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BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO

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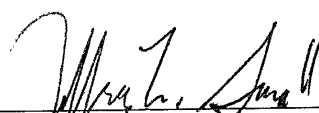
PUCO

State Alarm, Inc. :
Complainant, :
v. : Case No. 95-¹¹⁸²~~182~~-TP-CSS
Ameritech Ohio :
Respondent, :
In the matter of the Self-Complaint :
of Ameritech Ohio Relative to its :
Service Provided to State Alarm, : Case No. 96-858-TP-SLF
Incorporated. :

MOTION OF STATE ALARM FOR MEDIATION TO
DETERMINE AN APPROPRIATE PAYMENT PLAN

Now comes State Alarm, Inc. (hereinafter, "State Alarm"), and, pursuant to Section 4901-1-12 O.A.C., respectfully moves for mediation to determine an appropriate payment plan and for the Commission to appoint an attorney examiner for such purposes. The reasons for the Motion for Mediation are set forth in the following Memorandum in Support.

Respectfully submitted,



John W. Bentine (0016388) Trial Attorney
Jeffrey L. Small (0061488)
CHESTER, WILLCOX & SAXBE LLP
17 South High Street, Suite 900
Columbus, Ohio 43215
(614) 221-4000

Attorneys for State Alarm

This is to certify that the images appearing are an accurate and complete reproduction of a case file document delivered in the regular course of business.
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**BEFORE
THE PUBLIC UTILITIES COMMISSION OF OHIO**

State Alarm, Inc.	:	
Complainant,	:	
v.	:	Case No. 95- 182-TP-CSS
Ameritech Ohio	:	
Respondent.	:	
	:	
In the matter of the Self-Complaint of Ameritech Ohio Relative to its Service Provided to State Alarm, Incorporated.	:	Case No. 96-858-TP-SLF

MEMORANDUM IN SUPPORT OF MOTION OF STATE ALARM
FOR MEDIATION TO
DETERMINE AN APPROPRIATE PAYMENT PLAN

I. Statement of Facts

On March 25, 1999, the Commission issued its Opinion and Order in these cases (hereinafter, "March 25 Order"). The Commission held, among other matters, that Ameritech provided "legally inadequate service on the multiplexed circuits from December 1, 1990, until the date the hearing in these matters commenced on July 28, 1997." See March 25 Order at 34. The Commission directed Ameritech Ohio to "conduct ... a complete and comprehensive analysis of the circuits serving State Alarm" and "file a written report ... not later than sixty days for the issuance of this order." *Id.* at 37.

Subject to certain exceptions concerning payments to Ameritech, the Commission also stated that State Alarm should "bring its multiplexed accounts for regulated telecommunication services with Ameritech current or enter into appropriate payment arrangements within sixty days of the issuance of this order." *Id.* at 40. While the decision of the Commission was pending in

in these cases, State Alarm made full payment -- in excess of \$50,000 -- to Ameritech Ohio on the account that had been mistakenly identified as being connected with the multiplexed alarm circuits. See SAS Exhibit P (Pinchot) at 3. The March 25 Order also states that Ameritech Ohio "may, after prior notice to the Commission, pursue available remedies to collect outstanding balances including, but not limited to, the disconnection of service." Id. On May 6, 1999, Ameritech Ohio and State Alarm jointly moved for a thirty day extension concerning the Commission's directives, and that motion was granted by the Commission on May 19, 1999. See Entry on Rehearing at 2.

State Alarm and Ameritech Ohio representatives have engaged in various communications directed towards the payment arrangements that are mentioned in the Commission's Order. Most notably, the parties conducted a teleconference on April 23, 1999; State Alarm made payment proposals by letter on April 30 and June 7, 1999; and Ameritech Ohio responded by letter to State Alarm's proposals on May 6 and June 22, 1999. The aforementioned letters and a more recent letter¹ concerning State Alarm actions in the absence of agreement on an "appropriate payment arrangement," are attached to this Motion.²

On April 23, 1999, State Alarm filed its Application for Rehearing in these cases. Two of State Alarm's assignment of errors -- Assignments 4 concerning payments to an escrow account for amounts subject to an outstanding and *bona fide* dispute, and 6 concerning payment of late charges -- deal directly with the amount of payments that are due to Ameritech Ohio under the

¹ The July 6, 1999 letter was transmitted, via telecopier, to R.S. Rawlings, via (440) 356-2873, on July 7, 1999.

