

# **M**ICHIGAN **T**ELECOMMUNICATIONS **R**EPORT™

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In this issue . . .

page no.

2

- ❑ **SBC says consumer demand should guide TV services**
- ❑ **FCC launches inquiry into the management, administration and oversight of the USF**

4 Pending Legislation

7 Public Acts of 2005

7 Orders

14 Proposals for Decision

16 Notices of Hearing

17 PSC Hearings Schedule

17 Applications and Complaints

19 Opportunities for Comment

20 PSC Meetings

20 MTR Subscription Information

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## **INDEX OF CASES HIGHLIGHTED**

### **ORDERS:**

U-11668 - NEXTLINK Michigan: license rescission

U-12232 - NEXTLINK Michigan: license rescission

U-13617 - XO Michigan: license rescission

U-11830 – SBC: performance measures

U-11872 - Allegiance Telecom: license rescission

U-13137 – SBC/Local Exchange Carriers of Michigan

U-13175 - SBC/XO Communications

U-13212 – SBC/Preferred Carrier Services

U-13328 – SBC/RVP Fiber Company, LLC

U-13328 – SBC/RVP Fiber Company, LLC

U-13513 – SBC/Sage Telecom, Inc.

U-13569 – SBC/Talk America Inc.

U-13986 – SBC/Coast to Coast Telecommunications

U-14029 – SBC/Essex Acquisition Corp

U-14030 – SBC/CMC Telecom

U-14176 – SBC/Cinergy Communications

U-14524 – SBC/OnFiber Carrier Services

U-14525 - Waldron Telco/Michiana Metronet (interconnection agreements and amendments)

*Continued on page 2*

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## **INDEX OF CASES HIGHLIGHTED**

### **ORDERS:**

*continued from page 1*

- U-13931 - TelNet Worldwide/Verizon: ICA
- U-14002 - TransWorld Network, Corp: license
- U-14128 - Pruitt v SBC Michigan: disrupted service
- U-14405 - Kentucky Data Link: license
- U-14424 - Richard Engels Jewelers v AT&T: false, misleading and deceptive statements
- U-14436 - BullsEye Telecom: license
- U-14439 - O Lee v SBC: disconnection of service
- U-14461 - Rogers v Sprint: slamming
- U-14463 - Commission's Own Motion: hot cut mediation
- U-14472 - Costa v AT&T: unauthorized charges
- U-14479 - IBFA Acquisition Co: license
- U-14488 - Commission's Own Motion: rescind rules telecom
- U-14494 - Osirus Communications: temporary license
- U-14535 - Commission's Own Motion: lifeline program

### **APPLICATIONS:**

- U-12145 - Nextel West Corp/SBC: ICA
- U-13175 - XO Communications/SBC: ICA
- U-13467 - NOS/SBC: ICA
- U-13814 - New Access/SBC: ICA
- U-13871 - Ernest Communications/Verizon: ICA
- U-13887 - Ernest Communications/SBC: ICA
- U-14413 - TelNet Worldwide/SBC: ICA
- U-14541 - United Way for SE Michigan: 2-1-1
- U-14543 - Verizon North: discontinuance of toll serv
- U-14544 - Verizon North: discontinuance of toll serv
- U-14533 - Metropolitan Telecommunications/SBC: ICA

## **FEATURES**

*"SBC Beyond the Call" (article appearing in the Great Lakes IT Report (GLITR) 6-10-05)*

### **SBC SAYS CONSUMER DEMAND SHOULD GUIDE UPCOMING PUSH INTO TV SERVICES**

From the Detroit Regional Chamber's Mackinac Policy Conference to industry events, SBC

Communications Inc. is asking for what it calls a "light touch" from regulators as it seeks to move into TV markets now dominated by cable providers. Instead, SBC argues it should be free to offer consumers new advanced services, including video, and let the market decide.

SBC CEO Ed Whitacre made the case at the Mackinac conference last week, while SBC's top public policy executive, SBC group president Forrest E. Miller, made a similar argument Monday at Supercomm 2005, a trade show at Chicago's McCormick Place that covered hundreds of exhibitors in broadband, converged networks and wireless communications.

During a panel discussion at Supercomm, Miller described SBC's plan to bring next-generation video services to virtually all of its customers over time. He emphasized that SBC will use a variety of technologies to compete with cable companies and other providers. He then outlined a policy framework that would encourage new entrants into the television market, and that would speed delivery of next-generation broadband and video services.

SBC plans later this year to launch Homezone, which together satellite video and DSL data service. Homezone will provide a next-generation video option to all customers with access to DSL - currently, nearly 80 percent of SBC's customers.

Also, in the initial phase of SBC's \$4 billion Project Lightspeed initiative, SBC plans to deliver IP-based voice, data and video to 18 million households.

