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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
UPPER PENINSULA TELEPHONE COMPANY) CC Docket No. 96-45
MICHIGAN CENTRAL BROADBAND COMPANY, LLC)
)
Joint Petition for Waiver of the Definition of)
"Study Area" Contained in Part 36, Appendix-)
Glossary of the Commission's Rules)

JOINT PETITION FOR STUDY AREA WAIVER

Upper Peninsula Telephone Company ("UPTC") and Michigan Central Broadband Company, LLC ("MCBC") (collectively, "Petitioners") request waiver of the definition of "study area" contained in the Appendix-Glossary of Part 36 of the Commission's Rules in order to divide UPTC's existing 19-exchange Michigan study area (SAC 310732) into a 15-exchange study area that will continue to be operated by UPTC in the Upper Peninsula of Michigan and a 4-exchange study area that will be operated by MCBC, a subsidiary of UPTC, in the Lower Peninsula of Michigan. The purpose of this study area boundary change is to place very different telephone operations serving very different areas under separate managements and business plans.

Background

UPTC is an incumbent Michigan local exchange carrier located at 397 U.S. Highway 41 North (P.O. Box 86) in the Village of Carney (2008 population: 212) in Menominee County in the Upper Peninsula of Michigan. UPTC presently operates, and will continue to operate, fifteen local telephone exchanges (the Carney, Donken, Drummond

Island, Faithorn, Felch, Fence River, Lake Gogebic, Marenisco, Michigamme Forest, North Land O'Lakes, Rexton, Scott's Point, Smoky Lake, Wallace and Watson exchanges), all of which are located in the Upper Peninsula of Michigan. These exchanges serve approximately 4,100 access lines in the aggregate.

MCBC is an incumbent local exchange carrier and subsidiary of UPTC. It is located at 397 U.S. Highway 41 North (P.O. Box 86) in Carney, Michigan 49812. By Order dated May 12, 2009, in Case No. U-15786 (Attachment A), the Michigan Public Service Commission ("Michigan PSC") granted MCBC a permanent license to provide basic local exchange service in four exchanges presently included in UPTC's Michigan study area (the Amble, Chester, Grace Harbor and Manistee River exchanges). These four exchanges, all of which are located in the Lower Peninsula of Michigan, serve approximately 1,200 access lines in the aggregate.

By Order dated July 1, 2009 in Case No. U-15939 (Attachment B), the Michigan PSC approved a proposal by UPTC to disaggregate its Michigan study area for federal Universal Service Fund ("USF") support purposes into: (1) an Upper Peninsula Property Zone comprised of the fifteen Upper Peninsula exchanges (the Carney, Donken, Drummond Island, Faithorn, Felch, Fence River, Lake Gogebic, Marenisco, Michigamme Forest, North Land O'Lakes, Rexton, Scott's Point, Smoky Lake, Wallace and Watson exchanges); and (2) a Lower Peninsula Property Zone comprised of the four Lower Peninsula exchanges (the Amble, Chester, Grace Harbor and Manistee River exchanges). This state-approved disaggregation plan corresponds exactly with the study area boundary change proposed herein.

By Order dated August 11, 2009 in Case No. U-15984 (Attachment C), the Michigan PSC designated MCBC as an eligible telecommunications carrier (“ETC”) for purposes of receiving federal USF support.

By Opinion and Order dated April 27, 2010 in Case No. U-16171 (Attachment D), the Michigan PSC approved separate total service long run incremental cost studies for UPTC (for its fifteen exchanges) and for MCBC (for its four exchanges).

UPTC and MCBC are both ultimate subsidiaries of LICT Corporation (“LICT”), a Delaware holding company whose principal offices are located at 401 Theodore Fremd Avenue in Rye, New York 10580. Other LICT subsidiaries include: (1) Bretton Woods Telephone Company (which provides telecommunications services in New Hampshire); (2) California-Oregon Telephone Company (which provides telecommunications services in northern California and southern Oregon); (3) Central Scott Telephone Company (which provides telecommunications services in Iowa); (4) CentraCom Interactive (which provides telecommunications services in central and northern Utah); (5) Cuba City Telephone Exchange Company and Belmont Telephone Company (which provide telecommunications services in southwestern Wisconsin); (6) Dunkirk & Fredonia Telephone Company (which provides telecommunications services in western New York State); (7) Giant Communications, Inc. (which provides competitive telecommunications services in Kansas); (8) Havilland Telephone Company (which provides telecommunications services in south central Kansas); (9) Inter-Community Telephone Company (which provides telecommunications services in southeastern North Dakota); (10) JBN Telephone Company (which provides telecommunications services in northeastern Kansas); and (11) Western

New Mexico Telephone Company (which provides telecommunications services in southwestern New Mexico).

COMPLIANCE WITH "ONE PERCENT" CONDITION

UPTC and MCBC certify that the aggregation of all local telephone exchange transfers and study area waivers involving them and their subsidiaries and affiliates during 2010 or 2011 will not cause a shift in USF cost recovery in an amount equal to or greater than one percent of the total USF assistance for 2010 or 2011. The most recent Universal Service Administrative Company ("USAC") annualized projection for Total High Cost Support for 2010 is \$4,534,793,840¹ and for 2011 is \$4,164,173,658.² As indicated below, the projected USF impact of the subject transaction is a net increase of \$38,017 in the aggregate High Cost Loop Support, Local Switching Support and Interstate Common Line Support to UPTC and MCBC. This amount constitutes a minuscule fraction of the \$45,347,938 and \$41,641,736 that constitute one percent of the projected High Cost Support for 2010 and 2011, respectively. Therefore, to the extent that the "one percent" limitation adopted by the Commission in US West Communications, Inc. and Eagle Telecommunications, Inc., 10 FCC Rcd 1771 (1995), remains relevant and applicable, the subject transaction complies with it.

