is a call that will no longer go to Ameritech Michigan's directory assistance services (or any other competitive service.)

Under the PFD's rationale, a directory assistance service cannot be "actual competition" unless:

1. Everyone has access to it (unless they have had access to it for a long time.)

2. It does not require any type of "separate device," other than a landline telephone.

---

[21] The number of cellular subscribers increased by 60% from June, 1998 to June, 2000. [Moore Direct, Tr. 89]

Under the PFD's reading of the law, cable television would not be "actual competition" for broadcast television. Neither one would provide competition for video rental companies, let alone DVD sellers or movie theaters. A customer seeking only to watch *Gone with the Wind* would disagree.[22]

Competition does not mean that one service totally displaces another. Customers may buy both corn flakes and shredded wheat, but Kellogg knows that every bowl of shredded wheat eaten is a bowl of corn flakes that will not be eaten. Competition does not require that competitive products be *identical.* Indeed, that is rarely the case. Incandescent light bulbs compete with fluorescent light bulbs, despite very different characteristics, different cost to purchase and different cost to operate. Competition does not even require the products be used in an identical fashion. Snow shovels compete with snow blowers to fulfill their function of removing snow. Depending on the amount of snow, the availability of cheap teenage labor and other factors, one may be preferable to another at different points in time. The essence of competition is customer choice in fulfilling a perceived need, in this case, the provision of listed telephone numbers. When customers are given competitive alternatives they will choose the ones that provide the desired level of functionality, convenience and value to meet their needs at a particular time and place.

---

[22] Similarly, the buggy manufacturers of the late 19th Century would undoubtedly be relieved to know that they did not face any actual competition from the horseless carriage.

B. Competition and End-User Usage Was Demonstrated and Measured By Independent and Reliable Methods

The PFD concluded that competition and end-user usage was not measured by independent and reliable methods. The evidence is undisputed that Ameritech Michigan's directory assistance volumes are significantly declining. [Confidential Exhibits A-5, A-6] The question is: why? In the face of area code proliferation, changing telephone numbers and an increasingly mobile society, do customers have less need to obtain listed telephone numbers – or are they simply choosing competitive alternatives to obtain those numbers?

Mr. Lonergan testified that,

> While Ameritech's directory assistance volumes may have declined, Ameritech has not demonstrated the reasons for the decline or provide any evidence that other providers have been the beneficiaries. [Lonergan Direct, Tr. 311]

On cross-examination, however, Mr. Lonergan conceded that if telephone directory assistance usage as a whole is *increasing*, while Ameritech Michigan's usage is *decreasing*, it would be a "reasonable conclusion" that some other provider was benefiting from that decline in usage. [Lonergan Cross, Tr. 318] In fact, the conclusion is not only reasonable, it is inescapable.[23]

---

[23] In *Application of SNET, supra,* the Connecticut DPUC found that evidence of decreasing usage of SNET's directory assistance services demonstrated the existence of competition.

> The Telco provided under protective order the DA and DACC call volumes for the period 1996 through 1999. According to this data, the Telco's DA volumes have decreased by 35% since 1996. . . The Telco states that while it has lost significant volume of DA traffic, it is difficult to ascertain the overall market growth not captured by the Company. Nevertheless, the Telco concludes that the decrease in DA call volume relative to the increase in access lines indicates that consumers are using alternative DA providers.

It would have been nice, of course, to present comparable usage data from AT&T, WorldCom, Sprint, Yahoo!, AOL, McLeod Publishing, Microsoft, Verizon and every other competitor. Obviously that is not possible. Most of Ameritech Michigan's directory assistance competitors are not regulated by the Commission. None of them are inclined to make proprietary usage information available to a competitor.

Independent market research by Frost & Sullivan demonstrates that telephone directory usage is, in fact, growing at a moderate pace. [Moore Direct, Tr. 88] Ameritech Michigan's directory assistance service is not sharing in that moderate growth. It is declining.[24]

Independent market research by Frost & Sullivan also proved that the use of internet directory assistance is growing at a torrid pace and is expected to continue to grow over the next 7 years, resulting in over 5 billion directory assistance requests. [Moore Direct, Tr. 88-89] Not one of these 5 billion requests is handled by Ameritech Michigan's directory assistance.

According to its published 10-K form, filed with the United States Securities and Exchange Commission, Metro One, a directory assistance provider having an operator center in Detroit, handled approximately 302 million requests for listing information in 2000, a 113% increase from the prior year. Not one of those calls was handled by Ameritech Michigan.