SBC argues that because cable TV companies are not saddled with the obligations of traditional regulation when they enter the phone and data markets, SBC and other new video providers should not face the same franchising and buildout requirements as incumbent cable companies.

Whitacre pointed out on Mackinac that by the end of 2005, cable companies will be able to provide telephone service to two-thirds of American households.

"They have been able to get into the phone and broadband business with none of the regulatory burdens that phone companies endure," Whitacre said. "But now that SBC is using the same new IP technology to get in the video business, cable companies are crying foul. They want to saddle phone companies with rules intended for a monopoly cable business, such as franchise agreements. You know, I don't recall the cable companies volunteering to be treated like a phone company, with a century's worth of regulation that comes with it, as they entered our business. And we didn't demand it for them, either."

Whitacre and Miller argued that video franchise processes date back to an era when cable companies had zero competition and guaranteed returns, which no longer describes the video market.

Miller urged policymakers to build new regulation policy around three principles -- the expansion of consumer choice, the encouragement of investment in new technology and broadband networks, and core public interest objectives like localism and community access.

Cable TV companies have responded to SBC's arguments by saying SBC will cherry-pick higher-income areas and leave parts of cities unserved if they don't have franchise agreements. Both SBC and Verizon, which looks to be another entrant in the high-speed video market, have denied that that will be their strategy.

\* \* \*

**FCC LAUNCHES BROAD  
INQUIRY INTO MANAGEMENT  
AND OVERSIGHT OF  
UNIVERSAL SERVICE FUND**  
*Takes Steps to Simplify and Safeguard the  
Program*

FOR IMMEDIATE RELEASE: NEWS MEDIA  
CONTACT:

June 14, 2005 Mark Wigfield, 202-418-0253

Email: [mark.wigfield@fcc.gov](mailto:mark.wigfield@fcc.gov)

Washington, D.C. – The Federal Communications Commission today launched a broad inquiry into the management, administration and oversight of the Universal Service Fund. The Commission's goals are to improve the operation of the program for its beneficiaries and contributors and to enhance program integrity. The four programs of the Universal Service Fund, or USF, help provide affordable phone service in rural areas, fund Internet access and telecommunications equipment and services in the nation's schools and libraries, bring telemedicine services to rural areas, and assist low-income families with their phone bills. Since 1997, the Universal Service Administrative Company, or USAC, which administers the fund, has disbursed approximately \$30.3 billion from the fund. This proceeding will provide an opportunity for the Commission to work with all USF stakeholders to learn from the experience of the past eight years and find new, constructive ways to both meet the needs of those who depend on the USF and protect the integrity of the program.

In particular, the Commission is seeking comment in the following areas:

- **Managing the Program:** The Commission is exploring ways to simplify and streamline the management of the program. In particular, the Commission tentatively concludes that a multi-year application process for telecommunications services for the E-rate and Rural Healthcare programs would simplify the process in a way

that still guards against potential abuse. The Commission also seeks comment on, among other things, reducing or consolidating application forms and adopting deadlines and other criteria to provide certainty to program applicants.

- **Improving Oversight:** The Commission seeks comment on the effectiveness of existing efforts to protect the fund against potential misuse. The Commission tentatively concludes that more aggressive debarment procedures are necessary to safeguard the fund and seeks comment on ways to improve the debarment rules. In addition, the Commission seeks comment on establishing independent audits for certain USF beneficiaries and contributors and seeks comment on what rules would help ensure that any audits are effective and fair. The Commission is also seeking comment on establishing rules for recovering USF monies that were not used in accordance with program rules.

- **Administrative Structure:** The Commission is examining the effectiveness of the existing administrative structure and seeks comment on

whether any rule changes are needed to ensure the USF is administered in an effective, competitively neutral way.

- **Performance Measures:** The Commission is seeking comment on establishing performance measures to assess the effectiveness of the program. The Commission will determine whether it needs to change any rules in order to manage and administer the USF more effectively while deterring waste, fraud and abuse. Action by the Commission, June 14, 2005, by Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking (FCC 05-124). Chairman Martin, Commissioners Abernathy, Copps and Adelstein. Separate statements issued by Chairman Martin and Commissioners Copps and Adelstein. Docket Nos. 05-195, 96-45, 02-6, 02-60, 03-109 and 97-21. Wireline Competition Bureau Staff Contacts: Warren Firschein, 202-418-0844, [warren.firschein@fcc.gov](mailto:warren.firschein@fcc.gov); Mika Savir, 202-418-0384, [mika.savir@fcc.gov](mailto:mika.savir@fcc.gov).

### PENDING LEGISLATION

The following is a list of active telecommunications bills that have been introduced during the current legislative session. Copies of bills and public acts referred to in this column may be obtained by contacting your state senator or representative, on the Michigan Legislature Web site, <<http://www.michiganlegislature.org/>> or from the Legislative Service Bureau Document Room at (517) 373-0169.

