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BEFORE THE
PUBLIC SERVICE COMMISSION OF WISCONSIN

Investigation of the Relationship Between Incumbent
Local Exchange Carriers and Affiliated Companies
Operating in Competitive Markets

05-TI-158

**FINDINGS OF FACT, CONCLUSIONS OF LAW, AND
INTERIM AND FINAL ORDERS**

INTRODUCTION

On August 4, 1997, the Public Service Commission (the Commission) issued a Notice of Investigation and Request for Comments to investigate the relationship between Incumbent Local Exchange Carriers (ILECs) and affiliated companies operating in competitive markets (ILEC affiliates). Comments were requested in the notice on a number of questions regarding conditions imposed on these ILEC affiliates in interim orders as part of the Commission's certification processes.

In addition to staff comments, initial and reply comments were received from ten parties. In staff's initial comments, it sought further comments on a number of new questions. In a letter dated September 9, 1997, staff allowed a second round of reply comments. In the second round, reply comments were received from five parties. In letters dated August 6, 1998, and November 6, 1998, staff allowed two more rounds of comments.

Background

Pursuant to 1985 Wisconsin Act 297, effective May 6, 1986, the Commission was authorized to impose a lesser degree of regulation on Alternative Telecommunications Utilities (ATUs), and allow ATUs to compete in various telecommunications markets, including resold long distance service. By the early 1990s, some ILECs had requested certification of affiliates or sister companies as ATUs. A number of competitors that purchased essential services from ILECs raised concerns that the ILECs might use their incumbent status to favor their affiliates.

In response, the Commission opened docket 1-AC-146, entitled “In the Matter of Rules Governing Telecommunications Facilities Providers Rendering Services to Competitors and Affiliates.” On June 15, 1994, the Commission requested comments and set a date for a technical conference. Staff prepared a draft list of conditions (described below) to address the concerns raised by the competitors. Comments were received from a number of parties and a technical conference was held on August 10, 1994.

Between the date of the notice and the date comments were received, the legislature passed 1993 Wisconsin Act 496 (Act 496). Act 496 directed the Commission to place greater emphasis on the promotion of competition as the means of delivering telecommunications services in this state. At the same time, it appeared that the passage of federal telecommunications legislation was imminent. As a result, the Commission deferred action on the rules until the situation was clarified. On February 8,

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1996, Congress enacted the Telecommunications Act of 1996 (1996 Act)¹ which also addressed some of these issues.

In 1994, subsequent to the passage of Act 496, the Commission authorized three ATU applications, subject to certain conditions similar to those shown below. The Commission

¹Pub. L. 104-104, 110 Stat. 56, (codified at scattered parts in Title 47 U.S.C.).

directed that these conditions be included in future orders for ILEC affiliates, and that the authorization orders be interim, pending final resolution of these issues. Since that time, the Commission has issued nearly two dozen certificates for ILEC affiliates, both for resellers providing resold toll services and competitive local exchange carriers (CLECs).

The following conditions were contained in the interim certification orders:²

Condition 1: The affiliate shall not seek or pay on any terms or conditions a price for a service from the ILEC that is any different from what any other customer would pay.

Condition 2: The affiliate shall not seek or accept, preferential treatment from the ILEC with respect to service ordering, service availability, service installation, service maintenance and testing, and operational support systems.

Condition 3: The affiliate or its marketing division, shall not receive from the ILEC, directly or indirectly, any customer information in the possession or control of the ILEC unless the information is generally available on equal terms to any person who requests such information or a customer has specifically authorized in writing the transfer of its information to the affiliate.

Condition 4: The affiliate shall not seek, accept, or use any inside or unpublished facilities or network information respecting any procedure, feature, or capability in or associated with the services of the ILEC.

²The Commission, in August of 1997, subsequently modified the original conditions in a combined docket order. Condition 3 and the joint marketing restriction in Condition 6 were removed, and the balance of Condition 6 was renumbered as Condition 3. Conditions 1, 2, and 7 were clarified, and Conditions 4, 5, and 8 were unchanged. *See Supplemental Findings of Fact, Conclusions of Law, and Second Interim Order in Application of Bayland Communications, Inc., for Certification as a Competitive Local Exchange Carrier and Alternative Telecommunications Utility, docket 387-NC-100, et al., (August 6, 1997).*

Condition 5: The affiliate shall not directly or indirectly solicit or accept a subsidy from the ILEC. Dividend payments by a provider to a parent do not constitute an improper indirect subsidization.

Condition 6: Except as permitted by the Commission, the affiliate shall not jointly engage with the ILEC in solicitation, advertising, events (of any kind), the provision of information (excepting information respecting public safety and/or emergency services), or the bundling of regulated and unregulated services.

Condition 7: The affiliate shall not accept, solicit, or use, except upon appropriate monetary compensation (including royalties or license fees) and under Commission jurisdiction pursuant to Wis. Stat. § 196.52, any proprietary technology owned or paid for by the ILEC, book assets intended to be used to provide nonregulated or competitive services, or any "non-book" assets, such as, but not limited to, goodwill, patents, copyrights, corporate brand names, service and trade marks, etc.

Condition 8: The affiliate shall not, for its benefit, seek, or accept from the ILEC unreasonable preference or discriminatory treatment in the development, design, or implementation of services (including network facilities) of the ILEC. In effect, an unreasonable preference or discriminatory treatment of the affiliate exists if the interests of the ILEC would not be advanced as if the ILEC were a stand-alone entity giving due regard to the interests of all present and potential customers, affiliated or otherwise.

In addition to the above conditions, the following conditions were imposed on ILEC affiliates that were authorized as CLECs:

Condition 9: The affiliate shall not encourage, advise, or communicate to the ILEC in any manner, any information that is intended to influence the ILEC to research, develop, design, or implement its services (including network facilities) to prefer or unjustly discriminate in favor of the affiliate.

Condition 10: The affiliate shall not request in any manner nor accept from the ILEC the transfer of any of ILEC's current customers, except pursuant to the express affirmative consent of the customer.

Condition 11: The affiliate shall comply with the following provisions of Wis. Stat. §§ 196.01; 196.015; 196.02(1), (4), and (5); 196.03(6); 196.04; 196.07; 196.14; 196.20; 196.203; 196.204; 196.207; 196.208; 196.209; 196.218; 196.219; 196.25; 196.26; 196.28; 196.39; 196.395; 196.40; 196.41; 196.43; 196.44; 196.52; 196.65; 196.66; 196.81; 196.85; and 196.858.