---

[24] Eroding LEC directory assistance usage is not limited to Michigan. According to the FCC, "It appears that this increasing availability of competitive OS/DA providers coincides with a decrease in incumbent LEC OS/DA call volumes. Evidence in the record indicates that call volumes to incumbent OS/DA services have declined steadily over the past few years." Implementation *of the Local Competition Provisions of the Telecommunications Act of 1996*, Third Report and Order and Fourth Notice of Proposed Rulemaking, CC Docket 96-98 (Released 11/5/999) (*UNE Remand Order*), at 202. State commissions have fully or partially deregulated directory assistance services in the SBC states of Illinois, Indiana, Wisconsin, Connecticut, Kansas, and Texas. They have also been fully or partially deregulated in Colorado, Idaho, Nebraska, South Dakota, Washington, Wyoming, Maryland, Delaware and New Jersey.

According to Staff, CLECs now account for approximately 8 percent of the access lines in Ameritech's service area. [Lonergan Direct, Tr. 311] The access line estimate is derived from a presumably "independent and reliable" Staff study. [Exhibit I-15] Not one of those CLEC customers is able to use Ameritech Michigan's local or national directory assistance. Calls to 1-555-1212 are routed automatically to a customer's local provider.[25] [Moore Cross, Tr. 110]

Mr. Lonergan testified that 3.4 million Michigan customers have cellular phones. [Lonergan Direct, Tr. 311] Mr. Lonergan further testified about the "extensive use and marketing" of, among other competitive offerings, wireless phone services. [Lonergan Direct, Tr. 312] Again, not one of those wireless directory assistance users is an end-user customer of Ameritech Michigan's directory assistance services.

Ameritech Michigan did not present in this proceeding some type of Gallup Poll reporting, for example, that "Ameritech Michigan's average directory assistance customer now makes 3.2 calls per month to Ameritech's directory assistance, while using the phone book 4.6 times, the internet 3.9 times, etc." Nothing in logic, reason or law, including section 208, requires competitive usage information to be wrapped up and tied in a bow. The information presented, from numerous independent, credible and reliable sources, including Commission Staff, competitors' SEC filings, and independent market research companies, demonstrates that competitive alternatives to Ameritech's directory assistance services *are being used*. One does not need to see the tree fall in the forest to know that it has fallen, if the freshly-cut stump is plainly visible.

---

[25] Similarly, calls to 1 (NPA) 555-1212 are routed to a customer's presubscribed interexchange carrier. In Michigan, that will not be Ameritech Michigan.

C. While The PFD Correctly Concludes That Functionally Equivalent Services Are Available, It Erroneously Limits That Finding To Telephone Directory Assistance

The PFD correctly found that functionally equivalent services are reasonably available to end-users from unaffiliated providers or suppliers, thus satisfying section 208(3)(e). The PFD correctly noted that "the function of DA as provided by Ameritech is to provide the end-user with the ability to conveniently obtain directory listings." [PFD, at 18] Having found that, however, the PFD promptly ignored its own finding.

The PFD determined that competing telephone directory assistance services are functionally equivalent, but that internet directory assistance, internet database downloads, CD ROM databases and wireless directory assistance are not.[26] This conclusion is illogical and contrary to the plain meaning of the law.[27]

As the PFD correctly held, the function of directory assistance services is to provide listed telephone numbers. [PFD, at 18] That is the *identical* function of internet directory

---

[26] The PFD does not even discuss telephone books, presumably because the PFD felt free to disregard them, as discussed above.

[27] Other jurisdictions have recognized that differences in the technology used to provide listed telephone numbers do not mean the services are not functionally equivalent. In page 22 its decision finding SNET's directory assistance service to be competitive, the Connecticut Department of Utility Control found that,

> The record also contains examples of services that the Department believes are functionally equivalent to the Telco's DA and DACC services. Specifically, there appears to be many Internet sites that offer information listings that are functionally equivalent to the Company's DA service offering. Similarly, the wireless industry is another source of DA services, albeit at slightly higher rates than those imposed by wireline providers.

Application of SNET for Approval to Reclassify Directory Assistance and Directory Assistance Call Completion as Competitive Services, Conn. DPUC Docket No. 00-18-17 (January 31, 2001) (cites omitted).

services, telephone books, internet database downloads, CD-ROM databases and cellular directory assistance. Merely because the technology used to access the listed telephone numbers varies, the *functional* equivalence does not. [28]

As Mr. Lonergan testified,

> Staff agrees that this criterion has been met. The extensive use and marketing of functionally equivalent services, such a [sic] print phone directories, internet services and wireless phone services indicate that most households and businesses generally have alternatives to wireline directory assistance services. [Lonergan Direct, Tr. 312]

The PFD's stilted view of functional equivalence has no basis in law or logic.

III. NO COST STUDY IS REQUIRED UNDER SECTION 207

The PFD incorrectly determined that, should the Commission find that DA is a competitive service, deregulation of the service should be "deferred" until Ameritech Michigan files and gains approval of a cost study consistent with Staff's proposal in this case. [PFD, at 23] The PFD's finding is inconsistent with section 207.