Senate Bill # Senator	Date Introduced	Description	Status
SB 48 Johnson	1/25/05	State; authorities; issuance of bonds for equipment associated with telecommunications on the campuses of Michigan institutions of higher education with lease options back to the institutions and the state; provide for. Amends sec. 7 of 1964 PA 183 (MCL 830.417).	To Senate Committee on Appropriations

SB 58 Cherry	1/25/05	Communications; telecommunications; 9-1-1 system to pinpoint caller location; provide for. Amends 1986 PA 32 (MCL 484.1101 – 484.1717) by adding sec. 408a	To Senate Committee on Technology and Energy
SB 127 Hardiman	2/1/05	Communications; cellular telephone; customer consent to list numbers in a cell phone directory; require. Amends 1991 PA 179 (MCL 484.2101 - 484.2701) by adding sec. 360a.	To Senate Committee on Technology and Energy
SB 221 McManus	2/17/05	Income tax; credit; tax credit for placement of a cell phone tower on an individual's property located in an underserved area; provide for. Amends 1967 PA 281 (MCL 206.1 - 206.532) by adding sec. 262.	5/25/05 passed Senate with Sub S-2, yeas 27, nays 9, excused 2, not voting 0; 5/25/05 referred to Committee on Tax Policy
SB 222 Barcia	2/17/05	Single business tax; credit; tax credit for companies that construct cell phone towers in rural areas; establish. Amends 1975 PA 228 (MCL 208.1 - 208.145) by adding sec. 35c.	5/25/05 passed Senate with Sub S-1, yeas 28, nays 9, excused 1, not voting 0; referred to House Committee on Tax Policy
SB 224 Van Woerkom	2/17/05	Communications; telecommunications; broadband development authority; require to designate a certain amount of financial assistance to rural underserved areas. Amends sec. 7 of 2002 PA 49 (MCL 484.3207).	6/7/05 passed, yeas 32, nays 2, excused 4, not voting 0; referred to House Committee on Energy and Technology
SB 528 Johnson	5/24/05	Communications; telecommunications; regulation of telecommunications industry; eliminate. Creates new act.	To Senate Committee on Technology and Energy
SB 551 Patterson	5/21/05	Communications; telecommunications; rule making and eliminate sunset of the Michigan telecommunications act; provide for. Repeals enacting section 1, rulemaking provision, of 2004 PA 591.	6/9/05 passed, yeas 36, nays 0, excused 2, not voting 0; referred to House Committee on Energy and Technology; 6/15/05 reported with recommendation without amendment(s); referred to second reading.
SCR 0021 Patterson	5/18/05	A concurrent resolution to urge the Federal Communications Commission (FCC) to use its authority post haste to require that Voice Over Internet Protocol (VOIP) service providers make enhanced 9-1-1 emergency call services available to all customers.	To Senate Committee on Technology and Energy

<b>House Bill # Representative</b>	<b>Date Introduced</b>	<b>Description</b>	<b>Status</b>
HB 4050 Lemmons III	1/27/05	Corrections; state facilities; telephone system for state correctional facilities; impose requirements. Amends 1953 PA 232, entitled "Corrections code of 1953," (MCL 791.201 to 791.283) by adding section 69b.	To House Committee on Judiciary
HB 4052 Lemmons III	1/27/05	Trade; consumer goods and services; sale of cellular telephones and pagers to a minor; require written parental consent. A bill to prohibit the sale of cellular telephones and pagers to certain minors without written parental consent; and to prescribe civil sanctions.	To House Committee on Judiciary
HB 4067 Schuitmaker	1/27/05	Communications; telecommunications; requirement for timely transfer of customers from 1 provider to another; provide for. A bill to amend 1991 PA 179, entitled "Michigan telecommunications act," (MCL 484.2101 to 484.2701) by adding section 364.	To House Committee on Energy and Technology
HB 4397 Sak	2/23/05	Communications; telecommunications; cell phone numbers listed with directory assistance; provide for. Amends sec. 309 of 1991 PA 179 (MCL 484.2309).	To House Committee on Energy and Technology
HB 4423 Wojno	3/1/05	Prohibits telemarketers from leaving certain messages requesting consumers to return call. Am. Sec. 1c, PA 227, 1971 (MCL 445.111c) as added by PA 612, 2002.	To House Committee on Energy and Technology
HB 4563 Garfield	3/24/05	A bill to repeal 2002 PA 49, entitled "Michigan broadband development authority act," (MCL 484.3201 to 484.3225).	To House Committee on Energy and Technology
HB 4600 Drolet	4/13/05	Communications; telecommunications; regulation of telecommunications industry; eliminate. Creates new act entitled the "communications act" to be effective 01/01/06. A bill to promote deployment of and investment in communications services in this state; and to prescribe the powers and duties of certain state agencies and officials.	To House Committee on Energy and Technology

## **PUBLIC ACTS OF 2005**

There are currently no Public Acts related to telecommunications that have been passed during the current legislative session (2005-2006). Copies of past public acts may be obtained by contacting your state senator or representative, on the Michigan Legislature Web site, <<http://www.michiganlegislature.org/>> or from the Legislative Service Bureau Document Room at (517) 373-0169.

