

**Statement of Commissioner
James H. Quello**

Re: *Application of Ameritech Michigan Pursuant to Section 271 of the Communications Act of 1934, as amended, To Provide In-Region, InterLATA Services in Michigan*

August 19, 1997

Although today's Order by the Commission rejects Ameritech's application to enter the long distance market in Michigan, I am pleased that it provides Ameritech and other Bell operating companies with clear guidance on the Commission's 271 review process. It would be unreasonable, in my opinion, for this Commission to reject Ameritech's application without also providing our interpretation of many of the key elements of section 271. In addition to furnishing substantial guidance on checklist items that we found Ameritech did not meet, we have interpreted several other provisions of section 271, including the public interest test. I believe this guidance will assist BOC applicants and their competitors in understanding their rights and obligations under the pro-competitive framework established by Congress.

I commend Ameritech for its efforts to open its network to competitors. Even before Congress passed the Telecommunications Act of 1996, it had become clear that incumbent local telephone companies would not retain their monopolies forever. Ameritech understood this and responded by seeking to work reasonably with its competitors through its Customers First initiative in 1993, which would have permitted competitors to gain access to Ameritech's network. It has been my experience, both in the private sector and as a regulator, that the most successful companies try to embrace and manage change rather than resist it at every turn. Since the passage of the 1996 Act, we have seen plenty of resistance from some incumbent local carriers. I believe a progressive approach, as demonstrated by Ameritech in this application, will ultimately prove the more effective model.

Nonetheless, I fully support the Commission's decision to reject Ameritech's 271 application. The Order we adopt today identifies several important defects in Ameritech's application. If we were to grant Ameritech's application at this time, other carriers would be significantly disadvantaged in competing with Ameritech. This would be contrary to Congress' intent and unfair to Michigan's local telephone customers. I am committed to faithfully implementing our directive from Congress as described in section 271.

Some of the deficiencies in Ameritech's application appear easily fixed -- for example, Ameritech must furnish more complete data on trunk blockage rates for calls between its network and its competitors' networks. Other shortcomings,

1005

such as the need for Ameritech to improve its operations support systems to accommodate fluctuating volumes of competitors' orders, may require more significant effort before Ameritech complies with our requirements. I am confident that none of the problems that we have identified in Ameritech's application is insurmountable, and I hope that Ameritech will take the necessary steps as soon as possible.

Finally, I wish to acknowledge the tremendous effort of the Commission's Common Carrier Bureau in this proceeding. They have taken a nearly unmanageable record and produced, under significant time pressure, a clear, well-reasoned blueprint for future 271 applications.

#