In its Notice, the Commission sought comments from interested parties on the following issues:

1. Are special conditions or restrictions on an ILEC and/or its affiliated entity necessary: (1) To prevent an ILEC with an affiliate in a competitive market from using its market power to provide an unfair advantage to the affiliate? (2) To protect or promote competition or other public interests, such as those listed in Wis. Stat. § 196.03(6)?
2. Are these conditions or restrictions already contained in state and federal statutes? If not, what conditions or restrictions are required, and should they be applied to the ILEC, to the affiliate, or to both? Are the above conditions appropriate?
3. What process should the Commission use in applying these conditions and requirements?

4. Are the above answers different for affiliates of ILECs that compete in other markets, such as voice mail or Internet access service, as opposed to traditional telecommunications markets like long distance and competitive local exchange service?

5. Are the answers to the above questions different for ILECs (like Ameritech Wisconsin) whose markets are open to competition than for smaller ILECs who have recourse to rural or small telephone company exemption or suspension to delay competitive entry?

In comments filed on August 28, 1997, Commission staff (staff) sought further comments from the parties in the following five areas:

1. Affiliate access to information on services and providers chosen by customers.
2. Cross-subsidy rules and the advertisement or promotion of affiliate operations.
3. Basic services versus optional or competitive services.
4. ILEC construction of facilities or scheduling of network upgrades to favor an affiliate.
5. Affiliate knowledge of network upgrades or changes planned by an ILEC prior to competitors receiving notice.

Interim Certification Conditions

As discussed previously, current interim orders certifying ILEC affiliates as CLECs (or ATUs) contain a number of conditions. Pursuant to the Notice in this docket the Commission sought comments on whether special conditions or restrictions on an ILEC and/or its affiliated entity are necessary and whether these conditions or restrictions are already contained in state and federal statutes.

The Commission finds that conditions and restrictions are necessary to prevent an ILEC with an affiliate from using its market power to provide unfair advantage to the affiliate, and to promote

competition and other public interests. The Commission also finds, except for certain statutory conditions, that current state and federal laws are effective and do not need to be duplicated by imposing the same provisions on the ILEC affiliates. Rather than duplicating existing laws, the Commission determines that ILECs and ILEC affiliates should comply with the applicable laws.

The Commission, therefore, finds that the eight interim conditions imposed on reseller and CLEC affiliates of an ILEC and the two conditions regarding network development (Condition 9) and customer transfers (Condition 10) imposed only on CLEC affiliates, should be eliminated as unnecessary. The third extra condition (Condition 11) imposed upon CLECs affiliated with ILECs should remain, with a minor modification to Wis. Stat. § 196.204, as the basic level of regulation for CLECs, which are not covered by Wis. Admin. Code ch. PSC 168. Wis. Stat. § 196.52(5)(b) should remain applicable to require that a CLEC give the Commission notice of contracts or arrangements with a service affiliate (or any other affiliate other than an ILEC)³.

The Commission finds as discussed below that four key statutory provisions should be imposed on the ILEC-affiliate relationship.

Wis. Stat. §§ 196.015 and 196.204(6):

The foregoing provisions are imposed on ILEC affiliates other than resellers, for the purpose of preventing ILECs from using affiliates for predatory pricing tactics to provide

³These 11 conditions are shown herein at pages 3-5.

below-cost pricing of similar services to deter entry of competitors into or to force them out of a market. Small competitors may be particularly vulnerable when entering a market against an ILEC affiliate that can sustain long periods of losses because the ILEC usually indirectly funds the equity investments in a competing reseller or CLEC. The affiliate would simply be a vehicle for providing low-cost and below-cost pricing whenever necessary to counter an entrant. This would be especially true where shared staffs would solicit customers on behalf of both an ILEC and an affiliate. The solicitor could “change hats” as necessary to find a price to keep the customer, even if it meant shifting the customer to an affiliate.

Wis. Stat. § 196.204(6) requires the imputation of a price floor on an affiliate CLEC, other than resellers, to prevent the potential for “price squeezes” on new market entrants. Subsection (6) in effect imposes an additional pricing requirement when competitors and the affiliate must use the same service element solely available from the ILEC, other than resellers, such as a CLEC purchasing unbundled loops. This particular prohibition assures that the creation of affiliates is not merely a means to discriminatorily price to retain selected customers or to put “paper prices” in the market to deter competitor entry. The reading of Subsection (6) that correctly reflects the Commission’s intent is as follows: First, the affiliate should treat itself as the “telecommunications utility” wherever that term appears except in para. (a)2., where the term refers to the relevant ILEC; and second, to satisfy para. (d)2., para. (b) of subs. (6) is hereby ordered to apply to CLECs or reseller affiliates of ILECs having 150,000 or fewer access lines. Wis. Stat. § 196.015 is imposed simply to provide the definition of Total Service Long-Run Incremental Cost (TSLRIC). The Commission has authority to set forth the foregoing structure under Wis. Stat. § 196.203(3)(a).

When markets show significant and sustainable competition, the Commission will be open to withdrawing these particular conditions in favor of working competitive market mechanisms.

Wis. Stat. § 196.52(5)(b):

A notice requirement under Wis. Stat. § 196.52(5)(b)⁴ shall be imposed upon an affiliate when a non-ILEC affiliate “contemporaneously provides the same services or sells or leases the same tangible or intangible property or goods” to both the CLEC and the related ILEC. Pursuant to this provision, the reseller or CLEC affiliate of the ILEC shall notify both the Commission and the related ILEC of all applicable transactions. Subsections (1) and (3)(a), first sentence only, of Wis. Stat. § 196.52, will also be applied in conjunction with Wis. Stat. § 196.52(5)(b) to, respectively, define affiliate relationships and identify the kinds of contracts at issue. All references hereafter to Wis. Stat. § 196.52(5)(b) will be deemed to include these other two provisions. Also, because Wis. Stat. § 196.52(5)(b) provides for regulation of affiliated interest contracts to enforce Wis. Stat. §§ 196.204 and 196.219, those two statutes are deemed applicable by reference as needed to effect the Commission’s supervisory jurisdiction in Wis. Stat. § 196.52(5)(b).