## **ORDERS**

*Orders issued June 7, 2005*

**Case No. U-11668**  
**NEXTLINK Michigan Inc**  
**(license)**

**Case No. U-12232**  
**NEXTLINK Michigan Inc**  
**(amended license)**

**Case No. U-13617**  
**XO Michigan Inc**  
**(amended license)**

On June 7, 2005 the Michigan Public Service Commission issued an order rescinding the license of XO Michigan, Inc., f/k/a NEXTLINK Michigan Inc., to provide basic local exchange service. On April 22, 2005 XO Michigan filed a letter surrendering the license.

**Case No. U-11830**  
**SBC Michigan**  
**(performance measures, reporting**  
**and benchmarks)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting the December 8, 2003 joint motion and the June 30, 2004 joint motion in this docket, each as amended by the supplements filed on April 27, 2005 and on May 17, 2005 in this docket. Further, the Commission approves the performance measurements, as described by and agreed to by the parties in the joint motions, and as amended by the supplements. The Commission notes that the parties to the filings have varied, but have been, primarily, the Commission Staff, SBC, and the CLECs: TDS Metrocom LLC, MCImetro Access Transmission Services LLC, AT&T Communications, Inc., TCG Detroit, and McLeodUSA Telecommunications Services, Inc.

**Case No. U-11872**  
**Allegiance Telecom of Michigan Inc**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order rescinding the license of Allegiance Telecom of Michigan, Inc., to provide basic local exchange service. On April 22, 2005 Allegiance filed a letter surrendering the license.

**Case No. U-13137**  
**SBC Michigan and Local Exchange Carriers of Michigan, Inc.**  
**Application filed May 16, 2005 for approval of the first amendment to**  
**an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-13175**  
**SBC Michigan and XO Communications Services, Inc.,**  
**f/k/a XO Michigan, Inc.**  
**Application filed May 11, 2005 for approval of the ninth amendment**  
**to an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-13212**  
**SBC Michigan and Preferred Carrier Services, Inc.**  
**Application filed May 16, 2005 for approval of the third amendment**  
**to an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-13328**  
**SBC Michigan and RVP Fiber Company, L.L.C.**  
**Application filed May 17, 2005 for approval of the sixth amendment**  
**to an interconnection agreement (incorporates certain rates, terms, and**  
**conditions pertaining to loop and transport rate increases and**  
**U-13137 et al. embedded base transition pursuant to the FCC's March 11, 2005 TRO**  
**Remand Order)**

**Case No. U-13328**  
**SBC Michigan and RVP Fiber Company, L.L.C.**  
**Application filed May 17, 2005 for approval of the seventh**  
**amendment to an interconnection agreement (incorporates certain**  
**rates, terms, and conditions pertaining to mass market unbundled**  
**local switching rate increases and embedded base transition pursuant**  
**to the FCC's March 11, 2005 TRO Remand Order)**

**Case No. U-13513**  
**SBC Michigan and Sage Telecom, Inc.**  
**Application filed May 16, 2005 for approval of the twelfth**  
**amendment to an interconnection agreement (revise pricing schedule**  
**per TELRIC)**

**Case No. U-13569**

**SBC Michigan and Talk America Inc.**

**Application filed May 26, 2005 for approval of the fourth amendment to an interconnection agreement (all day hot cut process appendix)**

**Case No. U-13986**

**Coast to Coast Telecommunications, Inc., and SBC Michigan**

**Application filed May 13, 2005 for approval of the eighth amendment to an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-14029**

**SBC Michigan and Essex Acquisition Corporation**

**Application filed May 26, 2005 for approval of the second amendment to an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-14030**

**SBC Michigan and CMC Telecom, Inc.**

**Application filed May 10, 2005 for approval of the sixth amendment to an interconnection agreement (replaces methodology for charging for collocation DC Power)**

**Case No. U-14176**

**SBC Michigan and Cinergy Communications Company**

**Application filed May 27, 2005 for approval of the second amendment to an interconnection agreement (revise pricing schedule per TELRIC)**

**Case No. U-14524**

**SBC Michigan and OnFiber Carrier Services, Inc.**

**Application filed May 11, 2005 for approval of an interconnection agreement.**

**Case No. U-14525**

**Waldron Telephone Company and Michiana Metronet, Inc.**

**Application filed May 9, 2005 for approval of an interconnection and reciprocal compensation agreement.**

On June 7, 2005 the Michigan Public Service Commission issued an order approving the interconnection agreements and amendments listed above.