² In the April 23, 1999 teleconference, the parties discussed and agreed that communications concerning proposed payment arrangements are not settlement discussions and are not privileged.

Commission's order. Ameritech Ohio filed its Application for Rehearing on April 26, 1999.³

The Commission granted both Applications for Rehearing in order to further consider them. Id.

State Alarm filed a Complaint with the Commission on June 10, 1999. In part, the Complaint alleges that Ameritech Ohio provided State Alarm with the same inadequate service during and after the evidentiary hearing in these cases that the Commission deemed to be inadequate during the period from December 1, 1990 until the hearing in these matters commenced on July 28, 1997. See In re Complaint of State Alarm (June 10, 1999), PUCO Case No. 99-704-TP-CSS.

On June 23, 1999, Ameritech Ohio filed its Report of Investigation in these cases as the result of the directive in the Commission's March 25 Order.

II. Argument

State Alarm believes that a hearing examiner, trained in mediation techniques, could assist the parties in reaching the terms of an appropriate payment arrangement in these cases. Differences between the parties concerning what they regard as "appropriate payment arrangements" center on three main issues: the treatment of late charges claimed by Ameritech Ohio, the appropriateness of payments by State Alarm of certain amounts into escrow accounts, and the length of time over which State Alarm should be permitted to make its repayments.⁴ An attorney examiner may be able to help cut through miscommunications that appear to exist in the exchanges over the payment arrangements. Also, an attorney examiner may also be able to assist the parties concerning their different interpretations of the Commission's March 25 Order regarding the assessment of later charges and the use of escrow accounts, and help determine reasonable terms for repayments.

³ Ameritech's Application for Rehearing is subject to a correction filed May 3, 1999.

The Commission's March 25 Order does not explicitly deal with the subject of late charges that have been assessed by Ameritech on amounts it claims are due.⁵ State Alarm believed that the matter of late charges, at least on amounts that Commission determined need not be repaid to Ameritech, was resolved during the April 23, 1999 teleconference. See State Alarm Letter (June 7, 1999) at ¶2. Ameritech Ohio's last letter agrees with this position. See Ameritech Letter (June 22, 1999) at ¶6. However, the spreadsheet provided by Ameritech along with its May 6, 1999 letter and all Ameritech Ohio bills continue to include the late charges that counsel for Ameritech agrees "cannot be collected." Id. State Alarm believes that an attorney examiner could help the parties quickly resolve this matter.

The Commission's March 25, 1999 Order deals with the subject of payments into escrow for amounts that are subject to a *bona fide* dispute. See March 25 Order at 38-39. State Alarm proposes to make payments for current charges and for the period between July, 1997 until the date of the Commission's Order into escrow accounts.⁶ The basis of State Alarm's proposal is the *bona fide* dispute concerning the adequacy of Ameritech Ohio service and claims for payment during these periods.⁷ See In re Complaint of State Alarm (June 10, 1999), PUCO Case No. 99-704-TP-CSS. Ameritech Ohio insists that all payments should be made directly to Ameritech Ohio and not to an escrow account. See Ameritech Ohio Letter (June 22, 1999) at ¶3. Both parties claim that their positions are supported by the Commission's March 25 Order. An

⁴ Of course, the treatment of late charges affects the total amount to be paid and, therefore, the period needed for a given monthly payment amount to complete the repayment.

⁵ The treatment of late charges is the subject of the sixth assignment of error in State Alarm's Application for Rehearing.

⁶ Ameritech Ohio states that State Alarm's proposed "that all payments to Ameritech for services rendered, both in the past and in the future, w[ould] be made into an escrow account." See Ameritech Ohio Letter (May 6, 1999) at ¶2. State Alarm's prior proposal included payments "directly to Ameritech." See State Alarm Letter April 30, 1999) at ¶3.

⁷ The treatment of payments to escrow accounts is the subject of the fourth assignment of error in State Alarm's Application for Rehearing.

attorney examiner may be able to assist the parties concerning their different interpretations of the Commission's March 25, 1999 Order.

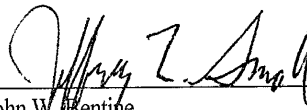
Another obstacle to agreement on an "appropriate payment arrangement" is the determination of a repayment period. State Alarm's ability to make payments is dependant on the amount of revenues that it can obtain from providing supervised alarm services, an amount that is impaired by problems with Ameritech service to State Alarm. See State Alarm Letter (June 7, 1999) at ¶4. An attorney examiner may be able to assist in determining reasonable terms for repayments.

