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Ex Parte Submission – Filed Electronically via ECFS

Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: Joint Michigan CLECs' Petition for Expedited Declaratory Ruling that the State of Michigan's Statute 2009 PA 182 is preempted under Sections 253 and 254 of the Communications Act – WC Docket No. 10-45

Dear Ms. Dortch:

In this docket, ACD Telecom, Inc., DayStarr, LLC, Clear Rate Communications, Inc., TC3 Telecom, Inc., and TelNet Worldwide, Inc. ("Joint CLEC Petitioners") petitioned the Commission to preempt Michigan legislation, 2009 PA 182 ("Act 182"). After the filing of comments and reply comments was completed, the Joint CLEC Petitioners submitted ex parte letters to the Commission on April 21, 2010 and on May 26, 2010 supplementing the record with information contained within the respective orders that the Michigan Public Service Commission ("MPSC") issued on April 13, 2010 and on May 17, 2010 in Case No. U-16183. Case No. U-16183 is the docket wherein the MPSC is implementing Act 182's competitively biased state subsidy.

The MPSC issued another order in Case No. U-16183 on August 10, 2010 (the "August 10 Order"). The August 10 Order is attached as Appendix 1. Therefore, the Joint CLEC Petitioners are submitting this ex parte letter to further supplement the record with the information contained within the August 10 Order.

In the August 10 Order, the MPSC required that contribution payments to the state subsidy are initially due no later than September 13, 2010. August 10 Order at 16. Thus, by that date, all providers of retail intrastate telecommunications services and all providers of commercial mobile service in Michigan must make their first monthly payment to the State of Michigan to fund the state subsidy established by Act 182. Each provider's individual payment is currently set at 0.431% of the provider's intrastate retail revenue for the immediately preceding month. August 10 Order at 17.

In addition, the MPSC determined that the first disbursements from the state subsidy to "eligible providers" will be made the week of October 25, 2010. August 10 Order at 16. As a reminder, under Act 182, "eligible providers" are those incumbent local exchange carriers ("ILECs") in Michigan that are required to reduce their intrastate access rates, but that are replacing the resulting lost revenues with contributions from the state subsidy. MCL 484.2310(23)(c). Only ILECs can be "eligible providers" under Act 182.[1] Thus, even though Act 182 also requires competitive local exchange carriers ("CLECs") to reduce their intrastate access rates, Act 182 does *not* subsidize any CLECs for their lost access revenues.

Accordingly, because of the rapidly approaching (i) September 13, 2010 due date for initial payments made to the state subsidy and (ii) week of October 25, 2010 for initial disbursements from the state subsidy, the Joint CLEC Petitioners respectfully urge the Commission to issue an Order ruling upon the Joint CLECs' Petition.

Very truly yours,

FIELD LAW GROUP, PLLC

/s/ Gary L. Field
Gary L. Field

GLF/tab

[1] The MPSC found that even providers that do not meet the definition of an ILEC under 47 U.S.C. § 251, but that the Commission has treated as ILECs for the purposes of receiving universal service support and participating in NECA tariffs and pools, are not "eligible providers" under Act 182, and thus are not permitted to receive contributions from the state subsidy. August 10 Order at 9-10.

Appendix 1

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter, on the Commission's own motion, to implement 2009 PA 182, MCL 484.2310.	)))	Case No. U-16183

At the August 10, 2010 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Greg R. White, Commissioner

OPINION AND ORDER

I.

HISTORY OF PROCEEDINGS

On December 17, 2009, Governor Jennifer M. Granholm signed 2009 PA 182 (Act 182) into law. Act 182 amends MCL 484.2310 of the Michigan Telecommunications Act, 1991 PA 179, MCL 484.2101 *et seq*. (MTA). Act 182 was passed in an effort to reform toll access service rates in Michigan.