**Case No. U-13931**  
**TelNet Worldwide Inc**  
**(arbitration of ICA with Verizon North Inc and**  
**Contel of the South Inc, d/b/a Verizon North Systems)**

On June 7, 2005 the Michigan Public Service Commission issued an order directing the parties to file, within 30 days of the date of this order, a fully executed copy of an interconnection agreement conforming to the Commission's orders dated October 14, 2004, February 24, 2005, and June 7, 2005.

**Case No. U-14002**  
**TransWorld Network Corp**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order rescinding the license of TransWorld Network Corp. to provide basic local exchange service. On April 28, 2005 TransWorld filed a letter surrendering the license.

**Case No. U-14128**  
**Frank Pruitt v SBC Michigan**  
**(consumer complaint: unauthorized interrupted service)**

On June 7, 2005 the Michigan Public Service Commission issued an order dismissing with prejudice the complaint of Frank Pruitt against SBC Michigan alleging unauthorized interrupted service in violation of the Michigan Telecommunications Act. On May 5, 2005 the complainant filed a request to withdraw the complaint.

**Case No. U-14405**  
**Kentucky Data Link Inc**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting to Kentucky Data Link, Inc. a license to provide basic local exchange service in the areas currently served by Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, and SBC Michigan.

**Case No. U-14424**  
**Dennis Engels, d/b/a Richard Engels Jewelers Inc v**  
**AT&T Communications of Michigan Inc**  
**(consumer complaint: false, misleading, and deceptive statements)**

On June 7, 2005 the Michigan Public Service Commission issued an order dismissing with prejudice the complaint of Dennis Engels, d/b/a Richard Engels Jewelers, Inc. against AT&T Communications of Michigan, Inc., alleging claims based on false, misleading, and deceptive statements in violation of the Michigan Telecommunications Act. On May 5, 2005 the complainant filed a request to withdraw the complaint.

**Case No. U-14436**  
**BullsEye Telecom Inc**  
**(amended license)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting to BullsEye Telecom, Inc. a license to provide basic local exchange service in the LATA exchanges service by Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, CenturyTel of upper Michigan, Inc., CenturyTel of Northern Michigan, Inc., CenturyTel Midwest—Michigan, Inc. and CenturyTel of Michigan, Inc.

**Case No. U-14439**  
**O Lee v SBC Michigan**  
**(consumer complaint: disconnection of phone service)**

On June 7, 2005 the Michigan Public Service Commission issued an order dismissing with prejudice the complaint of O Lee filed against SBC Michigan alleging unlawful disconnection of phone service in violation of the Michigan Telecommunications Act. On May 5, 2005 the complainant filed a request to withdraw the complaint.

**Case No. U-14461**  
**Kelly Rogers v Sprint Communications Co LP**  
**(consumer complaint: slamming)**

On June 7, 2005 the Michigan Public Service Commission issued an order dismissing with prejudice the complaint of Kelly Rogers against Sprint Communications Company, LP alleging unlawful switching of telephone service in violation of the Michigan Telecommunications Act. On May 6, 2005 the complainant filed a request to withdraw the complaint with prejudice.

**Case No. U-14479**  
**IBFA Acquisition Company LLC**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting to IBFA Acquisition Company LLC (“IBFA”) a temporary license to provide basic local exchange service in the LATA exchanges served by SBC Michigan and Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems. The temporary license will expire upon issuance of the final order granting or denying IBFA’s application for a permanent license.

**Case No. U-14488**  
**Commission’s Own Motion**  
**(rescind rules governing regulation of telecom services)**

On June 7, 2005 the Michigan Public Service Commission issued an order formally rescinding the “obsolete administrative rules governing quality standards for telecommunication services.” The Commission rescinded the rules because they expired in 2001 and were superceded by adoption of R 484.401 to R 484.471.

**Case No. U-14494**  
**Osirus Communications Inc**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting to Osirus Communications Inc. (“Osirus”) a temporary license to provide basic local exchange service in the LATA exchanges served by Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, CenturyTel of Michigan, Inc., CenturyTel Midwest-Michigan, Inc., CenturyTel of Northern Michigan, Inc., CenturyTel of Upper Michigan, Inc., and SBC Michigan. The temporary license will expire upon issuance of the final order granting or denying Osirus’s application for a permanent license.

**Case No. U-14535**  
**Commission’s Own Motion**  
**(Lifeline/Link-up programs)**

On June 7, 2005 the Michigan Public Service Commission issued an order amending the state mandated Lifeline/Link-up program to conform to federal requirements regarding certification and verification of applicants’ income-based eligibility, and certification and recordkeeping requirements for eligible telecommunications carriers.