III. Conclusion

An attorney examiner may be able to help with communications between the parties, assist concerning differences in their interpretations of the Commission's March 25, 1999 Order, and help determine reasonable terms for repayments.

WHEREFORE, for the above stated reasons, the Commission should appoint an attorney examiner for the purposes of mediating the dispute between the parties over the provisions of an appropriate payment plan.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Jeffrey L. Small". The signature is written in a cursive, flowing style with a large initial "J".

John W. Valentine,

Trial Attorney (0016388)

Jeffrey L. Small (0061488)

CHESTER, WILLCOX & SAXBE

17 South High Street, Suite 900

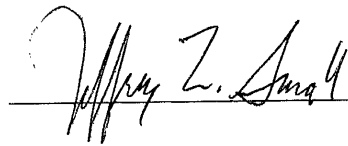
Columbus, Ohio 43215-3413

(614) 221-4000

Attorneys for Complainant
State Alarm, Inc.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing *Motion for Mediation to Determine an Appropriate Payment Plan* has been served upon C. Scott Rawlings, 2639 Wooster Road, Rocky River, Ohio 44116 via U.S. Mail, postage prepaid, this 8th day of July, 1999.



CHESTER WILLCOX & SAXBE LLP
Attorneys and Counselors at Law

JOHN W. BENTINE

Direct Dial (614) 334-6121

April 30, 1999

VIA TELECOPIER 312-845-8871 – Mail Copy to Follow

Mark Ortlieb Esq.
Ameritech
225 West Randolph Street, Floor 27B
Chicago, Illinois 60606

Re: In the Matter of the Complaint of State Alarm, Inc.,
PUCO Case No. 95-1182-TP-CSS

Dear Mark:

This letter provides State Alarm's payment plan proposal in the wake of the Public Utilities Commission of Ohio's March 25, 1999 Order in the above captioned case.

As stated in our teleconference on April 23, 1999, State Alarm distinguishes between amounts that Ameritech claims are due on data circuits used by State Alarm for the period prior to December of 1995 and amounts claimed by Ameritech for the period after the hearing in July of 1997. Because Ameritech took no actions relative to the data circuits after July of 1997 to improve upon the service during the immediately preceding period in which inadequate service was determined by the Commission, State Alarm has a bona fide dispute concerning the adequacy of service during the latter period and will shortly file a complaint at the PUCO in this regard, among other issues. Mindful of the Commission's Order relative to the creation of an escrow account in such situations, State Alarm proposes to make payments for the period after July of 1997 into an escrow account until its dispute with Ameritech is finally resolved.

With the above as background, State Alarm proposes that it make payments in the following manner: 1) full payment will be made on all current charges on the data circuits to an escrow account, 2) payments for the period following July of 1997 concerning the data circuits will be made, in the amount of \$3,100 per month, to an escrow account, and 3) payments for the period prior to December of 1995 concerning the data circuits will be made, in the amount of

Mark Ortlieb, Esq.

April 30, 1999

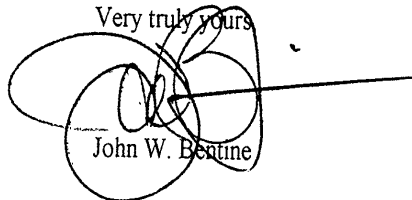
Page 2 of 2

\$3,100 per month, directly to Ameritech. Current monthly charges on the data circuits are approximately \$6,200, according to bills received by State Alarm, so that State Alarm would make monthly payments under this proposal equal to approximately two times current billings. The second payment stream will be made regarding Ameritech claims of approximately \$141,000 and the third payment stream will be made regarding Ameritech claims of approximately \$132,000. We have not received the spreadsheet that you used during the teleconference and which you stated would be provided to State Alarm, so a direct comparison with Ameritech's claims is not possible as part of this letter.