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.)

---

[28] Under the PFD's view of functional equivalence, obtaining a listed telephone number by dialing 1-555-1212 from a cordless telephone in a garage is not functionally equivalent to obtaining the same listing by dialing 1-555-1212 from a cellular telephone in the same garage.

Section 207 is jurisdictional.[29] 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]

The PFD apparently relied upon the Commission's March 29, 2001 Opinion and Order in Case No. U-12765 ("March 29 Order.")[30] 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.[31] Case No. U-12765 was a

---

29 The PFD's assertion that, since Ameritech Michigan's arguments are "jurisdictional," they should have been raised at the commencement of the case is without merit. First, Ameritech Michigan's applications in both this case and U-12725 raised the issue that section 208's requirements were not applicable to a determination under section 207. Secondly, jurisdictional arguments cannot be waived.

30 *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.*

31 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."

"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 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.[32]

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

---

[32] 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.

competitive determination under section 207 that has the effect of removing the service from the Commission's jurisdiction.[33]

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 declaration 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

---

[33] 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).

does not challenge it.[34] In its March 29 Order the Commission also opined, however, that Ameritech Michigan should submit a TSLRIC study for its directory assistance services pursuant 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.[35]

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.

---

[34] 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 in the order are arguably dicta.

[35] Because Case No. U-12765 was a notice and comment proceeding, the Commission did not have the benefit of briefing or argument regarding the applicability of section 208(9)'s cost study requirement to a proceeding under section 207.

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.

The PFD recognized that deregulation under section 207 is fundamentally different from *rate* deregulation under section 208. Because competitive directory assistance services are deregulated, the PFD appropriately rejected Staff's proposal that Ameritech Michigan be required to file tariffs for the service following a competitive determination under section 207.

> Ameritech's arguments go [sic] the fundamental authority to impose what Staff is recommending. Staff's briefs did not respond to Ameritech's arguments and did not provide any statutory or other authority for its position, which in essence attempts to impose one element of the regulatory framework upon Ameritech even after DA service is found to be competitive and thus deregulated. . . . The Administrative Law Judge finds that Ameritech's unrebutted arguments are persuasive. . .. [PFD, at 24]

Nothing in section 207 suggests that procedural or substantive requirements of section 208 are incorporated by reference or otherwise applicable.[36] 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.[37] Section 207 requires a Commission

---

[36] In fact, section 207 makes no reference to section 208.

[37] As discussed above, this does not mean that the criteria on competition 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." But the other procedural requirements in section 208 are not implicated by section 207.

"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. Again, such a "default" procedure is absent from section 207, and no one could seriously contend that the Commission's failure to make a determination *under section 207* within 60 days results in the service being "deemed competitive."

Section 207 is the sole basis upon which the Commission may exercise authority to regulate directory assistance services to end-users. The specific grant of authority must trump the more general authority to deregulate rates for regulated telecommunication services. 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. In fact, if the Legislature intended all of the requirements of section 208 to be applicable to a competitive determination under section 207, section 207 would be entirely superfluous.[38]

[38] Of course, in the absence of section 207, nothing in the MTA grants the Commission authority to regulate directory assistance services provided to end-users.

IV. TO THE EXTENT COST STUDIES ARE REQUIRED, AMERITECH MICHIGAN'S COST STUDIES SHOULD BE APPROVED

The PFD apparently adopted Staff's criticisms of Ameritech Michigan's cost studies, [PFD, at 21], and recommended that Ameritech Michigan be required to submit revised studies consistent with Staff's approach. The recommendation should be rejected.

Ameritech Michigan offered into evidence confidential TSLRIC cost studies for both local directory assistance (DA) and national directory assistance (NDA) as Confidential Exhibits A-7 and A-8, respectively. The cost studies are consistent with the definition of total service long run incremental cost set forth in MTA section 102(ff), MCL 484.2102(ff), and with the Commission's requirements for TSLRIC studies. [Barch Direct, Tr. 141]

Staff witness Louis Passariello criticized Ameritech Michigan's cost studies on several grounds. First, Mr. Passariello apparently objected to Mr. Barch's use of the Operator Services Cost Analysis Reporting System ("OSCARS"). [Passariello Direct, Tr. 291] Mr. Passariello did not offer any specific criticisms of the OSCARS model. He did not testify that there were any flaws in the model, or that it otherwise produced results that were less than trustworthy. Instead, his sole criticism appears to be that the model is different than the "OACIS" model[39] previously used by Ameritech Michigan in its unbundled directory assistance studies in Case No. U-11831. [Passariello Direct, Tr. 292] In the words of Mr. Passariello, "That [OACIS] was the one the Commission approved in 831. So I don't see any need for that change or update in that model." [Passariello Cross, Tr. 302]

---

[39] "OACIS" is an acronym for Operator Analysis Cost Information System.