**Case No. U-14463**  
**Commission’s Own Motion**  
**(resolution of certain hot cuts issues)**

On June 7, 2005 the Michigan Public Service Commission issued an order approving the May 25, 2005 settlement agreement between SBC Michigan and Talk American, Inc., approving the recommendations of the Director of the Commission’s Telecommunications Division, set forth in his May 26, 2005 report, as attached to the order, and directing that the docket in this proceeding will “remain open and the efforts to mediate further resolutions to hot cut issues shall continue.”

**Case No. U-14472**  
**Suzanne Costa v AT&T Communications of Michigan Inc**  
**(consumer complaint: unauthorized charges)**

On June 7, 2005 the Michigan Public Service Commission issued an order dismissing with prejudice the complaint of Suzanne Costa against AT&T Communications of Michigan, Inc., alleging unauthorized charges in violation of the Michigan Telecommunications Act. On May 2, 2005 the complainant filed a request to withdraw the complaint.

**Case No. U-14479**  
**IBFA Acquisition Co**  
**(license)**

On June 7, 2005 the Michigan Public Service Commission issued an order granting to IBFA Acquisition Company a temporary license to provide local exchange services in the LATA exchanges currently served by SBC Michigan, Verizon North Inc., and Verizon North Systems. The temporary license will expire upon issuance of the final order granting or denying its application for a permanent license.

*Orders issued June 16, 2005*

**Case No. U-13531  
Commission's Own Motion  
(SBC Michigan cost study)**

On June 16, 2005 the Michigan Public Service Commission ("Commission") issued an order denying the motion filed by SBC Michigan for authority to execute the approved modified pricing amendments on behalf of McLeodUSA Telecommunications Services, Inc. McLeodUSA, and the competitive local exchange carriers listed on Exhibit A, attached to the order. Further, the Commission finds that the interconnection agreements between SBC Michigan and McLeodUSA, and between SBC Michigan and the competitive local exchange carriers listed on Exhibit A, are deemed approved as amended by the approved modified amendment adopted in the Commission's May 17, 2005 order. Finally, the Commission's order amends the May 17, 2005 order to delete Covad Communications Company from the discussion, findings, and ordering section of the order, as they have advised the Commission that they have "worked out a resolution of their issues prior to the May 17, 2005 order.

**Case No. U-14456  
Chippewa County Telephone Co, Hiawatha Telephone Co,  
Midway Telephone Co, and Ontonagon County Telephone Co  
(expanded local calling and rate adjustments)**

On June 16, 2005 the Michigan Public Service Commission ("Commission") issued an order denying the March 18, 2005 application for authority to offer expanded local calling throughout the Upper Peninsula of Michigan filed by Chippewa County Telephone Company, Hiawatha Telephone Company, Midway Telephone Company, and Ontonagon County Telephone Company. The Commission finds the application should be dismissed without prejudice to the refiling of another application "that scales down the geographic expansion of local calling areas and the associated costs to more appropriately meet the needs of their customers."

**Case No. U-14473  
CenturyTel Acquisition LLC  
(license)**

On June 16, 2005 the Michigan Public Service Commission ("Commission") issued an order granting to CenturyTel Acquisition LLC a license to provide basic local exchange service in all exchanges currently served by SBC Michigan and Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems.

\* \* \*

## PROPOSALS FOR DECISION

**Case No. U-14323**  
**SBC Michigan**  
**(classification of business local exchange services)**

**Case No. U-14324**  
**SBC Michigan**  
**(classification of residential local exchange services)**

On June 3, 2005 Administrative Law Judge, James N. Rigas, (“ALJ”) in his Proposal for Decision, concludes and recommends that the Michigan Public Service Commission find, that SBC Michigan has met at least three of the five criteria and should grant the reclassification for business Access Area B and for residential Access Areas A and B. This conclusion was reached despite opposition grounded on the lack of analysis of the impact of the withdrawal of UNE-P, the proposed merger of MCI and Verizon, the acquisition of AT&T by SBC, and the impact of the price increases approved in Case No. U-13531.

The ALJ’s decision was based on the following findings:

- 1) At the end of 2004, 63 CLECs provided basic local exchange service in the affected areas serving 36% of all residence lines and 37% of all business lines, with at least 26 competitors available in each affected exchange.
- 2) Business end users have their choice of from 26 to 52 alternative providers in each exchange in Access Areas A and B. Residence end users can select from 34 to 53 providers in the same Access Areas.
- 3) Wireless and VoIP alternatives are also available.
- 4) The statute does not differentiate between UNE-L or UNE-P providers, so if nearly all lines by unaffiliated providers in the exchange are provided via UNE-P, even if there are few or almost no facilities based customers, the criterion of an option of at least one unaffiliated provider is met.
- 5) The requirement of independent measurement of competition has been met by the Commission’s own competition reports as well as the FCC’s reports. The ALJ dismissed criticism based on those reports lack of reliability because they reflect UNE-P based competition as “meritless” because the statute does not differentiate the types of competition.
- 6) Both MCI and SBC Michigan have changed their rates during the last twelve months.