On January 11, 2010, the Commission issued an order in this docket to begin the process of implementing toll access service rate reform. In that order, the Commission noted that Act 182 requires that the Commission administer a fund known as the intrastate switched toll access rate restructuring mechanism[1] (restructuring mechanism). MCL 484.2310(9). The restructuring

[1] *See*, MCL 484.2310(23)(e).

mechanism is to be funded via "a mandatory monthly contribution by all providers of retail intrastate telecommunications services and all providers of commercial mobile service." MCL 484.2310(12). This restructuring mechanism must "be established and shall begin operation within 270 days after the effective date" of Act 182.

In an order issued April 13, 2010, the Commission established the total size of the restructuring mechanism to be $18,057,034.86, and notified eligible providers of the disbursements for which they are eligible.

On May 13, 2010, Verizon North Inc.; Contel of the South, Inc., d/b/a Verizon North Systems; Verizon Long Distance LLC; Verizon Enterprise Solutions; Verizon Select Services; MCI Communications Services Inc.; MCImetro Access Transmission Services LLC; Teleconnect Long Distance and Services Company; TTI National Inc.; Muskegon Cellular Partnership; Verizon Wireless Personal Communications Limited Partnership; Alltel Communications of Michigan RSAs, Inc.; Alltel Communications of Michigan RSA #4, Inc.; Alltel Communications of Michigan RSA #1 and RSA #5, Inc.; Alltel Communications of Southern Michigan Cellular Limited Partnership; and New Par (collectively, Verizon *et al.*) filed a joint petition for rehearing of the April 13, 2010 order. Responses to that petition were filed by AT&T Michigan, Westphalia Telephone Company (Westphalia), Bloomingdale Telephone Company (Bloomingdale), and Allband Communications Cooperative (Allband).

In an order dated May 17, 2010[2], the Commission found the total 2008 retail intrastate telecommunications revenue to be $4,190,942,420.15. Dividing the total restructuring mechanism fund by the total intrastate revenue, the Commission calculated a 0.431% contribution factor, and stated that each contributing provider will be billed monthly for one twelfth of that provider's

[2]At the time of the May 17, 2010 order, the time for filing replies to the petition for rehearing had not passed. Therefore, that petition is addressed in this order.

2008 intrastate telecommunications services revenues, as reported in this docket, multiplied by the contribution factor.

Because the restructuring mechanism must be operational by September 13, 2010, and the Commission must give 30 days' notice to providers before the fund is operational, the Commission anticipated issuing the present order. In preparation for this order, the Commission requested interested parties to comment on certain limited aspects of the restructuring mechanism. Those comments are summarized and addressed in the comment section of this order.

On June 14, 2010, comments were filed by Verizon *et al.*, Telecommunications Association of Michigan (TAM); Frontier Communications of Michigan, Inc. and Frontier Communications of America, Inc. (collectively, Frontier); AT&T Michigan; and ACD Telecom Inc., Clear Rate Communications, Inc., DayStarr, LLC, JAS Networks, Inc., TC3 Telecom, Inc., and TelNet Worldwide, Inc.. (ACD, *et al*). Thereafter, Frontier, AT&T Michigan, and Allband filed reply comments on July 12, 2010. On July 30, 2010, the Commission Staff (Staff) submitted a final report and recommendation to the Commission.

II.

REHEARING

In its petition for rehearing of the April 13, 2010 order, Verizon *et al.* argued that the Commission used incorrect data to calculate the disbursements from Bloomingdale and Westphalia, thus rendering the results incorrect. Further, Verizon *et al*. argued, the Commission erroneously included Allband as a provider qualified for disbursements. The following sections address these issues.

Calculations

Verizon argues that the average per line disbursement for Michigan is $7.33. The three largest providers range in their per line disbursement from a high of $8.19 to a low of $5.93, and other rural exchange carriers receive, on average, $6.55 per line. However, Verizon argues, the disbursements for Bloomingdale ($33.80 per line) and Westphalia ($23.38 per line) represent mathematical anomalies and are not accurate. These amounts, Verizon states, are above the monthly tariffed residential rate of $21.40 and $22.82, respectively.

