

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion,)	
to consider issues related to the creation of a state)	Case No. U-13477
universal service fund.)	
_____)	

At the February 5, 2003 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

ORDER CONCLUDING INVESTIGATION

On July 10, 2002, the Commission issued an order commencing this proceeding and inviting comments pursuant to Section 316a of the Michigan Telecommunications Act (MTA), MCL 484.2316a, which requires the Commission to undertake an investigation regarding whether it should create an intrastate universal service fund.

On September 9, 2002, Ameritech Michigan; MCImetro Access Transmission Services LLC; Verizon Wireless; Sage Telecom, Inc. (Sage); AT&T Communications of Michigan, Inc., and TCG Detroit (AT&T); the Competitive Local Exchange Carriers Association of Michigan; Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems; Nextel West Corp.; the Telecommunications Association of Michigan; The Michigan Exchange Carriers Association, Inc. (MECA); and Attorney General Jennifer M. Granholm¹ filed comments. Most of

¹Michael A. Cox became Attorney General on January 1, 2003.

the comments either oppose the establishment of an intrastate universal service fund or reach the conclusion that there is no showing under present circumstances of a demonstrable need to create a fund that would bring rates into line with the affordability criterion of Section 316a. AT&T says that the present need is unknown. Sage and MECA did not take a position on whether a fund should be established.

As a result of this investigation, the Commission has determined that the statutory criteria set forth in MCL 484.2316a have not been met at this time. Despite the opportunity to comment extended to providers and others who might be affected by a universal service fund, none advocate that the Commission immediately establish a fund. Most oppose it. No one alleges that there is a current disparity between “each provider’s forward looking economic cost of the supported telecommunication services” and “the affordable rate level to provide supported telecommunication services” or offers to provide studies or other evidentiary support to demonstrate a disparity. MCL 484.2316a(3). Moreover, the rate provisions of the MTA are based on total service long run incremental cost (TSLRIC), which is a forward-looking measure of economic cost. At present, there is no basis for finding that affordable rate levels are materially less than either TSLRIC or current rate levels.

Section 316a(8) requires the Commission to consider whether a federal interstate universal service fund exists in reviewing the need for an intrastate fund. The Commission acknowledges that there are federal universal service funding mechanisms, that federal universal service support is taken into account in setting rates that recover TSLRIC, and that the availability of federal support is consistent with the determination that there is not an immediate need to create an intrastate universal service fund.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACCS, R 460.17101 et seq.
- b. There is no basis to authorize the creation of an intrastate universal service fund under present circumstances.

THEREFORE, IT IS ORDERED that this investigation and docket are closed.

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

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ Laura Chappelle
Chairman

(S E A L)

/s/ David A. Svanda
Commissioner

/s/ Robert B. Nelson
Commissioner

By its action of February 5, 2003.

/s/ Dorothy Wideman
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

By its action of February 5, 2003.

Its Executive Secretary

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Suggested Minute:

“Adopt and issue order dated February 5, 2003 determining that there is no basis to authorize the creation of an intrastate universal service fund under present circumstances, as set forth in the order.”