Based on the above findings, the ALJ concluded that requirements 2, 3, and 4 had been met, thereby requiring SBC Michigan’s classification to be approved. The ALJ went on, however, to find that the other two criteria were also met. The ALJ found that, based on the TRRO finding that CLECs are not impaired by the lack of switching at TSLRIC rates means that there is real competition with or without UNE-P, and that the removal of UNE-P will not lead to a later determination that there is no competition. Only the existing competition should be considered. Finally, the ALJ concluded that VoIP and wireless are functionally equivalent services and must be considered as such in meeting criterion 5.

Exceptions to the PFD can be filed no later than June 14, 2005, with replies to exceptions due no later than June 24, 2005.

**Case No. U-14384**  
**SBC Michigan v Lucre, Inc.**  
**(Interconnection complaint)**

On June 9, 2004, Administrative Law Judge Mark E. Cummins issued his Proposal for Decision (“PFD”) in this matter. The matter involves a complaint filed by SBC Michigan against Lucre, Inc. alleging that Lucre, Inc. had not paid for certain access, SS7, and 911 facilities. Lucre, Inc. responded that the facilities involved were interconnection facilities that were the responsibility of SBC Michigan under the terms of the parties’ interconnection agreement. The PFD recommends that the Commission find that the facilities charges were tariff-based rather than interconnection-based, and that Lucre, Inc. should pay SBC Michigan tariff-based rates. The PFD further recommends that the Commission issue a declaratory ruling that the interconnection agreement does not obviate Lucre, Inc.’s obligation to pay access charges for the particular direct end office trunking at issue, and direct Lucre, Inc. to pay the total amount of the claimed indebtedness to SBC Michigan, and to order Lucre, Inc. to cease and desist from failing to comply with SBC Michigan’s tariffs.

Exceptions to the PFD are due on June 23, 2005, with Replies to Exceptions due on June 30, 2005.

\* \* \*

**NOTICES OF HEARING**

*Unless otherwise noted, all hearings are held at the offices of the Michigan Public Service Commission, 6545 Mercantile Way, Suite 7, Lansing, Michigan*

**Case No. U-14479**  
**IBFA Acquisition Co**  
**(license)**

The April 4, 2005 application of IBFA Acquisition Company for a license to provide local exchange services in the LATA exchanges currently served by SBC Michigan, Verizon North Inc., and Verizon North Systems, is set for an evidentiary hearing at **9:00 a.m. on June 21, 2005**. Staff testimony, if any, shall be filed with the Commission on or before June 7, 2005. Rebuttal testimony shall be filed with the Commission **on or before June 14, 2005**. The Michigan Public Service Commission directs IBFA Acquisition Company to issue a notice of hearing in accordance with 1991 PA 179, as amended. Interventions are due on or before **June 17, 2005**.

\* \* \*

## PSC HEARINGS SCHEDULE

Note: *Unless indicated otherwise, hearings are held in the offices of the Commission, 6545 Mercantile Way, Suite 7, Lansing.*

### **Hearings Scheduled for Last Week (June 6 – 10, 2005)**

June 8, 2005, 9:00 a.m.  
Case No. U-14517/evidentiary hearing  
Clarence Hucul v Comcast Phone of Michigan  
(unauthorized charges)

### **Hearings Scheduled for This Week (June 13 - 17, 2005)**

June 14, 2005, 9:00 am  
Case No. U-14478/evidentiary hearing  
Bright House Networks (license)

### **Future Hearings Scheduled**

June 21, 2005, 9:00 a.m. Case No. U-14479/evidentiary hearing IBFA Acquisition Co LLC (license)	June 22, 2005, 9:00 a.m. Case No. U-14497/evidentiary hearing David Hepp v ACN Communications (slamming)
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## APPLICATIONS AND COMPLAINTS

### **Case No. U-12145 Nextel West Corp and SBC Michigan (interconnection agreement)**

On June 15, 2005 Nextel West Corporation and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the Sixth Amendment to their Interconnection Agreement, which they state adds Negotiated E911 Appendix into the Agreement.

### **Case No. U-13175 XO Communications Services Inc and SBC Michigan (interconnection agreement)**

On June 9, 2005 XO Communications Services, Inc. and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the Tenth Amendment to their Interconnection Agreement, which the parties state further extends the term of their Reciprocal Compensations Settlement Amendment to the Agreement.