STUDY AREA WAIVER

In reviewing study area waiver petitions, the Commission employs the following three-prong standard: (1) the change in study area boundaries must not adversely affect the

¹ Universal Service Administrative Company, *Federal Universal Service Support Mechanisms Fund Size Projections for the Fourth Quarter 2010* (August 2, 2010), at Appendix HC02.

Universal Service Fund; (2) no state commission having regulatory authority over the transferred exchanges may oppose the transfer; and (3) the transfer must be in the public interest. US West Communications, Inc. and South Central Utah Telephone Association, Inc., 9 FCC Rcd 198 (1993).

Universal Service Fund. UPTC sought and received Michigan PSC approval of its plan to disaggregate its existing Michigan study area (SAC 310732) into a 15-exchange Upper Peninsula Property Zone and a 4-exchange Lower Peninsula Property Zone in order to eliminate or minimize any impact upon USF support with respect to the proposed study area boundary change. The Upper Peninsula Property Zone approved by the Michigan PSC has the exact same exchanges and boundaries as the proposed continuing UPTC study area, while the Lower Peninsula Property Zone has the exact same exchanges and boundaries as the proposed new MCBC study area.

As indicated in the attached USF impact study (Attachment E), UPTC's existing Michigan study area will receive a total of \$3,812,213 in federal High Cost Support for Calendar Year 2011, which will consist of \$1,312,888 in High Cost Loop support ("HCL"), \$1,141,640 in Interstate Common Line Support ("ICLS") and \$1,357,685 in Local Switching Support ("LSS"). If the proposed study area boundary exchange were in effect during Calendar Year 2011, the proposed modified 15-exchange UPTC study area would receive a total of \$3,139,330 in federal High Cost Support for that year (\$1,239,270 of HCL, \$909,619 of ICLS and \$990,441 of LSS), while the proposed new MCBC study area

² Universal Service Administrative Company, *Federal Universal Service Support Mechanisms Fund Size Projections for the First Quarter 2011* (November 2, 2010), at Appendix HC02.

would receive a total of \$803,218 in federal High Cost Support for the year (\$183,820 of HCL, \$212,900 of ICLS and \$406,498 of LSS). Overall, the revised UPTC study area and the new MCBC study area would receive a combined total of \$3,942,548 in federal High Cost Support for Calendar Year 2011, or \$130,335 more than will be actually received by the existing 19-exchange UPTC study area. This \$130,335 difference is comprised of a \$110,202 increase in HCL, a \$19,121 decrease in ICLS, and a \$39,254 increase in LSS. The HCL increase appears to result from the fact that the new UPTC and MCBC study areas would not trigger the corporate operations expense cap.

UPTC and MCBC submit that the apparent \$130,335 increase in aggregate High Cost Support is *de minimis*, and that the USF program will not be adversely impacted by the proposed study area boundary change.

State Commission Approval. The Michigan PSC is the only state commission having regulatory authority over the existing 19-exchange UPTC Michigan study area, the proposed modified 15-exchange UPTC Michigan study area, and the proposed new MCBC Michigan study area.

The Michigan PSC has previously conducted proceedings and issued orders approving: (1) the disaggregation of UPTC's existing Michigan study area into zones identical to the proposed modified UPTC Michigan study area and the proposed MCBC Michigan study area (Attachment B); (2) the grant of a permanent license to MCBC to provide basic local exchange service in the four exchanges of its proposed Michigan study area (Attachment A); and (3) the designation of MCBC as an ETC for purposes of receiving federal USF support (Attachment C).

The Michigan PSC has indicated to UPTC and MCBC that it will file comments with respect to the present petition, wherein it will expressly state whether it supports or objects to the Commission's grant of the present study area waiver.

If the Bureau desires earlier confirmation of the Michigan PSC's position, UPTC and MCBC will attempt to obtain a letter from the Michigan PSC stating that it does not object to the proposed study area waiver.

Public Interest Benefits. The Upper Peninsula of Michigan is a logging and tourist area that contains almost one-third of the land area of Michigan, but only about three percent (3.0%) of its population. It is very different economically, demographically and culturally from the industrial and agricultural areas of the Lower Peninsula. In fact, the Upper Peninsula has periodically been subject to proposals (as recently as the 1970s) that it secede from Michigan and join the Union as the fifty-first state of Superior.

UPTC has found it increasingly difficult to serve the very different Upper Peninsula and Lower Peninsula portions of its service area. Customers are engaged in significantly different activities, and have differing service requirements and desires. The climates, terrains and population densities of the two areas differ, and result in significantly different loop and other cost characteristics. The local economies are very different, and could be more efficiently served by different telecommunications networks and rate structures.

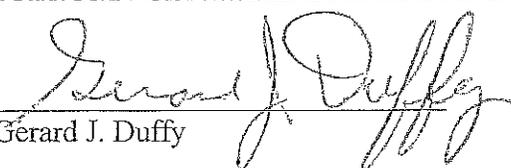
UPTC has determined that a corporate reorganization, and the splitting of its Michigan exchange areas into separate Upper Peninsula and Lower Peninsula entities will best enable the service in both areas to be improved over the long run. It is possible that one or both of the more geographically integrated entities will be attractive to unrelated

entities. However, even if neither entity is sold to a third party, separately operated and managed Upper Peninsula and Lower Peninsula entities can more efficiently and effectively upgrade their networks, obtain the loans and other financing necessary for such upgrades, and provide the service packages and rate plans necessary to satisfy the service needs and economic circumstances of their very different customer bases.