Westphalia responds that it provided accurate data to the Commission and the Commission appropriately calculated the restructuring mechanism disbursement amount for Westphalia. It asserts that Verizon's argument is fallacious for the following reasons: (1) data showing switched access traffic volumes is confidential, and Verizon has not had direct access to that information; (2) Westphalia data submissions arrived with a sworn affidavit as to accuracy and authenticity of the data; (3) Westphalia data was consistent with that provided to the Staff during the legislative process; and (4) the presence of a tandem switch within Westphalia's network is responsible for causing Westphalia's ratio to be different than virtually all other eligible providers. It is the last factor that causes Westphalia to have a significantly higher volume of switched access services.

Bloomingdale responds that it has reexamined the data that it submitted to the Commission and has found an inadvertent error, which resulted in an overstatement of the intrastate switched toll access minutes of use and other switched toll access demand quantities for Bloomingdale. It states that it has now made a separate filing of corrected confidential data. It requests that the Commission use the revised data for all purposes in this docket.

The Commission finds that its calculations were completed with data sworn by Westphalia to be accurate. However, the Commission reserves the right to audit any eligible provider's data

submitted in support of disbursements. If errors are found that affect the amount received, that provider may be subject to an order requiring reimbursement to the fund. At this time, Westphalia's disbursement amount is affirmed.

As to Bloomingdale, the Commission finds that the newly supplied information, which Bloomingdale attests is now accurate, should be used for all purposes in this docket. The new calculation results attached to this order as Attachment A have been modified to reflect the new information.

Eligible Provider

In its petition for rehearing, Verizon argues that the Commission incorrectly granted disbursement to Allband, which it argues is not an eligible provider as defined in Act 182. MCL 484.2310(23)(c). Verizon argues that although the Commission looked at a holding of the Federal Communications Commission (FCC) granting Allband certain waivers of rules, that determination should not control the outcome in the present proceeding. Verizon argues that Allband did not request the FCC to designate it as an incumbent local exchange carrier (ILEC) and that the FCC's granting of certain waivers for Allband cannot determine Allband's eligibility for disbursement under state law. Rather, Verizon states that the FCC granted certain waivers "to the limited extent necessary to permit [Allband] to receive universal service support." This waiver permitted Allband to participate in the National Exchange Carrier Association (NECA) pools and to avoid the costs of filing and maintaining its own company-specific tariffs. Such exceptions are permitted under the federal act. However, Verizon argues, Act 182 does not provide a similar consideration of special circumstances (such as serving previously unserved territory) or public interest arguments to avoid meeting the statutory criteria for participation in the restructuring mechanism.

AT&T Michigan filed a response supportive of Verizon's position. In that response, AT&T Michigan argues that statutory construction of the term "eligible provider," as it appears in MCL 484.2310(23)(c), requires that a provider must fit within the definition of an ILEC under 47 USC 251(h).

AT&T Michigan argues that the definition of an ILEC is contained in 47 USC 251(h)(1), with its two subparts, both of which must be met. AT&T Michigan argues that Allband does not meet either of the two subparts, because it was not operating on February 8, 1996 (date of enactment). Therefore, it was neither providing service nor was it a member of an exchange carrier association on that date. And, AT&T Michigan argues, Allband does not meet the successor and assign language that might otherwise qualify it to be considered an ILEC.

AT&T Michigan further argues that 47 USC 251(h)(2) provides no assistance to Allband's cause. It argues that the FCC is not authorized to change the definition of an incumbent local exchange carrier to include carriers not within the scope of the definition in 47 USC 251(h)(1). AT&T Michigan argues that the FCC has the authority to treat comparable carriers as if they were ILECs. However, AT&T Michigan asserts, comparable carriers would "never be defined as 'incumbent local exchange carriers' for purposes of 47 USC 251." Therefore, AT&T concludes that Allband cannot meet the "very precise meaning" of eligible carrier in MCL 484.2310(23)(c).

Allband responds that Verizon's motion for rehearing should be dismissed as a failed attempt to turn this case into a contested case under the Michigan Administrative Procedures Act, MCL 24.201 *et seq*. Allband argues that this case has proceeded as a legislative inquiry and implementation case in which the Commission has solicited data to perform the tasks required under Act 182. It argues that this is not a contested case, and the Commission should not now attempt to resolve contested case issues.