The above stated proposal is made with the understanding that State Alarm retains the right to dispute the charges that Ameritech has made on these accounts. State Alarm has identified incorrect billings and would like Ameritech to designate a billing representative to work through billing disputes with Brenda Dull from State Alarm. The proposal does not include payments for "late charges" that have been assessed and which may continue to be assessed by Ameritech on amounts that were in bona fide dispute. The proposal is also made with the understanding that State Alarm retains all rights to pursue claims against Ameritech for incorrect billings, inadequate service, and any other form of action before the Commission and the courts, and that payments are made without prejudice to claims for damages that State Alarm will make regarding the inadequate service that has been provided by Ameritech.

I will await your response to State Alarm's proposal. In the meantime, however, I would appreciate receiving a copy of the spreadsheet that Ameritech representatives used during our recent conversation. You may send the spreadsheet to my facsimile number, 614-221-4012.

Very truly yours

A handwritten signature in black ink, appearing to be "John W. Beattie", written over a horizontal line. The signature is stylized with loops and a long horizontal stroke extending to the right.

John W. Beattie

cc: Don Shury
C. Scott Rawlings



May 6, 1999

**VIA FAX (614-221-4012)
and US MAIL**

Mr. John Bentine
Chester, Willcox & Saxbe
17 S. High Street, Ste. 900
Columbus, OH 43215-3413

RE: State Alarm v. Ameritech

Dear John:

This letter responds to State Alarm's letter of April 30, 1999 on a proposed payment plan in wake of the order of the Public Utility Commission of Ohio (PUCO) on March 25, 1999.

As I understand it, the essence of State Alarm's payment proposal is that all payments to Ameritech for services rendered, both in the past and in the future, will be made into an escrow account. Future payments would be made in full; past payments would be made at the rate of approximately \$6,200 per month. Given that the past due balance is in the neighborhood of \$300,000 I calculate that it would take State Alarm at least 44 months to bring its past due balances current. This does not include late payment charges, which Ameritech claims are due. Ameritech cannot accept this proposal because of the escrow feature and because it would take almost four years to bring past due balances current.

With regard to the escrow proposal, the Commission has specifically ordered State Alarm to bring its accounts current, or to enter into acceptable payment arrangements. Specifically, on page 40 of the Order, the Commission specifically directs State Alarm to bring its accounts current. This directive specifically applies to amounts due up to "the date of the issuance of this order." Establishment of an escrow for amounts due prior to March 25, 1999 is not supported by the language or the spirit of the PUCO order. In fact, it is directly contrary to the PUCO requirement that accounts be brought current.

With respect to the roughly 44-month repayment period inherent in State Alarm's proposal, Ameritech believes that that is far to long a time period. Ameritech would be willing to establish a repayment schedule with equal monthly installments which would result in full payment of the past due amount by September 25, 1999. This would effectively give State Alarm a six month window in which to repay amounts for services rendered over the past several

years. Under this proposal, late payment charges would continue to apply. Ameritech would be willing to consider slightly more time for repayment if State Alarm would be willing to supply adequate security by way of letter of credit acceptable to Ameritech or by other similar means.

While I understand that State Alarm is proposing to retain the right to dispute charges that Ameritech has made on State Alarm accounts up to March 25, 1999, Ameritech believes that the PUCO order effectively addresses this issue. Particularly, on page 39 of the Order, the Commission rejected State Alarm's arguments that Ameritech's bills to State Alarm for these accounts are incorrect or inaccurate.

With respect to your request that Ameritech designate a billing representative to work through billing issues with Brenda Dull from State Alarm, please be advised that she can work with Ameritech's billing claims group on billing matters. This group can be reached at (800) 242-3225, ext. 6007. In accordance with the above paragraph, however, the Commission has already determined that amounts billed by Ameritech up to March 25, 1999 must be paid by State Alarm.

Finally, attached please find the spreadsheet which we discussed in our telephone conference call of April 23, 1999.

I am concerned at what appears to be a wide disparity in the positions of State Alarm and Ameritech on this payment issue. I hope that we can find some way to bridge this gap so that we can at least move forward with reasonable payment arrangements, even though we may continue to disagree about the usefulness of the service provided by Ameritech to State Alarm.