CONCLUSION

Petitioners have met their burden of proving that the proposed study area boundary waiver: (a) will not adversely affect the Universal Service Fund; (b) is not opposed by the only state commission that has regulatory authority over the subject Michigan study areas; and (c) will be in the public interest. Therefore, the Bureau is respectfully requested to waive its frozen study area boundaries to allow the existing 19-exchange UPTC Michigan study area to be divided into a modified 15-exchange UPTC study area serving the Upper Peninsula of Michigan and a new 4-exchange MCBC study area serving the Lower Peninsula of Michigan.

Respectfully submitted,
UPPER PENINSULA TELEPHONE COMPANY
MICHIGAN CENTRAL BROADBAND COMPANY, LLC

By 
 Gerard J. Duffy

Blooston, Mordkofsky, Dickens, Duffy & Prendergast, LLP
 2120 L Street, NW, Suite 300
 Washington, DC 20037
 Phone: 202-659-0830
 Fax: 202-828-5568
 Dated: December 29, 2010

ATTACHMENT A

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
MICHIGAN CENTRAL BROADBAND)
COMPANY, LLC, for a license to provide)
basic local exchange service.)
_____)

Case No. U-15786

At the May 12, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER

On February 3, 2009, Michigan Central Broadband Company, LLC, (Michigan Central) filed an application, under the Michigan Telecommunications Act (MTA), MCL 484.2101 *et seq.*, for a license to provide basic local exchange service in the Amble, Chester, Grace Harbor, and Manistee River exchanges currently served by Upper Peninsula Telephone Company, and the areas in which AT&T Michigan or Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, are the incumbent local exchange carriers. The Commission granted Michigan Central a temporary license on March 18, 2009.

At a hearing on April 7, 2009, Michigan Central presented the testimony and exhibits of David R. Thomas, President and General Manager. A second hearing was held on April 21, 2009, to address a notice issue. At the close of the hearing, the parties waived compliance with Section 81 of the Michigan Administrative Procedures Act, MCL 24.281.

After a review of the application and testimony, the Commission finds that approval of the application is in the public interest. On numerous occasions, the Commission has found that competition can be advantageous to the citizens of this state. Approval of the request for a license to provide basic local exchange service will expand the opportunities for competition. Accordingly, the application is approved. The grant of a license is conditioned on full compliance with the provisions of the MTA, as well as the anti-slamming procedures adopted in Case No. U-11900 and the number reclamation process adopted in Case No. U-12703. Failure to comply fully may result in revocation of the license and other penalties. The grant of a license is conditioned upon the provision of service to customers within a reasonable time. Failure to do so may result in revocation of the license. Finally, the Commission notes that any numbers obtained by the applicant are a public resource and are not owned by the applicant. If the applicant fails to provide service or goes out of business, any numbers assigned to it are subject to reclamation.

THEREFORE, IT IS ORDERED that:

A. Michigan Central Broadband Company, LLC, is granted a license to provide basic local exchange service in the Amble, Chester, Grace Harbor, and Manistee River exchanges currently served by Upper Peninsula Telephone Company, and the areas in which AT&T Michigan or Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems, are the incumbent local exchange carriers.

B. Michigan Central Broadband Company, LLC, shall provide basic local exchange service in accordance with the regulatory requirements specified in the Michigan Telecommunications Act, MCL 484.2101 et seq., including the number portability provisions of MCL 484.2358, the anti-slamming procedures adopted in Case No. U-11900, and the number reclamation process adopted in Case No. U-12703.

C. Before commencing basic local exchange service, Michigan Central Broadband Company, LLC, shall submit its tariff reflecting the services that it will offer and identifying the exchanges in which it will offer service.

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



Steven A. Transeth, Commissioner

By its action of May 12, 2009.



Mary Jo Kunkle, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-15786

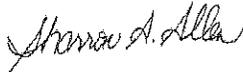
County of Ingham)

Mignon Middlebrook being duly sworn, deposes and says that on May 12, 2009 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Mignon Middlebrook

Mignon Middlebrook

Subscribed and sworn to before me
this 12th day of May 2009



Sharron A. Allen
Notary Public, Ingham County, MI
My Commission Expires August 16, 2011

Service U-15786

Sharon L. Feldman
Michigan Public Service Commission
6545 Mercantile Way, Suite 14
Lansing MI 48911

Steven D. Hughey
Michigan Dept. of Attorney General
Public Service Division
6545 Mercantile Way, Suite 15
Lansing MI 48911

Michigan Central Broadband Company, LLC
David R. Thomas
President & General Mgr.
397 US 41N
Carney MI 48912-0086

Michael C. Rampe
Miller Canfield Paddock & Stone PLC
1 E. Michigan Avenue, Suite 900
Lansing MI 48933

ATTACHMENT B

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the petition of)
UPPER PENINSULA TELEPHONE COMPANY)
requesting Commission approval of a Path 2) Case No. U-15939
disaggregation plan pursuant to 47 CFR 54.315.)
_____)

At the July 1, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER

On April 6, 2009, Upper Peninsula Telephone Company (UPTel) filed a request pursuant to Section 201 of the Michigan Telecommunications Act (MTA), MCL 484.2201, and 47 CFR 54.315 seeking approval of UPTel's universal service fund (USF) support disaggregation plan. UPTel seeks to change its disaggregation election from the option provided for in 47 CFR 54.315(b) (Path 1) to the option provided for in 47 CFR 54.315(c) (Path 2).