Further, Allband argues, its history is a matter of record with the Commission. First licensed in Case No. U-14200 in 2004, Allband was granted a waiver of certain FCC rules in 2005, so that it might be treated as an ILEC for NECA pooling and universal service fund (USF) purposes. The Commission granted Allband's application for federal eligible telecommunications carrier (ETC) status for USF disbursements in 2005 (Case No. U-14659). Allband received its license to serve unserved areas of Michigan by Commission order issued in 2007. In 2008, the company received authority to expand its ETC status to those areas. Allband argues that Commission orders have recognized it as an ILEC for years. Those orders are no longer appealable and parties should not be permitted to make a collateral challenge in this proceeding.

Allband further argues that Verizon has no standing to challenge Allband's status as an ILEC in this proceeding. It states that Verizon and its affiliates have not presented evidence or claims that they meet the requirements for standing that the Commission has repeatedly endorsed. Allband states that its ILEC status does not create an "injury in fact" to these carriers, nor does the statute being implemented intend to permit cross-challenges of another carrier's ILEC status, or transform this case into a contested case for that purpose.

Allband argues that Verizon's motion is merely a "retributive attempt by Verizon to utilize the Commission's forum as a means to stifle competition and to foreclose basic communication services to Michigan citizens." It argues that the rehearing petition challenges and seeks to defeat the legislative goal of the MTA to promote competition.

Allband affirmatively states that it is an ILEC and should be treated as such for all financial assistance programs because it serves in previously unserved areas. It is this characteristic, Allband says, that led the FCC to grant Allband ILEC status. Allband argues that the FCC has recognized that unserved areas still existed in the country as of 1996. To encourage service in

these areas, the statute and the FCC provide for recognition of new ILECs as carriers of last resort. It argues that the FCC's order granting Allband waivers to be treated as an ILEC has enabled the carrier to fulfill the universal service and public interest goals of federal and state legislation.

MCL 484.2310(23)(c) provides:

> (c) "Eligible provider" means an incumbent local exchange carrier as defined in section 251 of the telecommunications act of 1996, 47 USC 251, that as of January 1, 2009 had rates for intrastate switched toll access services higher than its rates for the same interstate switched toll access services, and that provides the services and functionalities identified by rules of the federal communications commission described at 47 CFR 54.101(a).

47 USC 251(h) provides:

> (h) Definition of incumbent local exchange carrier
>
> (1) Definition – For purposes of this section, the term 'incumbent local exchange carrier' means, with respect to an area, the local exchange carrier that--
>
> > (A) on February 8, 1996, provided telephone exchange service in such area; and
> >
> > (B)(i) on February 8, 1996, was deemed to be a member of the exchange carrier association pursuant to section 69.601(b) of the Commission's regulations (47 C.F.R. 69.601(b)); or
> >
> > (ii) is a person or entity that, on or after February 8, 1996, became a successor or assign of a member described in clause (i).
>
> (2) Treatment of comparable carriers as incumbents—The Commission may, by rule, provide for the treatment of a local exchange carrier (or class or category thereof) as an incumbent local exchange carrier for purposes of this section if--
>
> > (A) such carrier occupies a position in the market for telephone exchange service within an area that is comparable to the position occupied by a carrier described in paragraph (1);
> >
> > (B) such carrier has substantially replaced an incumbent local exchange carrier described in paragraph (1); and
> >
> > (C) such treatment is consistent with the public interest, convenience, and necessity and the purposes of this section.

The Commission is persuaded that it should remove Allband from the list of eligible providers under the provisions for the restructuring mechanism of Act 182, because the company does not meet the definition in 47 USC 251(h)(1), which is expressly adopted in MCL 484.2310(23)(c). Although the FCC has granted Allband waivers of certain rules and has treated Allband as an ILEC for certain purposes, the FCC has never found that Allband meets the definition of an ILEC under 47 USC 251(h). In fact, the FCC's decision granting the waivers[3] notes that:

> Because Allband is a newly established carrier and is not a successor or assign of an incumbent LEC, it does not meet the definition of incumbent LEC for purposes of the Act or these rules. In order to be treated as an incumbent LEC for purpose of receiving universal service support and imposing access charges, therefore, Allband seeks waiver of these rules.