OSCARS is the cost model currently used in all SBC states, having been determined to be the "best of breed" among various cost models that previously were used. [Barch Rebuttal, Tr. 148] OSCARS was chosen because it produces cost studies that are both more intuitive and easier to audit than the "OACIS" model previously used by Ameritech Michigan. [Barch Rebuttal, Tr. 148] It is certainly not unreasonable for a company to change its practices as more efficient and effective methods become available.

Mr. Passariello also objected to the fact that the DA and NDA TSLRIC cost studies, Confidential Exhibits A-7 and A-8, are based on a 2001 – 2004 study period. According to Mr. Passariello, this study period is "inconsistent with the year 2000 study period used by Ameritech in its TSLRIC studies filed in Case No. U-11831 and later approved by the Commission." [Passariello Direct, Tr. 291, Confidential Exhibit I-10] As Mr. Barch testified, the unbundled operator services/directory assistance (OS/DA) cost study approved in Case No. U-11831, Confidential Exhibit I-10, was performed in 1998 and 1999 using a projected 2000 study period. [Barch Rebuttal, Tr. 147-148] In developing Confidential Exhibits A-7 and A-8 in 2001, Mr. Barch appropriately used a forward-looking study period of 2001-2004, as required by TSLRIC principles, rather than looking backward to an historical 2000 test year. [Barch Rebuttal, Tr. 148]

Mr. Passariello objected to the fact that the DA and NDA TSLRIC cost studies updated certain inputs from those used in the unbundled OS/DA cost study in Case No. U-11831, Confidential Exhibit I-10. [Passariello Direct, Tr. 293] Consistent with the Commission's Opinion and Order in Case No. U-11831, the annual charge factors, cost of money, tax rates, economic lives, busy hour ratio and maintenance rates used in Confidential Exhibits A-7 and A-8 are identical to those used in the unbundled OS/DA study, Confidential Exhibit I-10. Because

Exhibits A-7 and A-8 are TSLRIC studies that were "forward-looking", Mr. Barch appropriately updated labor rates and inflation factors to use the most recent available data, rather than use historical data.

Contrary to the assertion of Mr. Passariello [Passariello Direct, Tr. 292-293], the DA and NDA cost studies were entirely consistent with the costing principles identified by the Commission in its September 4, 1994 Opinion and Order in Case No. U-10620. [Barch Rebuttal, Tr. 148-149] Consistent with Principle 3, the cost studies include the entire quantity of demand for the services. [Barch Rebuttal, Tr. 149] They also reflect the total output of specific services. [Barch Rebuttal, Tr. 149]

Finally, Mr. Passariello recommended that Ameritech Michigan should be required to file a compliance cost study in this proceeding using the OACIS model used to produce Confidential Exhibit I-10 and that all inputs and assumptions should be consistent with those used in Confidential Exhibit I-10, except for those inputs or assumptions that are specific either to the wholesale services studied in Confidential Exhibit I-10 or the retail (end-user) services studied in this proceeding. [Passariello Direct, Tr. 295-295A] As Mr. Barch testified, while it would be necessary to apply the appropriate shared factor for retail services, no modification of inputs or assumptions would be required to the DA cost study.[40] While Ameritech Michigan believes the cost studies submitted in this case are the most accurate, relevant and representative of its TSLRIC of providing retail directory assistance services, in the event the Commission requires

---

[40] Ameritech Michigan's National Directory Assistance service (NDA) was not subject to any Commission regulation until the amendments to the MTA enacted by 2000 PA 295, since it was not "local directory assistance," nor was there an unbundled wholesale analogue for the service. Accordingly there was no specific study for this service in Case No. U-11831. As shown in Confidential Exhibit A-9, the principal difference in the TSLRIC of NDA as opposed to DA is a third-party vendor charge for access to a nationwide database and the amount of time necessary for an operator to handle the call.

Ameritech Michigan to file a compliance cost study consistent with Mr. Passariello's recommendations, Ameritech Michigan will do so. [Barch Rebuttal, Tr. 151]

V. CONCLUSION

Ameritech Michigan has demonstrated that directory assistance services provided to end-users are competitive services. Pursuant to section 207 of the MTA, the Commission should make a determination that directory assistance services provided to end-users are competitive.

Respectfully submitted,

Craig A. Anderson (P28968)
AMERITECH MICHIGAN
444 Michigan Avenue, Room 1750
Detroit, Michigan 48226
(313) 223-8033

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: December 6, 2001

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

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 December 6, 2001, she served upon the parties listed below a copy of ***Ameritech Michigan's Exceptions to Proposal For Decision*** 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 6th day of December, 2001.



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

LANSING 34060-128 284313