On May 5, 2009, the Commission's Executive Secretary issued a letter directing UPTel to provide a notice of opportunity to comment to a list of current Michigan eligible telecommunications carriers (ETC). Comments were due by June 4, 2009. No comments were filed.

UPTel is a rural incumbent local exchange carrier (ILEC) and an ETC that receives federal USF support for its operations in Michigan. 47 CFR 54.315 required all rural ILECs to elect a

disaggregation path for USF support on or before May 15, 2002. UPTel chose Path 1, which is for carriers who are not disaggregating and targeting high-cost support. At the expiration of a four-year period from the date of election, a rural ILEC may choose to change from Path 1 to Paths 2 or 3. UPTel's Path 1 election has been in place for more than four years. UPTel's disaggregation and targeting plan is subject to the Commission's approval. 47 CFR 54.315(c)(3).

UPTel provides local exchange service in 15 exchanges located in the Upper Peninsula, and four exchanges located in the Lower Peninsula. UPTel requests to switch to Path 2 in order to disaggregate the two peninsulas for purposes of federal support. UPTel has recently undergone corporate reorganization, as described in the February 3, 2009 license application filed by Michigan Central Broadband Company, LLC (MCBC), in Case No. U-15786. MCBC is a subsidiary of UPTel that will serve the Lower Peninsula zone. Meredith Affidavit, p. 4. MCBC received a license to provide basic local exchange service on May 12, 2009, in Case No. U-15786. UPTel will continue to serve the Upper Peninsula zone.

UPTel's application is accompanied by an affidavit from Douglas D. Meredith, a telecommunications consultant to rural ILECs, employed by John Staurulakis, Inc. The affidavit describes UPTel's Path 2 disaggregation plan and compliance with the requirements of 47 CFR 54.315.

The Commission finds that the application should be approved. Disaggregation will allow these two carriers to receive USF support targeted to the particular area that each serves.

THEREFORE, IT IS ORDERED that Upper Peninsula Telephone Company's petition for approval of its Path 2 disaggregation plan is granted.

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



Steven A. Transeth, Commissioner

By its action of July 1, 2009.



Mary Jo Kunkle, Executive Secretary

P R O O F O F S E R V I C E

STATE OF MICHIGAN)

Case No. U-15939

County of Ingham)

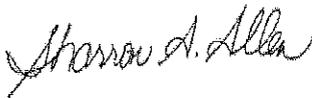
Mignon Middlebrook, being duly sworn, deposes and says that on July 1, 2009, A.D. she served a copy of the attached **Commission Order** by first class mail, postage prepaid, or by inter-departmental mail, to the person(s) as shown on the attached service list(s).

Mignon
Middlebrook

Digitally signed by Mignon
Middlebrook
DN: cn=Mignon Middlebrook,
c=US, o=MPSC
Date: 2009.07.02 10:45:57 -04'00'

Mignon Middlebrook

Subscribed and sworn to before me
this 1st day of July 2009



2009.07.02
11:28:36 -04'00'

Sharron A. Allen
Notary Public, Ingham County, MI
My commission expires August 16, 2011

Service List – Case No. U-15939

Michael C. Rampe
Miller Canfield Paddock & Stone PLC
1 E. Michigan Avenue
Suite 900
Lansing MI 48933

Upper Peninsula Telephone Company
Calvin Matthews
397 US 41 N
P.O. Box 86
Carney MI 49812

ATTACHMENT C

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)
MICHIGAN CENTRAL BROADBAND COMPANY,)
LLC, for designation as an eligible)
telecommunications carrier pursuant to)
Section 214(e)(2) of the Communications Act of)
1934, as amended.)
_____)

Case No. U-15984

At the August 11, 2009 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Orjiakor N. Isiogu, Chairman
Hon. Monica Martinez, Commissioner
Hon. Steven A. Transeth, Commissioner

ORDER

On May 26, 2009, Michigan Central Broadband Company, LLC (MCBC) filed an application, pursuant to Section 214(e)(2) of the federal Communications Act of 1934, 47 USC § 214(e)(2), for designation as an eligible telecommunications carrier (ETC) for purposes of universal service fund (USF) support.

MCBC requests that the Commission enter an order immediately designating it as an ETC for purposes of high cost and lifeline/linkup support in the rural rate centers of Amble, Chester, Grace Harbor, and Manistee River. In the May 12, 2009 order in Case No. U-15786 the Commission granted MCBC a permanent license to provide basic local exchange service in these exchanges. MCBC is a subsidiary of Upper Peninsula Telephone Company (UPTel), and is in the process of acquiring the assets currently used by UPTel to provide local exchange service in these rate

centers. UPTel has previously been designated an ETC in these rate centers. However, ETC designation is not a transferable asset. MCBC asserts that the Commission may act on its application without the necessity of a public hearing.

After reviewing MCBC's application, the Commission finds that it should be granted. MCBC's ETC designation will allow customers in these rural areas to have continued service during the transition from UPTel to MCBC. The application is granted on condition that MCBC comply with enhanced service requirements, as required by the FCC Report and Order 05-46, CC Docket 96-45, and the Commission's October 18, 2005 order in Case No. U-14530. This approval is for the remainder of 2009 and 2010. MCBC is required to re-apply to the Commission for ETC designation in 2010, and thereafter.

The Commission concludes, as it did in its November 20, 2001 order in Case No. U-13145, that it need not solicit comment, which would only further delay action on the application.