Therefore, the Commission cannot agree with Allband's assessment that it was "granted ILEC status" by the FCC such that it should be recognized under Act 182 as an eligible provider.

Further, the Commission rejects Allband's argument that the Commission's determination on this issue is impermissible in this proceeding. The Commission is authorized to list the eligible providers for receiving disbursements from the restructuring mechanism. An integral part of that task is identifying those providers that meet (or fail to meet) the criteria expressed in the statute. Further, the Commission believes that its determination on this issue is not inconsistent with previous findings that Allband is an ETC under the statutory provisions for universal service fund assistance. Those funds are administered under a separate, federal act and are unaffected by the Commission's findings in this proceeding.

There is no doubt that Allband was not in existence on February 8, 1996. And there is no argument made that Allband is a successor of a carrier that fit the definition in 47 USC 251(h).

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[3] *In the Matter of Allband Communications Cooperative, Petition for Waiver of Section 69.2(hh) and 69.601 of the Commission's Rules*, DA 05-2268, WC Docket No. 05-174 (rel. Aug. 11, 2005). (References deleted.)

Therefore, the Commission is persuaded that it was in error to treat Allband as an eligible provider under the Michigan statute providing for the restructuring mechanism.

As a consequence, the total size of the fund is reduced to $17,533,190.03, including the adjustment necessary for Bloomingdale addressed above. However, because the amounts are relatively small, these modifications do not alter the 0.431% contribution factor set in the Commission's May 17, 2010 order.

III.

COMMENTS

Review Period

Frontier argues that changes to the assessment percentage should be kept to a minimum, because frequent changes would be confusing to customers and costly to carriers and the Commission. It suggests semi-annual reviews might be appropriate initially, with a view to lengthening the time to annual reviews as experience progresses. However, Frontier argues, there is no need for providers to submit additional revenue information for these ongoing reviews. The Commission may make the appropriate changes based on the on-going monthly information that is received from providers.

TAM agrees that once or twice per year should be sufficient for review, given the expense and time involved for submitting relevant data, and recalculating the percentage on an ongoing basis. However, it states that after the initial three months of contributions, the Commission may have enough data to project whether the percentage amount set is sufficient to fund the restructuring mechanism. It suggests that there may be seasonal fluctuations, rate changes, patterns, and economic changes that may affect revenues and the sufficiency of the contributions.

The Commission directs the Staff to continuously monitor the response to the system put in place by this order. Should it appear that the fund may become insufficient to cover the necessary payments, the Staff shall alert the Commission to the need for review. In the absence of an earlier review, the Commission finds that it should reexamine the method and amounts following a year of implementation.

Enforcement

Frontier argues that a monthly contribution of $10 or less should be considered *de minimus,* as that amount would relate to approximately $28,000 per year. In Frontier's view, it would not be unreasonable to exempt providers with less than $28,000 per year in intrastate retail revenue from contribution requirements, or to permit providers with annual intrastate retail revenues between $28,000 and $100,000 to make annual payments rather than monthly payments.

TAM argues that the statute requires monthly contributions, with no exception for those that are to contribute less than $1.00 per month. However, it states there is nothing to prevent a provider from paying for several months in advance to minimize administrative expense. In TAM's view, any determination for enforcement should not include ignoring violations. "Enforcement should be deferred and not ignored." TAM comments, p. 4. In TAM's view, to adopt a policy not to enforce payments below a particular sum might encourage non compliance.

