

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) Case No. U-_____
end-users are competitive services under)
the Michigan Telecommunications Act.)
_____)

APPLICATION OF AMERITECH MICHIGAN
FOR A DETERMINATION THAT RETAIL
DIRECTORY ASSISTANCE SERVICES ARE COMPETITIVE

Pursuant to sections 203, 207 and 208 of the Michigan Telecommunications Act ("MTA"), 1991 PA 179, as amended, MCL 484.2203, 484.2207 and 484.2208, Ameritech Michigan¹ respectfully submits this application to the Michigan Public Service Commission (Commission) for a determination that directory assistance services provided to end-users are competitive in all areas of the State of Michigan in which Ameritech Michigan provides such services. In support of its application, Ameritech Michigan has filed the accompanying direct testimony of Sandy Moore and David Barch, together with supporting exhibits, and states as follows:

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 name filings with the state of Michigan.

I. INTRODUCTION

1. Ameritech Michigan is a Michigan corporation engaged in the provision of telecommunication and other services to the public in the state of Michigan. These services include, but are not limited to, directory assistance services as defined or used in Ameritech Michigan's tariffs and MTA sections 102(p), 207, and 309.

2. Ameritech Michigan's address and principal place of business is set forth below:

444 Michigan Avenue
Detroit, Michigan 48226

3. Ameritech Michigan provides directory assistance and related services² to end-users in the state of Michigan. These services include:

² Ameritech Michigan, and most other directory assistance providers, also offer call completion services in connection with directory assistance. Frequently, directory assistance offered by both wireless and wireline carriers is bundled with, or offered in conjunction with, such call completion services. The marketplace has determined that customers who request listed telephone numbers are likely to want to call those numbers immediately. In the case of wireless providers, these services may have the added benefit of avoiding the need to write down numbers while it is inconvenient to do so. Call completion services will not be addressed in this Application, however, because they do not fall within the statutory definition of directory assistance (*See*, MCL 484.102(p)), and have consistently been treated as unregulated services.

Ameritech Michigan and many of its competitors, including internet directory assistance providers, also offer so-called "reverse" directory assistance services that provide listed names and addresses associated with a telephone number provided by a customer. Again, these services will not be addressed in this Application, because they have long been unregulated, and are not encompassed within the definition of "directory assistance": "the provision by telephone of a listed telephone number." MCL 484.2102(p).

- a. Local directory assistance as defined in section 102(p) of the MTA;³
- b. Directory assistance services that provide listed telephone numbers outside of the caller's area code but within the state of Michigan; and,
- c. Directory assistance services that provide listed telephone numbers outside of the state of Michigan⁴.

4. 2000 PA 295, effective July 17, 2000, amended section 207 of the MTA to

provide:

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.

5. On December 15, 2000, Ameritech Michigan filed an application in Case No. U-12765 pursuant to sections 207 and 701 of the MTA seeking a Commission determination that directory assistance services are competitive.

³ Prior to the amendment of Section 207, the Commission's authority to regulate retail directory assistance service was limited to "local directory assistance" provided to end-users. Section 102(p) defines local directory assistance as "the provision by telephone of a listed telephone number *within the caller's area code.*" (Emphasis added.) While expanding the scope of the Commission's regulatory authority to include "all directory assistance," the Legislature did not define the term. Logically, however, "directory assistance" must mean the same thing as "local directory assistance," without being limited to a caller's area code. The reality, in today's competitive marketplace, is that the same providers typically provide directory listing information for "local", national, and even international numbers, whether by landline telephone, wireless telephone, internet, or other means.

⁴ Section 207 should properly be construed to apply only to the provision of intrastate listed telephone numbers, since the Legislature could not properly authorize the Commission to regulate interstate directory assistance services.

6. On March 29, 2001, the Commission issued an Opinion and Order in Case No. U-12765 finding, *inter alia*, that section 208 of the MTA was also applicable to the Ameritech Michigan's filing; that a more extensive record was required for the Commission to make a determination as to whether directory assistance services are competitive; and that to determine whether directory assistance services are competitive, Ameritech Michigan should file an application under section 203, pursuant to the authority granted the Commission under section 208.⁵

7. Section 208 of the MTA provides for the deregulation of rates for telecommunication services that are classified as competitive. The section describes both the process under which competitive classifications shall be made and specific indicia of competition. Under section 208, a provider may classify a service as competitive by providing notice to the Commission and its customers. The classification takes effect within 45 days of the notice to customers, unless, as here, the Commission requires a filing under section 203.