A notice requirement under Wis. Stat. § 196.52(5)(b) prevents the “conducting” of a subsidy through a service affiliate dealing the same goods and services to both the ILEC and the CLEC, for example, by the ILEC paying an unreasonably higher rate for a service than the CLEC pays. Captive customers of an ILEC are entitled to just and reasonable rates that are not based on inflated expenses indirectly subsidizing reseller affiliate ventures into toll or other markets. This application of Wis. Stat. §

196.52(5)(b) is effective only when the reseller (or CLEC) affiliate obtains goods or services from a third affiliate contemporaneously with the ILEC's procurement of the same goods or services. In all instances, the Commission may actually investigate the service affiliate's pricing to others through its jurisdiction over the ILEC. The notice provision is intended to focus company enforcement attention as needed only when there are transactions similar to those with the ILEC

Wis. Stat. § 196.604:

One additional statutory provision shall be imposed on both reseller and CLEC affiliates of ILECs. Because the legislature thought it important to specifically prohibit any person from knowingly soliciting, accepting, or receiving any rebate, concession, discrimination, or other advantage from a public utility, the Commission will impose the first sentence of Wis. Stat. § 196.604 on all affiliates of ILECs. As relevant to telecommunications, Wis. Stat. § 196.604 provides:

No person may knowingly solicit, accept or receive any rebate, concession or discrimination from a public utility for any service in or affecting or relating to the production, transmission, delivery or furnishing of . . . telecommunications messages within this state or for any connected service whereby the service is rendered or is to be rendered free or at a rate less than the rate named in the schedules and tariffs in force, or whereby any other service or advantage is received. Any person violating this section shall be fined not less than \$50 nor more than \$5,000 for each offense.

The first sentence directs that no person, who would include an affiliate of an ILEC, may be specially favored by a utility. In the traditional context of utility regulation, this provision prohibits individual discrimination, but not differentiated treatment received by a person as a member of a class of utility customers receiving services based on characteristics of the class of users. The Commission finds that

⁴Wis. Stat. § 196.52(5)(b): "For telecommunications utilities, the commission shall have supervisory jurisdiction over the terms and conditions of contracts and arrangements under this section as necessary to enforce ss. 196.204 and

application of the first sentence of Wis. Stat. § 196.604 to ILEC affiliates would promote and preserve competition.

This imposition will neither force those affiliates to file tariffs nor affect the affiliates' pricing or offerings to their retail customers. This imposition only affects transactions between a reseller or CLEC affiliate and an ILEC. Imposition is necessary because Wis. Stat. § 196.203(1) exempts ATUs from all sections of Wis. Stat. ch. 196 except those specifically applied. Therefore, the Commission is specifically applying the first sentence of Wis. Stat. § 196.604 to all ATUs affiliated with incumbent LECs.

The promotion and preservation of competition is a function different from the historical objective of Wis. Stat. § 196.604 of prohibiting large end-user customers from receiving discriminatory treatment. Nonetheless, this application is within the plain language of the provision and consistent with the nondiscrimination mandates in recently enacted Wis. Stat. §§ 196.204 and 196.219(3). No statutory duty upon the ILEC alone effects the purpose accomplished by Wis. Stat. § 196.604. Wis. Stat. § 196.66 already imposed on CLECs and reseller affiliates provides that a violation of the provision of Wis. Stat. § 196.604 is punishable by a forfeiture, with each day of a violation constituting a separate offense. The Commission also finds that the same ban on preferential treatment may be achieved by ordering affiliates to comply with Wis. Stat. § 196.604, pursuant to Wis. Stat. §§ 196.02(1) and 196.37(2). Through those two statutes, the Commission may also declare it unlawful for an ILEC affiliate to knowingly receive an unlawful advantage, just as it is unlawful for an ILEC to offer an advantage under Wis. Stat. §§ 196.22 and 196.60.

196.219.”

The Commission finds that described application of Wis. Stat. § 196.604 to the affiliate strengthens the competitive market consistent with the directive of Wis. Stat. § 133.01 to maximize competition. The affiliate is not unduly burdened if the telecommunications utility complies with the law, but competition is in fact harmed should the telecommunications utility actually give a preference to an affiliate. Indeed, because of the common management and ownership shared by the utility and the affiliate, the maximum protection of competition generally includes an assurance that the affiliate may not be free to take the “fruits” of unlawful conduct of an affiliate ILEC. To the extent possible providers should not be tempted to find that violating the law may be cost effective. Establishing this “rule of the game” at the beginning is more efficient than case-by-case enforcement after the potential competitors have been driven from the market.

47 U.S.C. §§ 253(b) and 261(c) Considerations :

The application of the state statutory provisions as described above, (Wis. Stat. §§ 196.015, 196.204(6), 196.52(5)(b), and 196.604) is necessary to further competition in telephone exchange and access service consistent with 47 U.S.C. § 261(c)⁵ by deterring preferential treatment for, and cross subsidization of, affiliates of market dominant or monopoly ILECs. The state statutes strengthen through the protection of competition the “reasonably adequate” nature of telecommunications services provided generally within the state. See Wis. Stat. § 196.03(6)(a), citing Wis. Stat. § 133.01. The state statutes also do not impose any barriers to entry on any

⁵47 U.S.C. § 261(c): Additional state requirements. Nothing in this part precludes a State from imposing requirements on a telecommunications carrier for intrastate services that are necessary to further competition in the provision of telephone exchange service or exchange access, as long as the State's requirements are not inconsistent with this part or the Commission's regulations to implement this part.

affiliate of an ILEC. Assuming for argument's sake that Wis. Stat. §§ 196.015, 196.204(6), 196.604 and 196.52(5)(b) amount to some kind of barrier, the statutes as imposed are nonetheless “competitively neutral” and “necessary” under 47 U.S.C. § 253(b) to ensure the quality of telecommunications services and safeguard the rights of consumers.

The conditions are competitively neutral as defined in Federal Communications Commission (FCC) decisions in that they are reasonable restrictions aimed at preserving and promoting competition. The FCC recently interpreted “competitive neutrality” in the context of universal service rules as “rules [that] neither *unfairly* advantage nor disadvantage one provider over another.” (emphasis added).⁶

Meshing state and federal schemes requires a careful balancing of public interest considerations respecting the process for developing competition for the provision of telecommunications services, especially in the local exchange market. Section 1 of Act 297, Act 496 (Wis. Stat. § 196.03(6)), and the 1996 Act provide a process for the unwinding of existing telecommunications monopolies. The Commission finds that what is fair or unfair with respect to providers cannot be understood without regard to their relative circumstances, most especially the ILECs' historically-derived domination of local exchange service. That domination is a fact that drives the “necessity” for somewhat differing requirements for different participants in the market. Congress itself implicitly acknowledges this absolutely fundamental distinction by

⁶*Federal-State Joint Board on Universal Service*, Report and Order, FCC 97-157, at ¶ 47 (rel. May 8, 1997) (“competitive neutrality means that universal support mechanisms and rules neither unfairly advantage nor disadvantage one provider over another”). See generally *Federal-State Joint Board on Universal Service*, Recommended Decision, FCC 96J-3, at ¶ 345 (rel. Nov. 8, 1996) (“We recommend that any competitive bidding system be competitively neutral and not favor either the incumbent or new entrants”).

creating duties in 47 U.S.C. §§ 251(c) and 252 for ILECs as key to the framework of the 1996 Act's goal of developing competition in local exchange markets.