Sincerely



Mark R. Ortlieb

CC: Scott Rawlings, Jeff Hutchinson

STATE ALARM
AS OF 4-25-99
DISPUTED ACCOUNTS

account_num	cc	sl	stat	bill date	due date	multiplex	total balance due	12-95 to 7-97	bal(12-95 to 7-97 excluded)
216R113548	543	OH	L	16-Apr-99	05-May-99	Yes	\$116,967.35	\$36,893.22	\$80,068.13
216R403507	554	OH	L	04-Apr-99	23-Apr-99	Yes	\$97,106.75	\$32,615.56	\$64,491.19
216R405710	547	OH	L	04-Apr-99	23-Apr-99	Yes	\$85,027.58	\$31,247.76	\$53,779.82
216R112458	601	OH	L	16-Apr-99	05-May-99	Yes	\$75,510.61	\$29,295.34	\$46,215.27
216R112984	779	OH	L	16-Apr-99	05-May-99	Yes	\$65,763.30	\$24,349.36	\$41,403.94
216R17725	395	OH	W	01-Mar-96	01-Mar-96	No	\$22,483.44		*\$22,483.44
Totals							\$462,843.03	\$154,401.24	\$308,441.79
*DID NOT NEED TO EXCLUDE DUE TO NON-MULTIPLY ACCOUNT									
Totals							MULTIPLY BALANCE(12-95 TO 7-97 EXCLUDED) \$285,958.35		
TOTAL							NON-MULTIPLY BALANCE \$22,483.44		

STATE ALARM
AS OF 4-25-99

account num	cc	cus_name	st	stat	bill date	curr_due	pas30	pas60	pas80	pas120	pas120	total_due
216R113548	543	STATE ALARM	OH	L	16-Apr-99	2498.37	2472.92	2109.24	2483.37	107417.45	114462.98	116961.35
216R403507	554	STATE ALARM	OH	L	04-Apr-99	1732.03	1710.7	2155.62	1558.08	89950.34	95374.72	97106.75
216R405710	547	STATE ALARM	OH	L	04-Apr-99	1386.36	1393.33	1372.74	1180.64	79584.51	83631.22	86027.58
216R112458	601	STATE ALARM	OH	L	16-Apr-99	1219.35	1872.52	1232.03	1872.2	70714.51	74291.26	75510.61
216R112884	779	STATE ALARM	OH	L	16-Apr-99	1128.52	1839.05	1120.08	1121.68	61243.97	64624.70	65753.3
216R117725	395	STATE ALARM	OH	W	01-Apr-99	0	0	0	0	22483.44	22483.44	22483.44
3307268111	769	STATE ALARM	OH	L	25-Mar-99	280.25	279.15	283.34	279.15	1868.11	2709.75	3000
4402698822	631	STATE ALARM	OH	L	13-Apr-99	59.4	19.75	0	0	0	19.75	79.15
3303760404	036	STATE ALARM	OH	L	16-Apr-99	228.66	6.12	0	0	0	6.12	234.78
216R117725	722	STATE ALARM	OH	L	10-Apr-99	1875.85	0	0	0	0	0	1675.85
216R074612	778	STATE ALARM	OH	L	04-Apr-99	511.4	0	0	0	0	0	511.4
216R941211	943	STATE ALARM	OH	L	13-Apr-99	758.6	0	0	0	0	0	758.6
3304529075	176	STATE ALARM	OH	L	07-Apr-99	19.58	0	0	0	0	0	19.58
330R830013	426	STATE ALARM	OH	L	25-Mar-99	-2	0	0	0	0	0	-2
4409512133	903	STATE ALARM	OH	L	10-Apr-99	53.61	0	0	0	0	0	53.61
2163514046	641	STATE ALARM	OH	L	10-Apr-99	38.5	0	0	0	0	0	38.5
2166964655	883	STATE ALARM	OH	F	07-Apr-99	85.41	0	0	0	0	0	85.41
3303376804	031	STATE ALARM	OH	L	10-Apr-99	-16.38	0	0	0	0	0	-16.38
216R513031		STATE ALARM	OH	L	04-Apr-99	-1.48	0	0	0	0	0	-1.48
Totals						11656.03	8193.54	8273.05	7775.1	433362.33	457604.02	469260.05

TOTAL P.05

CHESTER WILLCOX & SAXBE LLP

Attorneys and Counselors at Law

JOHN W. BENTINE

Direct Dial (614) 334-6121

June 7, 1999

VIA TELECOPIER 312-845-8871 – Mail Copy to Follow

Mark Ortlieb Esq.

Ameritech

225 West Randolph Street, Floor 27B

Chicago, Illinois 60606

Re: In the Matter of the Complaint of State Alarm, Inc.,
PUCO Case No. 95-1182-TP-CSS

Dear Mark:

This letter provides State Alarm's response to your letter dated May 6, 1999 that concerned the Commission's March 25, 1999 Order in the above captioned case.