THEREFORE, IT IS ORDERED that the application filed by Michigan Central Broadband Company, LLC, for designation as an eligible telecommunications carrier for purposes of universal service fund support is granted.

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

Any party aggrieved by this order may file an action in the appropriate federal District Court pursuant to 28 USC 1331.

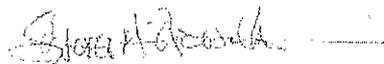
MICHIGAN PUBLIC SERVICE COMMISSION



Orjiakor N. Isiogu, Chairman

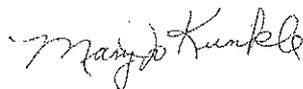


Monica Martinez, Commissioner



Steven A. Transeth, Commissioner

By its action of August 11, 2009.



Mary Jo Kunkle, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-15984

County of Ingham)

Mignon Middlebrook being duly sworn, deposes and says that on August 11, 2009 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Mignon
Middlebrook

Digitally signed by Mignon
Middlebrook
DN: cn=Mignon Middlebrook, c=US,
email=middlebrookm@michigan.gov
Date: 2009.08.12 14:05:33 -04'00'

Mignon Middlebrook

Subscribed and sworn to before me
this 11th day of August 2009

Lisa Felice

Lisa Felice
Notary Public, Eaton County, MI
As Acting in Ingham County
My Commission Expires April 15, 2014

Service List U-15984

Michigan Central Broadband Company, LLC
David R. Thomas, President & General Mgr.
397 US 41N
Carney MI 48912-0086

Michael C. Rampe
Miller Canfield Paddock & Stone PLC
1 E. Michigan Avenue
Suite 900
Lansing MI 48933

ATTACHMENT D

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * * *

In the matter of the application of)	
UPPER PENINSULA TELEPHONE COMPANY,)	
and MICHIGAN CENTRAL BROADBAND)	Case No. U-16171
COMPANY for approval of their total service)	
long run incremental cost studies.)	
_____)	

At the April 27, 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

On January 29, 2010, Upper Peninsula Telephone Company (UPTel) and the Michigan Central Broadband Company (MCBC) (collectively, UPTel/MCBC) filed an application requesting Commission approval of their respective total service long run incremental cost (TSLRIC) studies. UPTel/MCBC submitted with their application the testimony of Douglas M. Meredith in support of the cost studies.

In the application, UPTel/MCBC state that the most recent TSLRIC study was approved for UPTel in the Commission's March 18, 2008 order in Case No. U-14781. At the time of the filing of the present application, the requisite two years had not yet passed before filing a new cost case. These companies state that this filing results from a fundamental change in circumstance arising out of the corporate reorganization of UPTel. That reorganization saw the creation of MCBC as a

separate entity and the transfer of certain exchanges and assets from UPTel to MCBC so that the latter would provide service to the 4 exchanges located in the lower peninsula, and UPTel would continue to serve the 15 exchanges located in the upper peninsula.

On February 8, 2010, the Commission issued an order setting a schedule for a prehearing conference and the filing of comments and reply comments. On February 18, 2010, a prehearing conference was held before Administrative Law Judge Mark E. Cummins (ALJ), who entered a protective order and set a discovery deadline. The transcript reflects that in addition to UPTel/MCBC, representatives for the Commission Staff (Staff) and Verizon North, Inc., Contel of the South, Inc., d/b/a Verizon North Systems, and Verizon Wireless (collectively Verizon) appeared. AT&T Michigan had filed a notice of intent to participate, but its attorney notified the ALJ that AT&T Michigan would not appear at the hearing and did not oppose the motion to enter a protective order.

On March 15, 2010, the Commission received comments from AT&T Michigan and the Staff. On April 5, 2010, the Commission received reply comments from UPTel/MCBC and the Staff.

AT&T Michigan states that in Case No. U-14781, UPTel's previous cost study, AT&T Michigan recommended a series of adjustments that would have reduced the reciprocal compensation rate by at least half. AT&T Michigan argues that few if any of the deficiencies that AT&T Michigan found in the previous cost study were corrected in the cost studies submitted in this proceeding. In AT&T Michigan's view, these cost studies do not comply with TSLRIC standards for reasons argued in Case No. U-14781.

AT&T Michigan argues that the purpose of filing these cost studies, the reorganization of the company, does not explain why there two different cost studies are needed for the related companies. It argues that the cost study approved in Case No. U-14781 could have been used by

both companies “at least until there was some fundamental change in costs.” AT&T Michigan asserts that there was no obligation triggered by the separation of the two operations, or the cost studies would have needed to be approved before that event. Moreover, AT&T Michigan argues, the costs do not appear to be dramatically different between the two service areas. Given this set of circumstances, AT&T Michigan argues, it is not clear why UPTel caused the Commission and the industry to incur the costs related to this case.

AT&T Michigan further argues that UPTel has overestimated the percentage of switching costs that are traffic-sensitive, has used out-dated switch cost data from 2000 with no adjustment to reflect the decrease in costs over the last decade, and used an out-dated cost model to support its loop design. AT&T Michigan asserts that the CopperCom switches that UPTel/MCBC model for this case are no longer available for purchase. AT&T Michigan argues that logic dictates that manufacturer-discontinued equipment cannot be considered “forward-looking.” AT&T Michigan recommends that the Commission reject the studies as filed.