The Commission finds that the above statute structure is competitively neutral as required by 47 U.S.C. § 253(b) in that the level of combined market and governmental restraints on each provider as presently situated, allows providers a fair opportunity to compete with respect to relevant market services, subject to the constraints of universal service protection.⁷ In other words, when Wis. Stat. §§ 196.015, 196.204(6), 196.604 and 196.52(5)(b), are imposed, the “net” balance of regulation and market constraints promotes competition without unfair disadvantage to the affiliates of ILECs.

The Commission finds that the statutes are “necessary” to prevent gain from manipulation of advantages to an affiliate that, free of any liability, could "reap the competitive windfall," while competitors of the affiliate and the public would be without adequate or timely redress. Prevention of discriminations and preferences enhances competition, which, in turn, compels providers to offer quality service necessary to the retention of customers. The reference in Wis. Stat. § 196.03(6) to Wis. Stat. § 133.01 makes a plain link to competition as an element of adequate service. Without competition, a supplier will have a ready incentive to reduce quality for greater profit because the customer has no other viable choice. The complement of the foregoing is that competition preserves the customer's right to be free of unregulated monopoly exploitation. In Wisconsin, "customer" includes another provider,

⁷See *Investigation of the Level of Regulation of Intrastate InterLATA Toll Telecommunications Service*, docket 05-TI-104, (July 29, 1988), slip decision at pps. 15-16. The Commission discussed “effective competition” as the ideal condition of a competitive market, and defined the concept as “the existence of competitive forces which are sufficient by themselves or in combination with regulatory safeguards to serve the public interest.” Taking into account the historical and present positions of the various providers in their respective markets, “competitively neutral” conditions should, as regulatory safeguards, promote and/or protect “effective competition.” The safeguards would remain until competitive forces are by themselves sufficient to preserve efficient competition.

under Wis. Stat. § 196.219, such as resellers and interexchange carriers who would simultaneously be competing with the affiliates while buying access services from the related ILECs. The imposed statutes are necessary to remove any temptation to the common management of an ILEC and its affiliates to do a “cost benefit” analysis to wrongdoing, in the event an affiliate entity had no liability for receiving improper benefits or no duty to police its own affiliate transaction compliance.

In light of the foregoing, the Commission will modify the certificates of resellers and CLECs affiliated with incumbent local exchange carriers. The changes are as follows:

1. ATU-reseller affiliates of ILECs are no longer subject to the eight conditions (which match generally the rebuttable presumptions below in subject matter) in their respective certifying orders. Instead, each reseller affiliate shall be subject to the reseller rules in Wis. Admin. Code ch. PSC 168 subject to the modification of that listing of statutory provisions in Wis. Admin. Code § PSC 168.09(1) to include Wis. Stat. §§ 196.015, 196.204(6), the first sentence of 196.604, and all of 196.52(5)(b) to the extent described above as a notice duty when common provisioning to the affiliate and the ILEC is effected by one or more non-ILEC affiliates. Going forward, any independent reseller that becomes affiliated with an ILEC by acquisition shall be automatically subject to the four statutes as described herein.

The interim certificates granted affiliated resellers shall become final in the dockets listed in Appendix B (dockets 7XXX-TI-100). Separate orders, however, will be issued to provide customary certificates for two resellers operating under pre-Act 496 authorizations, Frontier Long Distance of America, Inc., (f/k/a Visions Long Distance America, Inc.), docket 7822-TI-100, and Century Long Distance (f/k/a CALL), docket 05-TI-04 (utility number 7020). Any other reseller affiliate certificate

not in conformance with the final certification requirements created by this order shall be reopened and modified accordingly.

2. For CLEC affiliates of an ILEC, Conditions 1 through 10 in their certifying orders will be removed. Condition 11 is modified by (a) the change of Wis. Stat. § 196.204 to § 196.204(6) and (b) the addition of the first sentence of Wis. Stat. § 196.604, and subsections (1) and (3)(a), first sentence, of Wis. Stat. § 196.52. CLEC affiliates of ILECs remain subject to Wis. Stat. § 196.52(5)(b), only to the extent of the described notice duty when a non-ILEC affiliate provides services to both the affiliate and the ILEC. CLEC affiliate certificates are not made final by this order.

Rebuttable Presumptions

While the Commission finds that none of the conditions discussed previously should be imposed on ILEC affiliates, a clarification of the Commission's interpretation of applicable laws is important. The character of this clarification will be in the form of rebuttable presumptions that certain specified conduct on the part of a utility will assist in establishing a *prima facie* case of unlawful conduct. The Commission has imposed rebuttable presumptions before.⁸ In a complaint, the complainant's *prima facie* showing of the unlawful conduct will shift the burden of production to the respondent utility and/or affiliate to show that the conduct, actions, or otherwise anticompetitive consequences complained of are not, in fact, accurate. The information in detail to refute the allegations is likely to be in the utility or

⁸The Commission established a rebuttable presumption regarding the payment of an excessive dividend that caused equity to drop below a specified floor. *Application of GTE North Incorporated for an Investigation of Its Rates, Tariffs, Charges, and Schedules and for an Order Providing for Additional Revenues by Fixing Reasonable Rates, Tariffs, Charges and Schedules*, docket 2180-TR-103 (consolidated with docket 2180-TI-105), "Supplemental Findings of Fact, Conclusion of Law and Second Supplemental and Amending Order, pps. 7-8 (October 31, 1994).

affiliate's possession, and, guided by existing case law on "burden of proof."⁹ The Commission believes under the five-part test of the burden of proof, the burden of production is most fairly assigned to the utility and/or affiliate. A clarification of the Commission's interpretation of applicable laws will allow all parties including ILECs, ILEC affiliates, and competitors to have the same advance understanding of the Commission's position regarding the relationship of ILECs and ILEC affiliates. At the end of each presumption is the Commission's non-exclusive listing of state and federal laws that provide relevant support for the rebuttable presumption. References to provisions of Wis. Stat. ch. 196 mean those provisions currently and as amended by 1997 Wis. Act 218, effective January 1, 1999.