### **Case No. U-13467 NOS Communications Inc and SBC Michigan (interconnection agreement)**

On June 10, 2005 NOS Communications Inc. and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the Fourth Amendment to their Interconnection Agreement, reflecting new costs for unbundled network elements (UNEs) as ordered by the Commission in its January 25, 2005 Order in Case No. U-13531.

**Case No. U-13814**  
**New Access Communications LLC and SBC Michigan**  
**(interconnection agreement)**

On June 9, 2005 New Access Communications LLC and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the Third Amendment to their Interconnection Agreement, reflecting new costs for unbundled network elements (UNEs) as ordered by the Commission in its January 25, 2005 Order in Case No. U-13531.

**Case No. U-13871**  
**Ernest Communications Inc and Verizon**  
**(interconnection agreement)**

On June 13, 2005 Ernest Communications Inc. (“EKE”) and Verizon North Inc., and Contel of the South, Inc., d/b/a Verizon North Systems jointly applied to the Michigan Public Service Commission for approval of the Amendment to their Interconnection Agreement, which the parties state amends the terms and conditions of the Agreement with respect to TRO Withdrawal of Services.

**Case No. U-13887**  
**Ernest Communications Inc and SBC Michigan**  
**(interconnection agreement)**

On June 15, 2005 Ernest Communications, Inc. and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the First Amendment to their Interconnection Agreement, reflecting new costs for unbundled network elements (UNEs) as ordered by the Commission in its January 25, 2005 Order in Case No. U-13531.

**Case No. U-14413**  
**TelNet Worldwide Inc and SBC Michigan**  
**(interconnection agreement)**

On June 13, 2005 TelNet Worldwide Inc. and SBC Michigan jointly applied to the Michigan Public Service Commission for approval of the Fifth Amendment to their Interconnection Agreement, reflecting new costs for unbundled network elements (UNEs) as ordered by the Commission in its January 25, 2005 Order in Case No. U-13531.

**Case No. U-14541**  
**United Way for Southeastern Michigan 2-1-1 Partnership**  
**(2-1-1 designation)**

On June 13, 2005 United Way for Southeastern Michigan 2-1-1 Partnership (formerly United Way Community Services) (“USE”) applied to the Michigan Public Service Commission for designation as the 2-1-1 answering point for Wayne, Oakland and Macomb counties. USE states that it is a nonprofit organization with its office in Detroit, and has provided information and referral services to the Detroit metropolitan area through its Tel-Help program for 60 years.

**Case No. U-14543**  
**Verizon North Inc**  
**(discontinuance of intrastate intraLATA toll service**  
**in the Ogden exchange)**

On June 13, 2005 Verizon North Inc. provided notice to the Michigan Public Service Commission that it intends to discontinue the provision of Intrastate IntraLATA toll service on August 12, 2005 to customers in the Ogden exchange of the Ogden Telephone Company.

**Case No. U-14544**  
**Verizon North Inc**  
**(discontinuance of intrastate intraLATA toll service**  
**in the Sand Creek exchange)**

On June 13, 2005 Verizon North Inc. provided notice to the Michigan Public Service Commission that it intends to discontinue the provision of Intrastate IntraLATA toll service on August 12, 2005 to customers in the Sand Creek exchange of the Sand Creek Telephone Company.

**Case No. U-14553**  
**Metropolitan Telecommunications of Michigan Inc and SBC Michigan**  
**(interconnection agreement)**

On June 15, 2005 Metropolitan Telecommunications of Michigan, Inc., d/b/a MetTel DE (“MetTel DE”), and SBC Michigan applied to the Michigan Public Service Commission for approval of a multi-state Interconnection Agreement, which was executed on May 13, 2005. The parties state that MetTel DE is a Denmark corporation with offices located in New York, NY.

\* \* \*

**PSC NOTICES OF OPPORTUNITY FOR COMMENT**

**Case No. U-14499,**  
**Sprint Communications Company L.P.**  
**(rate increases)**

On May 4, 2005, Sprint Communications Company L.P. filed an application with the Michigan Public Service Commission (“Commission”) for approval of certain rate increases for basic local exchange service. The Commission now directs Sprint Communications Company L.P. to issue a notice of opportunity to comment in accordance with the Michigan Telecommunications Act, 1991 PA 179, as amended. Written and electronic comments may be filed with the Commission and must be received no later than **5:00 p.m. on July 1, 2005.**

\* \* \*

**2005 REGULAR COMMISSION MEETING DATES\***

<b>Month &amp; Date</b>	<b>Day</b>	<b>Time</b>
June 30	Thursday	1:30 p.m.
July 19	Tuesday	1:30 p.m.
August 16	Tuesday	1:30 p.m.
September 20	Tuesday	1:30 p.m.
October 18	Tuesday	1:30 p.m.
November 3	Thursday	1:30 p.m.
December 20	Tuesday	1:30 p.m.

\*Special meetings may be scheduled, as needed, on 18 hours notice.

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