The Staff disagrees with AT&T Michigan’s assertion that filing of bifurcated TSLRIC studies in this proceeding is inappropriate. Rather, the Staff asserts, the filings were a proactive choice to address possible concerns that the cost studies approved in Case No. U-14781 may not accurately represent the costs of the two individual companies. The Staff notes the Commission’s determination in Case No. U-14781 that rural incumbent local exchange carriers cannot be presumed to have similar costs, thus supporting its direction to each individual company to file a compliance cost study to reflect its own costs within the approved cost model. And, although the statute does not require a new cost study be filed upon a corporate reorganization, the Staff notes, the act does not prohibit such a filing. In the Staff’s view, the reorganization explained by

UPTel/MCBC is a fundamental change that permits a new cost study within two years, and the TSLRIC studies were appropriately bifurcated and filed for Commission review and approval.

As to issues raised by AT&T Michigan in Case No. U-14781, which AT&T Michigan argues were not corrected in the current studies, the Staff responds that the Commission rejected those arguments in the prior case. There is no need for these companies to comply with issues rejected by the Commission.

The Staff argues that these cost studies reflect a simple bifurcation of a currently approved cost study. The Staff approves of this approach. It argues that this proceeding is merely a mechanical, mathematical bifurcation of the already approved compliance filing. The Staff recommends that the Commission approve the filed individual studies for UPTel/MCBC without changes.

Reply comments filed by UPTel/MCBC reflect these companies' desire to present a straightforward and non-controversial cost study filing. They argue that AT&T Michigan merely rehashes arguments that were raised in Case No. U-14781. Further, these parties argue that the previous case was "a lengthy proceeding in which all issues received vigorous advocacy." UPTel/MCBC reply comments, p. 3. That previous case has been through the appellate process, being ultimately dismissed by a stipulation of the parties. UPTel/MCBC state that they are not attempting to relitigate issues considered in Case No. U-14781. Rather, they state, they have used the previously approved study to produce individual studies for the separate entities serving separate areas.

These parties argue that AT&T Michigan seems to assume that the two entities could have relied upon the one, previously-approved cost study, rather than initiate this proceeding. Although UPTel/MCBC do not necessarily disagree with AT&T Michigan's position on this issue, it states that MCBC is a new entity without a currently approved cost study. As such, it would be open to

questions concerning whether its key rates comply with TSLRIC principles. Therefore, these parties argue, they took the conservative approach and filed for approval of the bifurcated cost study.

UPTel/MCBC next address AT&T Michigan's argument that the studies are not compliant with TSLRIC principles because CopperCom no longer produces the switches modeled in the studies. These parties argue that AT&T Michigan's argument lacks merit. They state that the principle requires "technology . . . should be the least-cost, most efficient technology that is currently available for purchase." However, they state, AT&T Michigan does not assert that softswitches are no longer available, only that a particular model is no longer available. The requirement does not refer to a particular vendor, but to a technology. UPTel/MCBC argue that softswitches are available from a number of other companies, including MetaSwitch and Taqua.

UPTel/MCBC state that they would not object to a Commission finding that the cost study approved in Case No. U-14781 applies to both companies. However, they assert that individual studies would be preferable.

The Commission finds that the studies submitted by UPTel/MCBC should be approved without modification. These studies are merely a bifurcation of a previously approved study. The issues over which AT&T Michigan finds fault are rejected. The Commission has already stated its preference for individual cost studies even for small rural companies. The reorganization that UPTel went through is sufficient change in circumstance to permit the early filing of a cost study. The technology included in the cost study is forward-looking even if the particular model may not be available. AT&T Michigan did not address whether the cost for currently available models would be any different than those assumed for purposes of these studies.

THEREFORE, IT IS ORDERED that the cost studies submitted by Upper Peninsula Telephone Company and the Michigan Central Broadband Company are approved as filed.

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 April 27, 2010.



Mary Jo Kunkle, Executive Secretary

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-16171

County of Ingham)

Mignon Middlebrook being duly sworn, deposes and says that on April 27, 2010 A.D. she served a copy of the attached Commission orders by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Mignon
Middlebrook

Digitally signed by Mignon
Middlebrook
DN: cn=Mignon Middlebrook,
c=US,
email=middlebrookm@michigan.
gov
Date: 2010.04.29 08:19:56 -04'00'

Mignon Middlebrook

Subscribed and sworn to before me
This 27th day of April 2010



Gloria Pearl Jones
Notary Public, Ingham County, MI
My Commission Expires June 5, 2016

Service List U-16171

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Michigan Public Service Commission
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Lansing MI 48911

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Carney MI 48912-0086

Michael C. Rampe
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Spencer A. Sattler
Michigan Dept. of Attorney General
Public Service Division
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Mr. Darin McAreavey
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12970 W. Bluemound Rd.
Ste. 301
Elm Grove, WI 53122

Mr. Mark Askelson
COO
660 Newport Center Dr.
Ste. 200
Newport Beach, CA 92660

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-16171

County of Ingham)

Lisa Felice, being duly sworn, deposes and says that on April 27, 2010, A.D. she served a copy of the attached **Commission Order (Commission's Own Motion) via e-mail transmission**, to the persons as shown on the attached service lists (**Listserv Distribution List**).