AT&T Michigan states that the Commission does not have clear statutory authority to exempt small carriers from the obligation to pay into the restructuring mechanism, as the statute provides that all providers with "retail intrastate telecommunications services revenues" must contribute. However, AT&T Michigan suggests that the Commission could establish less rigorous requirements on carriers that will make relatively small contributions into the fund. AT&T Michigan supports a policy that would permit a small carrier to make a single annual payment and

revenue report. It suggests that the Commission could permit this less rigorous structure for those providers with intrastate retail revenues of less than $1 million. However, AT&T Michigan urges the Commission not to establish a policy to forbear pursuing payment below certain amounts. In its view, such a policy would merely encourage non compliance.

The Commission finds that the statute appears to give the Commission no discretion to exempt small carriers from participating in the restructuring mechanism. Further it appears that no useful purpose would be served to announce a specific policy with regard to enforcement amounts. Therefore, at this juncture, each provider will be required to participate in the monthly report and remit process outlined in this order.

New Providers, Mergers, and Acquisitions

Frontier suggests that new providers be apprised of the contribution obligation upon registration with the Commission, and the Commission should ensure that new providers are reporting through the regular fund procedures. It states that mergers, acquisitions, or other transactions will be transparent to the contribution process, assuming the Commission uses current revenues as a basis for assessments.

TAM states that the Commission should have information concerning new providers by provider registrations, receipt of applications for licenses or transfers, filing of tariffs, filing of interconnection agreements between existing providers and new providers, information received pursuant to the Commission's request to compile and prepare the annual report on the status of competition and the telecommunications services in Michigan, and reports of new entrants in trade publications. Moreover, TAM suggests that any order approving a license to provide basic local exchange service in Michigan include a reference to the requirements under Act 182. TAM states that the same sources listed above will provide the Commission indications of a contributing

provider going out of business, acquired by, or merged into another provider, or otherwise no longer being a required contributor to the restructuring mechanism.

AT&T Michigan suggests that most new entrants grow at a relatively slow rate, so their immediate inclusion would likely have no significant effect on the fund. If smaller providers are permitted to remit payments on an annual or semi-annual basis, such a policy would likely cover most new entrants.

The Commission agrees that new entrants should be explicitly apprised as early as possible of their responsibilities under Act 182. Those responsibilities become a part of the conditions of granting a basic local exchange service license by virtue of the Commission's stock language that requires compliance with statutes, rules, and Commission orders.

Restructuring Mechanism Schedule

Frontier argues that implementation of the restructuring mechanism and the reductions in intrastate switched access rates are to be coincident. It states that the statute requires implementation no later than September 13, 2010. In its view, a September 1, 2010 date would be convenient. As of that date, affected carriers would reduce their intrastate switched access rates and begin collecting the revenue associated with the assessment percentage. It states that providers could remit the assessment revenues collected in September by the middle of October, with the initial disbursements from the fund for the month of September occurring shortly thereafter.

TAM states that the schedule proposed in the Commission's May 17 order appears appropriate as long as disbursements to eligible providers are made no later than 30 days after the effective date of the restructuring mechanism.

TAM states that the statutory mandate of September 13, 2010 means eligible providers will need to make tariff filings with an effective date on or before September 13, 2010 to implement the reductions in intrastate switched toll access rates to interstate levels. It states that normally, those reductions would be reflected in bills rendered beginning October 1, 2010, with the effect of the reduction beginning to be felt by providers 30 days later.

AT&T Michigan states that it generally agrees with the Commission's proposed schedule.

IV.

CONCLUSIONS

After reviewing all of the comments submitted, the Commission reaches the following conclusions.

Contribution Methodology

Nearly every commenting party expressed concern with or opposition to the contribution methodology described by the Commission in its May 17, 2010 order. In that order, the Commission stated that each contributing provider would be billed based on its respective reported 2008 data, one twelfth of the annual amount due. Concerned providers argue that 2008 data will be out of date by the time it is used to determine contributions. They argue that as growing providers increase their revenue and other providers may be losing revenue, the contributions would be based on untimely data. Such a system, they argue puts an unjustified burden on diminishing carriers and confers an unjustified windfall to growing carriers. These providers suggest that a better methodology would be to base contributions on current or very recent data.