8. As shown in the prefiled direct testimony and supporting exhibits of Sandy Moore, submitted herewith, directory assistance services are competitive and should be "determined to be competitive" by the Commission pursuant to sections 207 and, to the extent applicable, 208. The proofs accompanying this application demonstrate that these services are

⁵ Section 208 applies to "telecommunication services," defined as "regulated and unregulated services offered to customers for the transmission of 2-way interactive communication and associated usage." MCL 484.2102(dd). It is far from clear that directory assistance comes within that definition. The Commission has apparently determined, however, that section 208 authorizes it to require a filing under section 203. While Ameritech Michigan does not believe that section 208 provides an independent basis for the exercise of jurisdiction over directory assistance, it is not necessary to resolve that issue at this time.

subject to intense and ever-increasing competition throughout Ameritech Michigan's service territory.

9. Robust alternatives to Ameritech Michigan's directory assistance services are provided by various local and toll telecommunication providers, including AT&T, Sprint and WorldCom, as well as internet content providers, cellular telephone companies, directory publishers, independent directory assistance providers, software companies and others.

10. Competition in the provision of directory assistance service is hardly surprising given the complete lack of any market entry barriers. Conditions are certainly favorable for potential competitors to offer even more alternatives to Ameritech Michigan's directory assistance services:

- a. Since 1991, section 305(i) of the MTA has made directory listing information available on nondiscriminatory terms and conditions.
- b. Listed telephone numbers are also available to local exchange and toll providers (and their agents) on reasonable and non-discriminatory terms under sections 251(b)(3) and 271(c)(2)(B)(vii)(II) of the federal Telecommunications Act of 1996 and the FCC's rules issued thereunder.
- c. No provider has a monopoly on listing information. Directory assistance providers, including Ameritech Michigan, obtain listings from a variety of sources in order to maintain an accurate database. These sources may include the provider's own listings, listings of other local exchange companies, and commercially available listing information.
- d. Providers of directory assistance and other functionally equivalent services are able to copy published white page directory listings without copyright restrictions.⁶
- e. Directory assistance service offered by Ameritech Michigan is available to both facilities based and resale providers.
- f. No company has any real or perceived advantage in dialing patterns for directory assistance calls. While Ameritech Michigan

⁶ See, *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991).

currently uses 1-555-1212, other local exchange carriers, including CLECs, use 4-1-1 to access their directory assistance service. Still others use NPA-555-1212, "00", 1010-XXX-00, 1010-9000, or other dialing arrangements.

11. While this application involves only directory assistance services provided to end-users, the FCC has repeatedly found the directory assistance marketplace to be competitive.

12. Directory assistance services have recently been declared competitive in Kansas and Connecticut, and a number of jurisdictions no longer regulate the price of directory assistance services.

13. The Commission should determine that directory assistance services are competitive based on the number of competitors, the breadth of competitive offerings, the intense and successful marketing efforts of competitors, and clear evidence that customers are choosing competitive alternatives for directory listing information.

14. In accordance with the Commission's March 29, 2001 Opinion and Order in Case No. U-12765, Ameritech Michigan is filing herewith under confidential cover a cost study together with supporting testimony. As shown in the cost study, Ameritech's current rates for local directory assistance are less than its total service long run incremental cost.

WHEREFORE, Ameritech Michigan respectfully requests that the Commission:

1. Grant this application and determine that directory assistance services are competitive pursuant to Section 207 and, to the extent applicable, Section 208 of the MTA; and
2. Provide for such other relief as is appropriate.

Respectfully submitted,

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and

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A handwritten signature in black ink, appearing to read "William J. Champion III". The signature is stylized and cursive, with a large "M" at the end.

By: _____

William J. Champion III (P31934)
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Dated: July 6, 2001

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