Lisa Felice

Subscribed and sworn to before me
this 27th day of April 2010



Gloria Pearl Jones
Notary Public, Ingham County, MI
My commission expires June 5, 2016
Acting in Ingham County, MI

Bill.Braun@Reconex.com; charles.forst@360.net; sbogdan@broadviewnet.com; jsandford@above.net; markj@accessoneinc.com; jason.brown@accesspointinc.com; sharonl@accutel.net; schoen.kevin@acd.net; schoen.kevin@acd.net; truskowski@acecomgroup.com; jmueller@acninc.com; gregl@goait.com; mpsc@avcinc.com; ssinclair@airdis.com; ron.siegel@allband.org; mike.osborne@allcom.net; jsa@ambt.net; rob.heath@afnltd.com; jason@arialink.com; clglover@att.com; rg1467@att.com; matt-schultz@comcast.net; byuille@800goquick.com; dmorken@bandwidth.com; pwstark@up.net; refisher@mei.net; macchio@bcntele.com; bseely@bcnsi.com; tm5886@att.com; tjackson@birch.com; dbranson@blanchardtel.com; jsnyder@btc-bci.com; leen@borderlandnet.net; marva.johnson@bhnis.com; sbogdan@broadviewnet.com; eblumin@broadvox.net; rogelio.pena@level3.com; linda.cicco@bt.com; askus@buckeye-telesystem.com; lakishat@budgetprepay.com; dbailey@bullseyetelecom.com; mpsc-itsp@callgiant.com; robin.brown@fusionbroadband.com; teri@carrinter.net; chris@castlewire.com; william.weber@cbeyond.net; jjames@iti.net; ron.p.johnson@centurytel.com; vickie.norris@centurytel.com; ron.p.johnson@centurytel.com; chapintel@power-net.net; CFL.Regulatory@chartercom.com; cfl.regulatory@chartercom.com; jbrogan@jamadots.net; bcapraro@cimco.net; scott.ringo@cinbell.com; tnamy@clearrate.com; jburnham@ctstelecom.com; cschroeder@closecall.com; cchamp@cmctelecom.net; jroyer@muni.cbpu.com; stacey_parker@cable.comcast.com; jsummersett@comlink.biz; ktwomey@commpartners.us; contact@cli-inc.com; linapeng@comnet-telecom.com; lmatosian@comtech21.com; regulatory.affairs@excel.com; paul.fuglie@verizon.com; rwheeler@onecommunications.com; mabbagnaro@cordiacorp.com; PUC@covista.com; rwheeler@onecommunications.com; scott@utmi.net; fkirby@cypresscom.net; cjr@daystarr.net; dave@cass.net; kmudge@covad.com; toroark@dpiteleconnect.com; prweaver@comcast.net; mike.osborne@allcom.net; shobbs@dsl.net; mb@birns.net; toddg@iserv.net; bstewart@eastontelecom.com; butler@eot.net; dave.gibson@entelegent.com; pmasters@ernestgroup.com; pmorse@fairpoint.com; mcegelski@firstcomm.com; joe.topel@orange-ftgroup.com; sbohler@czn.com; sbohler@czn.com; abriggs@globalconnectionsinc.com; diane.peters@globalcrossing.com; edward.oreilly@globalteldata.com; mcegelski@firstcomm.com; chopkins@grid4.com; kbradley@gvcwinstar.net; jbrogan@jamadots.net; pwstark@up.net; James.Mertz@hypercube-llc.com; caseyw@countryconnect.us; carl.billek@corp.idt.net; info@inetworksgroup.com; agertsburg@infotelecom.us; asimone@intelepeer.com; sperkins@cavtel.com; regulatory@intrado.com; toddg@iserv.net; jcribbs@kaltelnet.net; chuang@cinergycom.com; mhring@cavtel.com; rletcher@power-net.net; rogelio.pena@level3.com; john.greive@lightyear.net; strandtc@liquidweb.com; jkk@lecmi.com; steve@lucre.net; joel.brewer@enversa.com; mattv@markur.com; mgold@masscommgroup.com; regulatory@matrixbt.com; smendez@mcgrawcom.net; paul.fuglie@verizon.com; jredman-carter@mcleodusa.com; mark@nomadinter.net; djc@metronet.cc; rdichy@mettel.net; glenn@customsoft.net; david.thomas@alphacomm.net; jbrogan@jamadots.net; jerry.holt@midwestern.net; jon_brinton@inter-tel.com; thennington@momentumtelecom.com; mike.cooper@us.ngridwireless.com; mike@navtel.com; dave@tuz.net; rmonto@neutraltandem.com; ppeters@newedgenetworks.com; sgibbs@nhcgrp.com; kscovill@telecomsys.com; kelly.faul@xo.com; sfenker1@earthlink.net; chuang@cinergycom.com; chuang@cinergycom.com; jrenneker@nos.com; adam@nswtelecom.com; corie@ogdentel.com; jbrogan@jamadots.net; mary.buley@onvoy.com; sm1024@cynergycomm.net; lmartin@pacwest.com; judy.messenger@paetec.com; bbailey@pelzercom.com; jbrogan@jamadots.net; jack@pentel.net; sharonl@accutel.net; ehe@avci.net; dpacker@pngmail.com; klawrence@primustel.com; jbrown@vcomsolutions.com; byuille@800goquick.com; jeff.wirtzfeld@qwest.com; rick@racc2000.com; admin@rangetele.com; sflatt@sagetelecom.net; souders@sandcreektelco.com; cmartin@wideopenwest.com; neal@solaritytelecom.com; braymor@si-2.com; jsnyder@btc-bci.com; sbranch@spsy-inc.com; vanessa.leon@spectrotel.com; janet@springcom.com; kenneth.schifman@sprint.com; mark.iannuzzi@telnetww.com; mhring@cavtel.com; joe@tc3telecom.com; clglover@att.com; paul.pederson@tdstelecom.com; rogelio.pena@level3.com; regulatory@pioneertelephone.com; ejohnston@telereconnect.com; mark.iannuzzi@telnetww.com; michael.geoffroy@telrite.com; pearllombardo@freecomusa.com; ljenkins@power-net.net; joe@tc3telecom.com; julie.laine@twcable.com; manzalone@touchtone.net; sgnepp@tncii.com; bonkowski-r@bcinetworks.net; mvitale1@dnsys.com; kimm.partridge@ucn.net; cfoster@callone.net; sgray@universaltelcom.com; david.thomas@alphacomm.net; bbshoven@ussignalcom.com; mwhiting@onecommunications.com; chip@velocity.org; paul.fuglie@verizon.com; patrick@crockerlawfirm.com; mark@waldrontel.com; ictpete@aol.com; dfox@4wbi.net; cbarton@wcs.com; ljenkins@power-net.net; john.ivanuska@xo.com; russop@magicjack.com