AT&T Michigan comments that providers should update their revenue information monthly as a part of a combined reporting/payment process like that used in certain other states.

Such a system, AT&T Michigan says, would have the dual advantage of creating the fairest assessments based on current revenues and streamlining administration of the fund. Although AT&T Michigan believes that monthly reporting and payment is best, it suggests that the Commission should provide for updating information at least twice per year.

The Staff recommends that each provider's monthly contribution be calculated by multiplying its previous month's intrastate retail service revenues (less uncollectibles) by the Commission determined factor, as modified to reflect the findings on the petition for rehearing. The Staff has developed a web-based form for provider use, which will be available on the Commission's website. The Staff has made the necessary contacts with the Department of Energy, Labor, and Economic Growth (DELEG) to enable processing payments in this manner.

The Commission finds that it should alter its findings and conclusions in the May 17 order with regard to the contribution process to adopt what is nearly universally supported by the industry participants. The Commission finds that it should adopt the process suggested and set up by the Staff. Providers will contribute to the restructuring mechanism fund monthly based on the intrastate retail revenues from the immediately preceding month.

Beginning no later than September 13, 2010, each telecommunications service provider must, on a monthly basis, input the immediately preceding month's revenue and uncollectible information into the form for that purpose on the Commission's website and click on the submit button. That form can be found at: http://efile.mpsc.state.mi.us/phpsc/comm/armccm and answers to frequently asked questions can be found at: http://www.michigan.gov/documents/mpsc/rm_faqs_329431_7.pdf. Even providers with zero revenues must comply with this step. All providers with non-zero revenues shall then print the resulting confirmation page and submit it along with a check or money order for the contribution

amount. Checks should be made out to "State of Michigan" and mailed with the confirmation page to: Michigan Department of Energy, Labor, & Economic Growth, 7150 Harris Drive, PO Box 30221, Lansing, MI 48909. At this time, electronic payments are not available for the restructuring mechanism.

Initial contributions are due no later than the operational date of the restructuring mechanism, September 13, 2010. Contributions for subsequent payments are due no later than the 13th day of each month thereafter. September's payment (received in late October) will be based on August revenues and uncollectible data.

Because the process described above is essentially a self-reporting system, the Commission is concerned that there be consistent response by all providers. The Commission is aware that some providers did not respond in a timely fashion (some not at all) to the Commission's initial order to submit data necessary for the Commission to make the calculations for the restructuring mechanism. Such lack of responsiveness will be treated seriously, and may be grounds for issuing orders to show cause and could result in imposing penalties described in the MTA, including revocation of the provider's license or other consequences. MCL 484.2601. The Commission directs the Staff to closely monitor the system to ensure that the restructuring mechanism is fully funded and that all required participants have complied with this order. If non compliance becomes widespread or is sufficiently significant, the Commission will determine whether to employ alternative requirements in order to reduce non compliance.

Restructuring Disbursement Methodology

The first disbursements from the restructuring mechanism fund will be made the week of October 25, 2010. Each succeeding month's disbursement will be made in the final week of the month. New tariffs will be in place no later than September 13, 2010, with the first month's

billings based on those tariffs sent by early October. By the end of October, eligible providers will experience the revenue reduction from the reduced intrastate rates, and should receive concurrent to that reduction, the disbursement to ease the transition.

The Commission notes that all providers receiving disbursements from the restructuring mechanism fund must register with the State of Michigan as a vendor. All eligible providers must register at http://www.michigan.gov/cpexpress to ensure that the registration process is complete before the scheduled October disbursement.

THEREFORE, IT IS ORDERED that:

A. The revised restructuring mechanism size is calculated on Attachment 1 attached to this order. The contribution factor remains 0.431%.

B. No later than September 13, 2010, each telecommunications service provider shall ensure that its intrastate toll access rates mirror its interstate toll access rates and file appropriate tariffs.