It should be understood that a rebuttable presumption is in a sense "an inference that is mandatory unless rebutted."¹⁰ The inference is to another "fact" (the "presumed" fact), usually "intermediate" in nature, e.g., the "discriminatory" or "preferential" effect of demonstrated objective facts. Once the presumed fact is established, the opponent of the finding then has to rebut by going forward with the production of evidence. But a rebuttable presumption does not establish an automatic adjudication of wrongdoing; the complainant will still have the burden of persuasion. A respondent in a complaint case will have the right to show that the presumed fact cannot be maintained (the rebuttal of the presumption) or, if the presumption is maintained, that public policy is not harmed or any harm is *de minimis*. Mitigating circumstances may also be shown by a respondent, because the Commission remains obliged to look at all relevant facts on the entire administrative record.

⁹See, *State v. McFarren*, 62 Wis. 2d 492, 499-503, 215 N.W.2d 459 (1974) (discussion of five factors for assigning burden of proof: 1) special policy considerations; 2) the judicial estimate of probabilities; 3) convenience; 4) the fairness factors; and 5) the natural tendency to place the burden on the party desiring change). Accord, *State v. Hanson*, 98 Wis. 2d 80, 85-92, 295 N.W.2d 209 (1980) and *State v. Verhagen*, 198 Wis. 2d 177, 187-190, 542 N.W.2d 189 (1996).

These presumptions do not limit the Commission's authority, in the event of a direct violation of an applicable provision of Wis. Stat. ch. 196, or federal telecommunications law, to also find a violation of Wis. Stat. §§ 196.37(2) or 196.219. Nor do the presumptions establish any Commission jurisdiction beyond the express limits in Wis. Stat. ch 196. A final observation: some or all of the rebuttable presumptions might become rules, depending upon factors such as the transition to competition, customer needs, complaint experience, and technological changes, all of which are affecting the rapidly changing telecommunications industry. The Commission also intends to be open to giving interpretative guidance with respect to the presumptions and making it broadly available to assist companies in their decisions and operations. The following rebuttable presumptions are established for both ILECs and their affiliates, whether resellers or CLECs:

1. Pricing: A tariffed telecommunications service furnished to an affiliate by an ILEC will be presumed preferential if the availability, mode of delivery, price, terms, and conditions of the service are such that only an affiliate of the ILEC can effectively qualify to purchase or would use the service as provided by the ILEC. This presumption is intended to prevent an ILEC service tariff from hiding a de facto preference given an affiliate, such as a term or volume commitment that only the affiliate would likely take or qualify for. If, however, a non-affiliated, non-interested person takes the service or subscribed to it in the past on the current terms, this presumption cannot arise with respect to the service as offered. The mere fact that the affiliate is the sole purchaser of a tariffed item is not sufficient to lead directly to a legal finding of prohibited subsidy or discrimination. This presumption

¹⁰29 Am. Jur. 2d *Evidence* § 181 (1994).

is based on Wis. Stat. §§ 196.204(5) and (6), 196.219(2m)(a),¹¹ 196.219(3)(h), 196.22, 196.60(1) and (3), and 196.604; and 47 U.S.C. §§ 224, 251(b) and 251(c)(2)(D).

2. Operational Practices: Non-tariffed (or tariffed with notice inadequate for the subject matter) ILEC practices and standards for service ordering, service availability, service installation, service maintenance and testing, and operational support systems will be presumed discriminatory and/or preferential if similarly situated affiliates and nonaffiliates are subjected to unreasonably differing standards of performance. The intent of the presumption is to strongly encourage tariffing of operational practices as a first line of ensuring nondiscriminatory and nonpreferential ILEC conduct with respect to competitive markets where an affiliate (or unregulated line of ILEC business) is involved; publicly stated binding standards make it harder to secretly advantage an affiliate. However, tariffing is not specifically required. Providers should be able to apply common sense in tariffing operational practices in the same way they determine the relevant rules and conditions for current tariffed service offerings. Some practices materially affect interconnection and should be tariffed. In contrast, routine engineering matters may never need tariffing. Affiliate transactions are also supervised pursuant to Wis. Stat. § 196.52(5)(b). The “first-come, first-served” method of handling orders and ILECs advising customers about available toll carriers using rotating lists of names help neutralize opportunities for preference. Therefore, those two specific practices will at the outset be considered reasonable differentiating standards. “Adequate notice appropriate to the subject matter” provides that the more complicated the change, such as a network interface change, the longer the

¹¹The duty of non-discrimination in Wis. Stat. § 196.219(2m) applies to both tariffed access “rates, terms, and conditions and non-tariffed operational practice “terms and conditions” associated with access services. The scope

notice period should be. This presumption is based on Wis. Stat. §§ 196.03(1); 196.219(2), (2m), and (3)(h); 196.37(2); 196.60(3); and 196.604; and 47 U.S.C. §§ 224, 251(b), and 251(c)(2)(D) and (c)(3).

3. Bundled Service Offerings: A tariffed ILEC telecommunications service offering to end users of 45 or fewer days duration shall be presumed discriminatory and preferential if an ILEC affiliate effectively combines or links any of its telecommunications offerings with the time-limited portion of the ILEC's offering. This presumption makes suspect any situation where an affiliate obtains a unique market advantage predicated upon ILEC offerings that, although non-discriminatory, are so short in duration as to make the affiliate the only entity that could “piggyback” incentives on the ILEC's promotion. For example, an ILEC may offer a second line without installation charges if sign up occurs within 30 days. Common management could direct an affiliate to offer discounted toll or other incentives if an ILEC subscriber would switch to the affiliate at the same time. Competitors would have a difficult if not impossible time responding in the market due to the lack of notice in the short duration of the promotion. This kind of manipulation leverages the monopoly advantage at an operational level. Any offering period of 45 days or less seems designed to be so short as to preclude any time for a competitor to learn of the promotional package and implement a response. Notwithstanding comments in opposition, the Commission believes this presumption is an important baseline of protection against discrimination, given that commonly managed affiliates and their ILECs will by this order be freed to jointly market. This presumption does not create a ban on joint marketing; it is only directed to the affiliate benefitting from affiliated ILEC promotions of 45 days or less duration.

of the non-discrimination duty was not intended to be limited to those elements an ILEC chooses to tariff.