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ATTACHMENT E

Upper Peninsula Telephone Company

Study Area Waiver
 USF Impact Summary
 Based on 2009 Interstate Cost Study
 21 September 2010

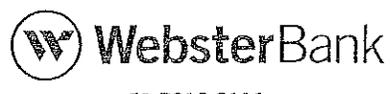
USF Program	Separate Study Areas				Difference
	Current Study Area	Upper Peninsula	MICBC	Combined	
High Cost Loop Support					
Base Support	\$ 1,428,603	\$ 1,239,270	\$ 183,820	\$ 1,423,090	\$ (5,513)
Corporation Operations Cap	\$ (115,715)	\$ -	\$ -	\$ -	
TOTAL High Cost Loop Support	\$ 1,312,888	\$ 1,239,270	\$ 183,820	\$ 1,423,090	\$ 110,202
Interstate Common Line Support	\$ 1,141,640	\$ 909,619	\$ 212,900	\$ 1,122,519	\$ (19,121)
Local Switching Support	\$ 1,357,685	\$ 990,441	\$ 406,498	\$ 1,396,939	\$ 39,254
TOTAL All USF Programs	\$ 3,812,213	\$ 3,139,330	\$ 803,218	\$ 3,942,548	\$ 130,335

FEDERAL COMMUNICATIONS COMMISSION
REMITTANCE ADVICE

(1) LOCKBOX # 979091		SPECIAL-USE ONLY FCC USE ONLY	
SECTION A - PAYER INFORMATION			
(2) PAYER NAME (if paying by credit card enter name exactly as it appears on the card) LICT Corporation		(3) TOTAL AMOUNT PAID (U.S. Dollars and cents) \$7,725.00	
(4) STREET ADDRESS LINE NO. 1 401 Theodore Fremd Avenue			
(5) STREET ADDRESS LINE NO. 2			
(6) CITY Rye		(7) STATE NY	(8) ZIP CODE 10580-1422
(9) DAYTIME TELEPHONE NUMBER (include area code) (914) 921-8821		(10) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(11) PAYER (FRN) 0007759178		(12) FCC USE ONLY	
IF MORE THAN ONE APPLICANT, USE CONTINUATION SHEETS (FORM 159-C) COMPLETE SECTION BELOW FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(13) APPLICANT NAME Upper Peninsula Telephone Co.			
(14) STREET ADDRESS LINE NO. 1 401 Theodore Fremd Avenue			
(15) STREET ADDRESS LINE NO. 2			
(16) CITY Rye		(17) STATE NY	(18) ZIP CODE 10580-1422
(19) DAYTIME TELEPHONE NUMBER (include area code) (914) 921-8821		(20) COUNTRY CODE (if not in U.S.A.)	
FCC REGISTRATION NUMBER (FRN) REQUIRED			
(21) APPLICANT (FRN) 0012088191		(22) FCC USE ONLY	
COMPLETE SECTION C FOR EACH SERVICE, IF MORE BOXES ARE NEEDED, USE CONTINUATION SHEET			
(23A) CALL SIGN/OTHER ID	(24A) PAYMENT TYPE CODE BEA	(25A) QUANTITY 1	
(26A) FEE DUE FOR (PTC) \$7,725.00	(27A) TOTAL FEE \$7,725.00	FCC USE ONLY	
(28A) FCC CODE 1	(29A) FCC CODE 2		
(23b) CALL SIGN/OTHER ID	(24B) PAYMENT TYPE CODE	(25B) QUANTITY	
(26B) FEE DUE FOR (PTC)	(27B) TOTAL FEE	FCC USE ONLY	
(28B) FCC CODE 1	(29B) FCC CODE 2		
SECTION D - CERTIFICATION			
CERTIFICATION STATEMENT			
I, _____, certify under penalty of perjury that the foregoing and supporting information is true and correct to the best of my knowledge, information and belief.			
SIGNATURE _____		DATE _____	
SECTION E - CREDIT CARD PAYMENT INFORMATION			
MASTERCARD _____ VISA _____ AMEX _____ DISCOVER _____			
ACCOUNT NUMBER _____		EXPIRATION DATE _____	
I hereby authorize the FCC to charge my credit card for the service(s) authorization herein described.			
SIGNATURE _____		DATE _____	

2617

LICT CORPORATION
401 THEODORE FREMD AVE.
RYE, NY 10580-1422
(914) 921-8821



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12/20/2010

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TO THE
ORDER OF

FEDERAL COMMUNICATIONS COMMISSION

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FEDERAL COMMUNICATIONS COMMISSION

TWO SIGNATURES REQUIRED OVER \$2500.00

Paul Goldstein
AUTHORIZED SIGNATURE

Security features. Details on back.

MEMO

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