Your rejection of State Alarm's previous proposal is based on the rejection of State Alarm's treatment of late charges, payments to escrow, and the length of time that repayment would take place. As far as the late payment charges, it is particularly disheartening that your letter appears to insist upon payment of "late charges" on sums that the Commission stated are not due Ameritech. Your position retreats from your recognition in our April 23, 1999 teleconference that the payment of these sums is not required in light of the Commission's March 25, 1999 Order.

The March 25, 1999 Order did not address the dispute concerning service that was not the subject of testimony – *i.e.* service rendered after the July 28, 1997 start of the hearing. However, pages 38 and 39 of the Order recognize the inability of Ameritech to discontinue service under circumstances involving a bona fide dispute, and states that it is reasonable under such circumstances to have payments placed in escrow. This is exactly the procedure that State Alarm proposes to follow concerning service rendered after July 28, 1997.

In order to address your concerns over the length of time over which State Alarm would

Mark Ortlieb, Esq.

June 7, 1999

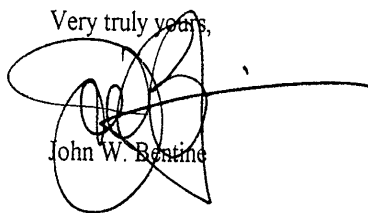
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make its payments, State Alarm is willing to increase the payments for the period following July 1997 concerning the data circuits to \$3,400 and make half of the payments that it designated in its previous proposal for the escrow account directly to Ameritech in payment of past due amounts on the alarm circuits, provided that Ameritech does not object to the level of payments being placed in escrow that are subject to bona fide dispute. Payments into escrow at less than one hundred percent of billed amounts is consistent with a likely determination of inadequate service concerning the multiplexed circuits after July 28, 1997. State Alarm would also consider increasing its payments to Ameritech once the service problems with the multiplexed circuits are resolved and Scan Alert service again becomes available to State Alarm. Such improvements will improve State Alarm's ability to make payments.

This proposal incorporates the same understandings as are contained in State Alarm's first proposal. I disagree with your apparent conclusion that the Commission's Order resolved billing disputes between State Alarm and Ameritech. Ameritech presented spreadsheets as evidence in its "self complaint" case, a case in which the Commission denied Ameritech any remedy. Finally, Ms. Dull's dealings with Ameritech's regular billing personnel has been very unsatisfactory. As one example, she has been attempting to resolve a double billing problem for the multiplex circuits (Westlake Terrace on Circuit 7PA3321) for years. Your designation of a responsible billing representative to work with Ms. Dull would help to expedite the resolution of disputes between the parties so that they can concentrate on more productive matters.

Finally, State Alarm is very concerned that it has experienced severe service problems on Ameritech's alarm circuits even during this period in which Ameritech is conducting its analysis of the service that it provides to State Alarm. Ameritech service on a main circuit that State Alarm uses to serve clients in Cleveland and individual legs off that main circuit were plagued with service interruptions during June 5-7, 1999. The situation was worsened by Ameritech's inability to contact its supervisory personnel to resolve the problem. This recent incident will be featured in State Alarm's complaint concerning Ameritech service on the alarm circuits from July 28, 1997 onward.

Very truly yours,

A handwritten signature in black ink, appearing to read "John W. Bentine", with a long horizontal line extending to the right.

John W. Bentine

cc: Don Shury
C. Scott Rawlings

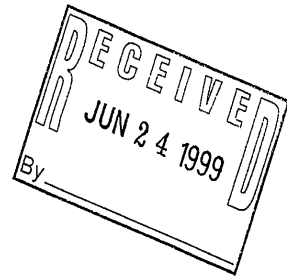


Ameritech Corporate
Suite 27B
225 West Randolph Street
Chicago, IL 60606
Office 312/727-2860
Fax 312/845-8871

Mark R. Orlieb
Counsel

VIA FACSIMILE/US MAIL (614) 221-4012

June 22, 1999



Mr. John Bentine
Chester, Willcox & Saxbe
17 South High Street
Suite 900
Columbus, Ohio 43215-3413

Re: State Alarm vs. Ameritech, PUCO Case No. 95-1182-TP-CSS

Dear John:

This letter responds to your recent letter to me dated June 7, 1999.