It should be noted that this presumption would likely disappear if the ILEC gives reasonable advance notice of the promotion, thus taking away the “in house” advantage of common ownership. This presumption is based on Wis. Stat. §§ 196.219(3)(h), 196.37(2), 196.60(3), and 196.604; and 47 U.S.C. §§ 251(c)(2) and (3).

4. Nonpublic Facilities and Network Information: Proprietary or unpublished ILEC information respecting inside or unpublished ILEC facilities or network information or any procedure, feature or capability (including operational support systems) in or associated with ILEC services will be presumed to be preferentially transferred if network design, operation, and maintenance personnel are shared by the ILEC and an affiliate. This narrow presumption is intended to address the inherent ability of network design, operation and maintenance staffs working for both ILECs and affiliates to transfer critical information from the ILEC to the affiliate in the area of shared operations, installation or maintenance activities, or where shared transmission or switching facilities may be involved. This presumption does not require duplicate staffs.

The presumption applies in situations covered by affiliated interest agreements. To distinguish, the sharing of administrative staff performing functions like accounting or pension services will create little risk materially related to the bottleneck facilities themselves. The presumption only establishes that a technical preferential transfer exists in the absence of detailed evidence that a transfer of proprietary or unpublished information could not have occurred; the presumption does not address the materiality of the transfer as to any competitive situation. In other words, there is no *per se* unlawful preference merely because personnel are shared.

To the extent an ILEC converts unpublished information to “published” information through tariffs, readily available technical standards manuals, Internet posting of network specifications, or other means, the applicability of the presumption is correspondingly diminished. Sharing of staff resources is a reflection of economies of scope and scale, but adequate advance public disclosure is the primary means by which an ILEC “levels the playing field;” essentially, unpublished data is converted into public information. This presumption is based upon Wis. Stat. §§ 196.204(1), 196.219(3)(b) and (h), 196.37(2), 196.60(3), and 196.604; and 47 U.S.C. §§ 251(c)(2), (3), and (5).

5. Subsidies: Direct or indirect subsidies from an ILEC to an affiliate constitute an advantage or preference. Direct subsidies include ILEC guarantee of affiliate financial obligations without appropriate compensation. Indirect subsidies include services acquired directly or indirectly from one or more nonregulated service affiliate or affiliates at less than the price contemporaneously paid by the ILEC for the same services from the same service affiliate or affiliates (conducting or chaining), allowing for differences for volume or term, and ILEC provision of goods and services to a substantially undercapitalized affiliate in a competitive market (de facto financial guarantee). ILEC retained earnings or dividend payments passing through a common parent do not by that fact alone constitute an indirect subsidy when reinvested as equity in an affiliate. This presumption addresses affiliated interest transactions falling outside of 47 C.F.R. Part 32, which, barring extraordinary circumstances, would be considered non-subsidizing in nature. The presumption addresses the situation where one or more service affiliates can act as a conduit for subsidies from an ILEC to the affiliate if the price the ILEC pays for a service is higher than that paid by other affiliates. Examples might be engineering, billing,

accounting, or other types of services. However, cost or market-related differences in price attributable to differences in volume or term are reasonable qualification to a “same price” presumption. Financial transactions can be another source of indirect subsidies to the extent any loan to an affiliate includes recourse to the property of the ILEC without proper compensation.

The hidden subsidy opportunity in the situation of an undercapitalized competitive market affiliate is possible, for example, if a group of ILECs were to form an affiliated telecommunications carrier or reseller. Indirect subsidies for such a competitive market venture could be effected if the entity is only a shell without any ILEC equity capital at risk. Equity capital at risk must be invested or loaned for an affiliate to not be an “alter ego” for an ILEC. This presumption is based upon Wis. Stat. §§ 196.015, 196.204, 196.219(3)(g) and (h), and 196.604.

6. Intangibles: An affiliate should pay appropriate monetary compensation (including royalties or license fees) for any proprietary technology owned or paid for by an ILEC, book assets of the ILEC intended to be used to provide nonregulated or competitive services, or “non-book” ILEC assets such as, but not limited to, goodwill, patents, copyrights, corporate brand names, service and trade marks, etc. Free use of ILEC intangibles can be another form of subsidy to an affiliate. Their use must be identified and compensated for under Wis. Stat. § 196.52(5)(b). Compensation should be reasonable, and presumably more than zero if the affiliate thinks the intangible is worthy of acquisition. Attempting to get any more specific as to dollar values for specific services would not be feasible. Providers are referred to a New York case in which then Rochester Telephone Company was deemed entitled to a 2 percent royalty for an affiliate’s use of

Rochester's name and good will for a period of years.¹² Obviously, the intangible's value will be correlated to its marketplace worth. For example, the name of a small telecommunications utility in northern Wisconsin may have some marketing value in the immediate vicinity of the ILEC, but virtually none in Milwaukee. And, over time, a name may lose or gain value. This presumption is based on Wis. Stat. §§ 196.204(1); 196.219(3)(h); 196.52(1), (3)(a) and (5)(b); and 196.604.

7. Network Design: An ILEC will be presumed to unreasonably prefer or discriminate in favor of an affiliate if the ILEC fails to give stand-alone treatment to the interests of all present and potential customers, affiliated or otherwise, when acting upon an affiliate's request for specific development, design, or implementation of ILEC services (including network facilities). This presumption flows from the *Forestville*¹³ decision that the operation of an ILEC in a holding company must, in essence, continue to fulfill its public utility responsibilities. If a complainant can show that the only beneficiary of a service or a network installation or change is the ILEC's affiliate, then the ILEC must be prepared to show how the decision is based on stand-alone considerations. An affiliate is not barred from making requests for special services, but the ILEC's consideration of such requests must be on a stand-alone basis that reasonably considers the interests of not just the parent of the utility, but also the present and future public interest duties of the telecommunications utility. The "stand-alone" concept is not new, having been used in a number of

¹²*Re Rochester Telephone Co.*, 145 PUR4th 419 and 447 (N.Y. P.S.C. 1993), *aff'd sub nom., Rochester Tel. Corp. v. N.Y. Public Service Commission*, 614 N.Y.S. 2d 454, 201 A.D.2d 31 (1994) and 87 N.Y. 2d 17, 660 N.E.2d 1112, 1995 N.Y. LEXIS 3565, 637 N.Y.S. 2d 333, 166 PUR4th 205 (1995).

