



State of Michigan  
John Engler, Governor

Department of Consumer & Industry Services  
Kathleen M. Wilbur, Director

Public Service Commission

6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909-7721  
Telephone: 517-241-6180  
Website: cis.state.mi.us/mpsc

EX PARTE OR LATE FILED

October 3, 2001

Commissioners  
Laura Chappelle  
David A. Svanda  
Robert B. Nelson

Chairman Michael Powell  
Commissioner Kathleen Abernathy  
Commissioner Kevin Martin  
Commissioner Michael Copps  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

RECEIVED

OCT 05 2001

FCC MAIL ROOM

**RE: Ex Parte Comments - To be filed in the proceeding captioned "In the Matter of 2000 Biennial Regulatory Review - - Comprehensive Review of The Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers," CC Docket No. 00-199.**

Dear Commissioners:

In accordance with Section 1.1206(b)(1) of the FCC's rules, the Michigan Public Service Commission (MPSC) submits this written *ex parte* communication for inclusion in the public record of this proceeding.

The MPSC appreciates the efforts made by the FCC to include all of the state regulatory commissions in discussions on the issues surrounding reform of the FCC's Class A accounting system. We support and applaud the FCC's effort to reduce unneeded or obsolete regulatory requirements as we move to a competitive telecommunications environment. We fully support the 40% reduction in the number of accounts and the addition of new competitive accounts which were the tentative outcomes of those earlier discussions. We do, however, request that you delay further reduction in the number of accounts until careful review of individual and collective comments filed by members of the National Association of Regulatory Commissioners (NARUC).

The MPSC has had the opportunity to review comments filed by NARUC members in CC Docket No. 00-199 and notes the concern expressed for the potential loss of data the states require to carry out their statutory responsibilities. We share this concern. We believe the proposed changes presume a vibrant marketplace in local telephone services. As we all know, this has not been achieved on a national scale. We have done enough in anticipation of that marketplace but we must now wait until other parties have delivered on the promise of that marketplace before relinquishing more of our tools.

Michigan is on the road to competition in the local exchange but we are not yet there. While Michigan's telecommunications statute provides a sound framework encouraging local competition, our efforts will be hindered without critical information included in the ARMIS reporting data. The ability to identify expenses and revenues as they relate to wholesale and retail operations is an important point of comparison utilized to determine forward looking unbundled costs as well as interconnection rates, universal service funding levels, and pole attachment rates. Removal of reporting safeguards will provide incumbent local exchange providers with an opportunity for cross-subsidization that will undoubtedly hamper competitors and stifle competition. Since the merger of SBC with Ameritech, ARMIS data is now our only source of individual state by state financial information available for review. Furthermore, institutional memory is being further eroded by early retirement and corporate

No. of Copies rec'd  
List ABCDE

0

RECEIVED

OCT 05 2001

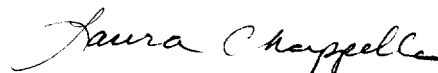
consolidation. Elimination of state by state ARMIS reporting data will make it impossible for individual states to ascertain the level of investment necessary to provide reliable service or to compare state by state infrastructure development efforts. This is especially critical in Michigan and other Ameritech states where service quality continues to vacillate. Also, the ability of all states to meet pre or post Section 271 review obligations may be severely limited if additional ARMIS reporting requirements are eliminated or accounts combined before reasonable benchmarks are achieved. The lack of ARMIS data will likely increase the time required by state regulatory commissions to ascertain incumbent local exchange carriers (ILECs) progress toward local competition. This could potentially delay the entrance of new long distance competitors and the benefits of competition to consumers.

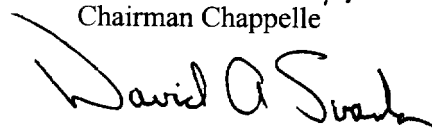
In Michigan, state government has encouraged deployment of broadband technology in order to maintain global competitiveness. The Michigan Economic Development Corporation (MEDC) has identified several telecommunications infrastructure issues facing the public and private sector. One of these issues is "little or no information on availability and accessibility of telecommunications infrastructure." MEDC established the *LinkMichigan* program to identify broadband resource availability to attract and retain business, education, and research investment. However, MEDC's ability to obtain or provide information on broadband deployment is extremely limited. In fact, on several occasions information currently available from the FCC was either insufficient or restricted by non-disclosure requirements. We have also had trouble responding to relevant data requests by others, including Representative Fred Upton, Chairman of the House Telecommunications Subcommittee. Needless to say, the MPSC supports the creation of new accounts to enable the states and the FCC to monitor deployment of broadband technology.

Finally, the MPSC has had to rely on ARMIS reporting data to defend its decisions in federal court. In Civil Action No. 00-73207 before the U. S. District Court for the Eastern District of Michigan, ARMIS data is key to ascertaining whether or not the Michigan Telecommunications Act is confiscatory. In its August 3, 2001 brief, Michigan (defendants) "*accept the Federal Communications Commission's ("FCC") Automated Reporting Management Information System (ARMIS) and requirements as perhaps the best practical, accepted, audited point of beginning.*" Without the ARMIS data there is no practical or accepted starting point.

The MPSC believes that, with the addition of several new accounts recommended by NARUC and its members, the proposed changes will achieve the correct balance necessary for Michigan to move forward. We are eager to continue to work with the FCC as a partner in the endeavor to nurture local competition and look forward to achieving additional progress through the Phase III reform discussions.

Sincerely,

  
Chairman Chappelle

  
Commissioner Svanda



Commissioner Nelson

cc: Magali Salas, Secretary