

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,
to consider the total service long run incremental
costs and to determine the prices of unbundled
network elements, interconnection services,
resold services, and basic local exchange services
for **AMERITECH MICHIGAN**.) Case No. U-11280

In the matter, on the Commission's own motion,
to consider the total service long run incremental
costs and to determine the prices of unbundled
network elements, interconnection services,
resold services, and basic local exchange services
for **GTE NORTH INCORPORATED**.) Case No. U-11281

In the matter of the application of **AMERITECH
MICHIGAN** for Commission approval of total
service long run incremental costs (TSLRIC)
and rates for unbundled network elements) and
interconnection services.) Case No. U-11224

At the December 12, 1996 meeting of the Michigan Public Service
Commission in Lansing, Michigan.

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

ORDER INITIATING PROCEEDINGS

Ameritech Michigan and GTE North Incorporated (GTE) have each
filed applications related to the pricing of unbundled network elements,
interconnection services, and resold services, with cost studies to justify
their proposed rates.

On June 5, 1996, the Commission issued an order in Case No. U-10860
requiring both Ameritech Michigan and GTE to file tariffs for unbundled
ports, with supporting total service long run incremental cost (TSLRIC)

studies, and tariffs for the resale of basic local exchange services that reflect wholesale rates as defined by Michigan law. Ameritech Michigan and GTE were also required to file, by August 5, 1996, new tariffs and TSLRIC studies for unbundled loops, interim number portability, and local traffic termination. On August 9, 1996, Ameritech Michigan filed an application in Case No. U-11148 proposing the restructuring of basic local exchange rates and services, with supporting TSLRIC studies for the proposed changes. On September 26, 1996, GTE filed an application in Case No. U-11207 for approval of tariffs and TSLRIC studies for unbundled loops, interim number portability, switching services, local traffic termination, and resold services.

On September 26, 1996, Ameritech Michigan filed amended applications in Cases Nos. U-11155 and U-11156 seeking Commission approval for new TSLRIC studies for interim number portability and unbundled loops and local traffic termination, respectively.¹ On October 18, 1996, Ameritech Michigan filed an application in Case No. U-11224 for Commission approval of its cost studies for unbundled network elements and interconnection services not already pending in Cases Nos. U-11155 and U-11156. Ameritech Michigan also sought approval of proposed rates for the interconnection services and unbundled network elements submitted with the application.

On September 18, 1996, Sprint Communications Company L.P. (Sprint) petitioned the Commission in Case No. U-11200 to initiate an investigation into Ameritech Michigan's costs and to establish rates for interconnection, unbundled network elements, transport and termination of traffic, and

¹The original applications were filed on August 5, 1996 and rejected by the Commission on September 12, 1996.

resold services. On September 23, 1996, Sprint petitioned the Commission in Case No. U-11204 to initiate an investigation into GTE's costs and to establish rates for interconnection, unbundled network elements, transport and termination of traffic, and resold services.

In addition, arbitration cases involving both Ameritech Michigan and GTE have set, or are in the process of setting, interim rates for unbundled network elements, interconnection services, and resold services. In the context of their arbitration proceedings, TCG Detroit and AT&T Communications of Michigan, Inc., sought to sever cost studies from the arbitration cases for expedited consideration in a separate cost study proceeding.

The Commission is concerned that Ameritech Michigan and GTE each have different cost studies, and ultimately rates, being proposed in a variety of cases for the same services and unbundled network elements. The Commission finds that it is appropriate to conduct a comprehensive review for each company to consider their TSLRIC studies and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services. The Commission also finds that new proceedings are necessary for these comprehensive views, one to deal with these issues for Ameritech Michigan in Case No. U-11280 and another for GTE in Case No. U-11281.

To facilitate expeditious and meaningful review of the studies, Ameritech Michigan and GTE are directed to enter promptly into protective agreements or to pursue the necessary procedural requirements to have in place the appropriate protective orders for material they deem to be confidential or of a competitively sensitive nature. Those arrangements should be in place before the companies file the new TSLRIC studies.

To permit an expeditious and meaningful review of the studies, the Commission establishes the following schedule:

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| January 21, 1997 | Ameritech Michigan and GTE shall each file comprehensive TSLRIC and resale cost studies and proposed rates for services in its respective docket. |
| January 31, 1997
participate. | Interested persons shall file notice of intent to |
| February 10, 1997 | Prehearing conference at 9:00 a.m. in Case No. U-11280 and at 1:30 p.m. in Case No. U-11281. |
| March 31, 1997
parties' filings. | Parties shall file initial comments on the companies' filings. |
| April 21, 1997
filings. | Parties shall file responses to the March 31, 1997 filings. |
| May 5, 1997
filings. | Parties shall file replies to the April 21, 1997 filings. |

Comments need not be in a question-and-answer format. The comments should also not consist solely of legal arguments, although legal arguments and presentations may be included. The Commission is interested in presentations on these very technical cost issues that will assist it in rendering a clear and concise decision.

The schedule above does not anticipate hearings at which testimony will be presented or cross-examined. If a party believes that a presentation by an expert must be made, the presentation shall be in the form of a sworn affidavit.

The parties may use the discovery process, but the presiding Administrative Law Judges shall provide a shortened response period. In addition, the Administrative Law Judges shall shorten the time periods for motions, responses, and appeals, as permitted by the Commission's rules.

The Commission notes that its interconnection arbitration orders issued to date establish interim rates based on the cost presentations in the arbitra-

tion proceedings, pending further review. These new cases are the forum for that further review. In addition, Ameritech Michigan's filing in Case No. U-11224 will be considered concluded by this order, with rate and cost proposals for those services to be resubmitted in the newly established proceeding for Ameritech Michigan or resolved through the negotiation process in individual interconnection agreements.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended by 1995 PA 216, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, 1992 AACSR 460.17101 et seq.

b. Separate proceedings should be commenced to examine TSLRIC studies for Ameritech Michigan and GTE.

THEREFORE, IT IS ORDERED that:

A. Proceedings shall commence in Case No. U-11280 according to the schedule set by this order to consider the total service long run incremental costs and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services for Ameritech Michigan.

B. Proceedings shall commence in Case No. U-11281 according to the schedule set by this order to consider the total service long run incremental costs and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services for GTE North Incorporated.

C. Case No. U-11224 is dismissed without prejudice.

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

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MICHIGAN PUBLIC SERVICE COMMI

/s/ John G. Strand

Chairman

(S E A L)

/s/ John C. Shea

Commissioner

/s/ David A. Svanda

Commissioner

By its action of December 12, 1996.

/s/ Dorothy Wideman
Its Executive Secretary

unbundled network elements, interconnection services, resold services, and basic local exchange services for GTE North Incorporated.

C. Case No. U-11224 is dismissed without prejudice.

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By its action of December 12, 1996.

Its Executive Secretary

In the matter, on the Commission's own motion, to consider the total service long run incremental costs and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services for **AMERITECH MICHIGAN**.

Case No. U-11280

In the matter, on the Commission's own motion, to consider the total service long run incremental costs and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services for **GTE NORTH INCORPORATED**.

Case No. U-11281

In the matter of the application of **AMERITECH MICHIGAN** for Commission approval of total service long run incremental costs (TSLRIC) and rates for unbundled network elements and interconnection services.

Case No. U-11224

Suggested Minute:

“Adopt and issue order dated December 12, 1996 initiating two proceedings to consider the total service long run incremental costs and to determine the prices of unbundled network elements, interconnection services, resold services, and basic local exchange services for Ameritech Michigan and GTE North Incorporated, as set forth in the order.”