¹³*Notification by Forestville Telephone Company, Inc., That It Intends to Increase Telephone Rates*, docket 2050-TR-101, slip decision, pps. 37-41 and 45, (January 5, 1994) (e.g., "[M]anagement decisions should be made by or for the telecommunications utility as if it were independent, and should not be made to unreasonably or inequitably

Commission telecommunications holding company decisions. The essence of the concept is that an ILEC act impartially with respect to accommodating (or not) the demands for services and facilities to optimize its interests as a LEC. This presumption is based on Wis. Stat. §§ 196.03(1), 196.219(3)(b) and (h), 196.37(2), 196.604; and 47 U.S.C. §§ 251(c)(2)(C) and (c)(3).

8. Customer Transfers: In the absence of express affirmative consent of the customer, a change of a current ILEC customer from the ILEC to an affiliate for the same or equivalent services shall be deemed made without express customer consent. This presumption is intended to protect competition in its most basic form, that customers choose their providers. This is also evidence for the benefit of the affiliate that, despite the common management of the ILEC and the affiliate, the rivalry for a customer's favor was indeed fairly won by the affiliate. Without a written approval, the affiliate should have the burden of proving that a customer choice to leave the ILEC is intentional. The presumption merely holds that express customer consent cannot be asserted by the benefiting affiliate without some form of express consent from the customer in writing or oral testimony. The express consent may be in writing signed by the customer or a well-designed internal documentation process recording an oral customer consent. Such documentation might be a call log noting a solicitation script used and the particulars of date, time, and name of customer consenting. Notwithstanding the foregoing, the presumption does not bar the affiliate from presenting other evidence that the customer in some manner has given implied consent. This approach reasonably limits competitive "sleights of hand" in the confusion of similarly named affiliated entities. This presumption is

favor the holding company interests (parent and/or affiliate) to the unwarranted detriment of the regulated utility." (emphasis in original) p. 40).

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based on Wis. Stat. §§ 133.01, 196.03(6)(b) and (c), 196.219(3)(h), 196.60(3), and 196.604; Wis. Admin. Code ch. DATCP 123; and 47 C.F.R. § 64.1100.

The foregoing presumptions are equally applicable when determining whether ILEC regulated operations advantage the ILEC's nonregulated activities, that is, its "below the line" operations or lines of business. However, required cost allocations under 47 C.F.R. Part 64 are not superseded by the rebuttable presumptions. Each situation is intended to ultimately be judged on its own facts, but the presumptions at least allow providers to know what conduct should raise a "cautionary flag." The rebuttable presumptions will apply to the parties and be applied by the Commission in any Commission proceeding. If a party makes a *prima facie* showing of the requisite fact, the presumption may be invoked by a party. The burden of going forward would then shift to the opponent of the presumption. By these presumptions, the Commission can secure more efficient and economical resolution of disputes, and expedite the introduction of competition in telecommunications markets.

The Commission further clarifies that unless and until a Commission order has specifically determined the existence or non-existence of an advantage to an affiliate of the types addressed by this proceeding, the Commission will not consider itself to be "actively supervising" the activities for purposes of Wis. Stat. § 133.07(2). This leaves the utility and the affiliate (or the nonregulated businesses of the utility) subject to the provisions of Wis. Stat. ch. 133, as they may apply. This declaration is similar to one imposed in *Application of WITS for a Certificate of Authority to Transact Business as a Public Utility*, docket 6655-NC-101, slip opinion p. 50 (February 8, 1995), and is intended to clarify the administration of Wis. Stat. chs. 133 and 196, as the telecommunications industry in this state is moved toward effective market competition.

Certifications in Special Affiliate Situations

The foregoing discussion regarding certificate conditions and rebuttable presumptions apply to reseller affiliates that are entering competitive toll markets and to CLEC affiliates that are providing local exchange service outside their respective affiliated ILECs' home territories. The CLECs in question are usually those sponsored by parents to enter territories other than the traditional territories of the small telecommunications utility ILEC.

With respect to affiliates of ILECs not fitting the descriptions in the preceding paragraph, the staff proposed facilities and service conditions described below. The "public interest standard" for alternative telecommunications utilities consists of consideration of at least the seven factors in Wis. Stat. § 196.03(6) and the factors in Wis. Stat. § 196.203(3)(a). The latter statute's factors include, but are not limited to, "the quality of service, customer complaints, concerns about the effect on customers of local exchange telecommunications facilities and the extent to which similar services are available from alternative sources."

Public Interest Conditions and Other Conditions

In comments, staff discussed additional conditions on ILEC affiliates to promote competition, but which are not specifically based on existing state and federal laws.

The Commission finds, however, that these additional conditions are unnecessary.

FINDINGS OF FACT

THE COMMISSION FINDS:

1. It is not necessary at this time to retain the conditions imposed in the interim orders certifying reseller and CLEC affiliates of ILECs as they are, except as provided below, unnecessary and duplicative of state and federal laws.

2. It is reasonable, necessary and in the public interest to impose upon reseller and CLEC affiliates of ILECs, to the extent and in the manner described in the Introduction , Wis. Stat. §§ 196.015, 196.204(6), the first sentence of 196.604, and the described notice duty under the combination of 196.52(1), the first sentence of (3)(a), and (5)(b).

3. The imposition of provisions identified in paragraph 2 is competitively neutral and necessary because, given the circumstances of the various providers in the relevant markets, the conditions help promote the development of effective competition without unfairly advantaging or disadvantaging any provider.

4. It is reasonable, necessary, and consistent with the public interest to modify the interim certificates of ATU resellers and CLECs affiliated with ILECs, as identified in Appendix B, by eliminating Conditions 1 through 8 in all ATU reseller and CLEC certifications and Conditions 9 and 10 in CLEC certifications, all as described in the Introduction.

5. It is reasonable, necessary, and consistent with the public interest to also issue final certification orders to those ATU resellers identified in Appendix B and in the Introduction, subject to the changes in the statutes with which they must comply as set forth in paragraphs 2 and 6.

6. It is reasonable, necessary and consistent with the public interest to modify Condition 11 in the certification orders for CLECs affiliated with ILECs, to the extent and in the manner described in the Introduction, by (a) changing Wis. Stat. § 196.204 to § 196.204(6) and (b) imposing compliance with the first sentence of Wis. Stat. § 196.604 and the notice duty (page 13) under Wis. Stat. §§ 196.52(1), the first sentence of (3)(a), and (5)(b).