C. Beginning no later than September 13, 2010, each contributing telecommunications service provider must, on a monthly basis, report the previous month's intrastate retail revenues less uncollectibles on the form provided on the Commission's website at: http://efile.mpsc.state.mi.us/phpsc/comm/armccm and submit by clicking on the appropriate button. Any provider with non-zero revenues shall then print the resulting confirmation page and submit it along with a check or money order for the contribution amount. Checks shall be made out to "State of Michigan" and mailed with the confirmation page to: Michigan Department of Energy, Labor, & Economic Growth, 7150 Harris Drive, PO Box 30221, Lansing, MI 48909.

D. No later than October 1, 2010, each eligible provider seeking disbursements from the fund shall register as a vendor with the State of Michigan at http://www.michigan.gov/cpexpress.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 484.2203(12).

MICHIGAN PUBLIC SERVICE COMMISSION

_____
Orjiakor N. Isiogu, Chairman

_____
Monica Martinez, Commissioner

_____
Greg R. White, Commissioner

By its action of August 10, 2010.

_____
Mary Jo Kunkle, Executive Secretary

Attachment 1

Intrastate Switched Toll Access Rate Restructuring Mechanism

Eligible Provider Disbursements & Total Fund Size August 10, 2010

Eligible Provider	Annual Disbursement	Monthly Disbursement
Ace Telephone Company	$418,134.08	$34,844.51
Allendale Telephone Company	$465,345.88	$38,778.82
Baraga Telephone Company	$188,856.72	$15,738.06
Barry County Telephone Company	$479,832.98	$39,986.08
Blanchard Telephone Company	$49,658.85	$4,138.24
Bloomingdale Telephone Company	$166,919.56	$13,909.96
Carr Telephone Company	$101,258.64	$8,438.22
CenturyTel Midwest-MI, Inc.	$2,264,069.14	$188,672.43
CenturyTel of Michigan	$4,879,597.76	$406,633.15
CenturyTel of Northern Michigan	$206,222.02	$17,185.17
CenturyTel of Upper Michigan	$1,116,972.46	$93,081.04
Chapin Telephone Company	$41,052.03	$3,421.00
Chatham Telephone Company (TDS Telecom)	$282,647.89	$23,553.99
Chippewa County Telephone Company	$78,420.06	$6,535.00
Climax Telephone Company	$24,221.61	$2,018.47
Communications Corporation of Michigan (TDS Telecom)	$225,189.18	$18,765.76
Deerfield Farmers' Telephone Company	$139,826.74	$11,652.23
Drenthe Telephone Company	$33,256.40	$2,771.37
Frontier Telephone Company	$1,315,368.25	$109,614.02
Hiawatha Telephone Company	$360,280.57	$30,023.38
Island Telephone Company (TDS Telecom)	$43,005.19	$3,583.77
Kaleva Telephone Company	$151,810.41	$12,650.87
Lennon Telephone Company	$121,206.95	$10,100.58
Michigan Central Broadband Company	$123,378.86	$10,281.57
Midway Telephone Company	$48,648.54	$4,054.04
Ogden Telephone Company	$29,216.81	$2,434.73
Ontonagon Telephone Company	$196,242.17	$16,353.51
Peninsula Telephone Company	$49,897.60	$4,158.13
Pigeon Telephone Company	$160,513.87	$13,376.16
Sand Creek Telephone Company	$70,235.02	$5,852.92
Shiawassee Telephone Company (TDS Telecom)	$361,532.60	$30,127.72
Springport Telephone Company	$173,014.08	$14,417.84
Upper Peninsula Telephone Company	$189,324.92	$15,777.08
Waldron Telephone Company	$25,563.13	$2,130.26
Westphalia Telephone Company	$282,194.96	$23,516.25
Winn Telephone Company	$36,151.75	$3,012.65
Wolverine Telephone Company (TDS Telecom)	$879,261.61	$73,271.80
Sum of Disbursments	**$15,778,329.26**	**$1,314,860.77**

Total Fund Size:

Annual Disbursements	$15,778,329.26
Estimated Administrative Costs	$440,000.00
Reserve = One Month of Disbursements	$1,314,860.77
Total Size	**$17,533,190.03**