With respect to the amounts which State Alarm owes Ameritech for services rendered prior to December 27, 1995, State Alarm is legally required to make payment in full to Ameritech, and in fact the PUCO Order specifically directs State Alarm to do so. Ameritech has been willing to discuss payment arrangements which would lead to payment in full over a period of time not to exceed six months from the date of my May 6, 1999 letter. As I understand State Alarm's current position, it is not willing to enter into payment arrangements within these parameters.

With respect to payments due after July 28, 1997, it is Ameritech's position that the Commission Order in Case No. 95-1182-TP-CSS required State Alarm to bring its accounts current through March 25, 1999. I understand that you disagree with that reading of the Order, and in fact that you have filed a new complaint related to that time period. Nonetheless, partial payments into an escrow account over time as State Alarm contemplates do not comply with the letter or the spirit of the Commission's Order in this case.

With respect to payments for current services, Ameritech expects full and timely payment.

Page 2
John Bentine
June 22, 1999

I appreciate the efforts you have put into our attempt to arrive at some payment arrangements, but the payment arrangements State Alarm has proposed simply do not work.

One matter of clarification: you mentioned in your June 7, 1999 letter that there was some confusion regarding Ameritech's position on "late charges" on amounts billed by Ameritech to State Alarm for multiplexed circuits between December 27, 1995 and July 28, 1997. I am not sure what the source of the confusion was, but Ameritech's position continues to be that late payment charges do not apply to amounts which, pursuant to PUCO Order, cannot be collected. Late charges continue to apply to unpaid balances which State Alarm is obligated to pay.

Sincerely,



Mark R. Ortlieb

cc: Scott Rawlings
Jeff Hutchinson

CHESTER WILLCOX & SAXBE LLP

Attorneys and Counselors at Law

JEFFREY L. SMALL

Direct Dial (614) 334-6122

July 6, 1999

VIA TELECOPIER 312-845-8871 – Mail Copy to Follow

Mark Ortlieb Esq.
Ameritech
225 West Randolph Street, Floor 27B
Chicago, Illinois 60606

Re: In the Matter of the Complaint of State Alarm, Inc.,
PUCO Case No. 95-1182-TP-CSS

Dear Mark:

This letter addresses a number of matters in the above captioned case and the related case, PUCO Case No. 99-704-TP-CSS.

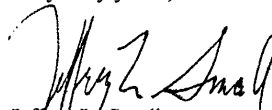
You may be aware that State Alarm paid off the balance, in an amount exceeding \$50,000, on the non-multiplexed account 3307268111769 that was mistakenly not paid when State Alarm and Ameritech Ohio became involved in litigation. State Alarm intends to pay the balance on account 2167817725395, which Ameritech Ohio spreadsheets show at \$22,483.44, that is also not a multiplexed account. State Alarm intends to make this payment in approximately 90 days. As indicated by Ameritech Ohio's account representative during the April 23, 1999 teleconference, Ameritech Ohio has not been sending State Alarm bills for this account. Please have an appropriate telephone bill, containing remittance instructions, prepared for this account and sent to the normal billing address for State Alarm.

Our communications evidence disagreement concerning the use of escrow accounts in the wake of the Commission's March 25, 1999 Order in the above captioned case. State Alarm does not want to fall behind in its payment of amounts that the Commission could conceivably order State Alarm to pay regarding the multiplexed accounts that are, in part, the subject of PUCO Case No. 99-704-TP-CSS. Therefore, State Alarm will make current payments for the multiplexed circuits into escrow pending the disposition of this pending case or an agreement between the parties.

Mark Ortlieb, Esq.
July 6, 1999
Page 2 of 2

Finally, your June 22, 1999 letter mentions "confusion regarding Ameritech's position on 'late charges.'" You state that Ameritech Ohio does not seek the payment of late charges that have been assessed on amounts that cannot be collected according to the Commission's Order. However, Ameritech Ohio's demands for payment -- whether in spreadsheets sent to my office or in monthly billing statements sent to State Alarm -- all fail to make reductions by the amount of late charges that you state is not claimed by Ameritech Ohio under the Commission's Order. Please provide the adjusted figures so that this matter can be resolved.

Very truly yours,



Jeffrey L. Small

cc: Don Shury
C. Scott Rawlings, via 440- 358-3172 (mail copy to follow)