7. It is reasonable, necessary, and in the public interest to establish the rebuttable presumptions, as discussed in the Introduction, as to the burden of production for application by parties and the Commission to appropriate facts adduced in any Commission adjudicative proceeding.

8. It is reasonable, necessary, and in the public interest to clarify for enforcement purposes as described in the Introduction, the extent of Commission active supervision of relationships between ILECs and their affiliates (including nonregulated activities of the ILEC) in relation to Wis. Stat. § 133.07(2).

9. It is neither necessary nor in the public interest at this time to impose any other statutory conditions or restrictions as proposed by the commenters.

CONCLUSION OF LAW

THE COMMISSION CONCLUDES:

It has jurisdiction pursuant to Wis. Stat. §§ 133.07(2), 196.01, 196.02, 196.03, 196.195, 196.196, 196.203, 196.204, 196.218, 196.219, 196.26, 196.28, 196.37, 196.44, 196.52, 196.60, provisions of Wis. Admin. Code chs. PSC 160 and 168, other provisions of Wis. Stat. chs. 196 and 227 as may be pertinent hereto, and pertinent provisions of 47 U.S.C. §§ 151 *et seq.*, and the Telecommunications Act of 1996 as the Commission may apply under its jurisdiction and discretion in

Wis. Stat. ch. 196 to impose provisions of ch. 196 upon certifications of resellers and CLECs affiliated with ILECs, to establish and apply rebuttable presumptions with respect to potentially anticompetitive conduct, to interpret statutes, to issue interim and final orders, and to act or refrain from acting as set forth herein.

INTERIM ORDER

THE COMMISSION ORDERS:

1. This interim order shall be effective upon mailing.
2. Interim orders specified in Appendix B (“NC” dockets) certifying CLEC affiliates of ILECS are modified, to the extent and in the manner described in the Introduction, by (a) the removal of Conditions 1 through 10, (b) the modification of Wis. Stat. § 196.204 to § 196.204(6) in Condition 11, (c) the addition to Condition 11 of the first sentence of Wis. Stat. § 196.604, and (d) the addition to Condition 11 of Wis. Stat. §§ 196.52(1), the first sentence of (3)(a), and (5)(b) to the extent of giving notice to the Commission and the related ILEC regarding contemporaneous exchange of goods or services by the reseller and an affiliated ILEC through means of a third-party affiliate.
3. Jurisdiction is retained.

FINAL ORDER

THE COMMISSION ORDERS:

1. This final order shall be effective upon mailing.
2. Conditions 1 through 8 in interim certification orders for reseller affiliates shall be removed, and the list of statutory provisions which the resellers shall comply with is modified, to the extent and in the manner described in the Findings of Fact, to include (a) the first sentence of Wis. Stat.

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§ 196.604, and b) Wis. Stat. §§ 196.52(1), the first sentence of (3)(a), and (5)(b) to the extent of giving notice to the Commission and the related ILEC regarding contemporaneous exchange of goods or services by the reseller and an affiliated ILEC through means of a third-party affiliate.

3. Interim orders certifying ATU reseller affiliates of ILECs, as specified in Appendix B (“TI” dockets) and modified in paragraph 2, are made final.

4. As described in the Introduction and wherever appropriate to the facts adduced, the rebuttable presumptions shall be applicable to parties and applied by the Commission in Commission adjudicative proceedings.

5. For purposes of Wis. Stat. § 133.07(2), unless and until a Commission order has specifically determined the existence or non-existence of an advantage to an affiliate, the Commission shall not be deemed to be “actively supervising” the activities between an ILEC and an affiliate (or nonregulated activities of the ILEC) to which the rebuttable presumptions discussed in the Findings of Fact may be applied.

6. Jurisdiction is retained.

Dated at Madison, Wisconsin, _____

By the Commission:

Lynda L. Dorr
Secretary to the Commission

LLD:MSV:TJF:lep:g:\order\digest orders\pending\05TI158 order

See attached Notice of Appeal Rights

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

APPENDIX A

This proceeding is not a contested case under Wis. Stat. ch. 227, therefore there are no parties to be listed or certified under §. 227.47. However, an investigation was conducted, and the persons listed below participated.

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ILEC Affiliates with Interim Certification Orders

ILEC Affiliate	Docket Number
Ameritech Communications of Wisconsin, Inc.	139-NC-100
Baldwin Cellcom, Inc.	7052-TI-100
Bayland Communications, Inc.	387-NC-101
Baynet, Inc.	7147-TI-100
Borderland Communications LLC	7322-TI-100
Chequamegon Telecommunications Company, Inc.	1065-NC-101
Chippewa Valley Communications, Inc.	7225-TI-100
Citizens FiberNet, Inc.	1129-NC-100
CLT Communications, Inc.	7037-TI-100
Cochrane Cellular, Inc.	7235-TI-100
Coon Valley Telecommunications, Inc.	7206-NC-100
CTC Telcom, Inc. (authorized as CTC Communications, Inc.)	1455-NC-100 & 1455-NC-101
CTC Telcom, Inc.	7157-TI-100
Frontier Communications International, Inc.	7878-TI-100
Frontier Local Services, Inc.	7328-TI-100
Grantsburg Telcom, Inc.	7191-TI-100
Indianhead Communications Corporation	7238-TI-100
Lakefield Communications, Inc.	7057-TI-100
Lakeland Telecom, Inc.	7179-TI-100
LaValle Long Distance, Inc.	7254-TI-100
Manawa Telecom, Inc.	7086-TI-100
MH Telecom, Inc.	3945-NC-101
Mid-Plains Communications Systems, Inc.	7869-NC-100
NET LEC, Inc.	4075-NC-100
New North Telecommunications, Inc.	7107-TI-100
Northeast Telephone Long Distance, Inc.	7166-TI-100
Pioneer Communications, Inc.	4655-TI-100
Richland-Grant Long Distance, Inc.	7253-TI-100
Siren Communications, Inc.	7106-TI-100
Somerset Communications, Inc.	7095-TI-100
Spring Valley Telephone Long Distance, Inc.	7072-TI-100
TDS Metrocom, Inc.	5845-NC-100 & 5845-NC-101
Tech Com, Inc.	5847-NC-101
Tri-County Communications, Inc.	7223-TI-100
West Wisconsin Communications Systems, Inc.	7073-NC-100

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Wittenberg Cable TV, Inc.	7324-TI-100
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