

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
to commence a contested case as required by 2003)	
PA 244 to establish the costs that local exchange)	Case No. U-14000
providers may recover related to compliance with)	
the wireless emergency service order.)	
_____)	

At the June 29, 2004 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. J. Peter Lark, Chair
Hon. Robert B. Nelson, Commissioner
Hon. Laura Chappelle, Commissioner

ORDER

On December 23, 2003, Governor Jennifer M. Granholm signed House Bill 4439 into law as 2003 PA 244 (Act 244), effective January 1, 2004. Act 244 directs the Commission to conduct a proceeding establishing cost recovery for local exchange carriers complying with the wireless emergency service order. On January 15, 2004, the Commission issued an order commencing this proceeding.

By January 23, 2004, all local exchange carriers anticipating seeking recovery of costs were directed to file a notice of participation and a cost recovery proposal. SBC Michigan (SBC) and Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems (Verizon), each filed the required notice and proposal. In addition, the Telecommunications Association of Michigan (TAM) and New Par and Muskegon Cellular Partnership, d/b/a Verizon Wireless

(Verizon Wireless), filed petitions to intervene, which were granted. The Commission Staff (Staff) also participated in this proceeding.

On April 28, 2004, an evidentiary hearing was held. The testimony of two SBC witnesses and two witnesses for Verizon was received. The parties waived cross-examination. A total of 26 exhibits were admitted into evidence.

On June 1, 2004, a settlement agreement was filed by SBC, Verizon, TAM, and the Staff. Verizon Wireless filed a statement of non-objection to the settlement agreement. In substantial part, the parties agree that: 1) SBC's cost study and Verizon's revised cost study are reasonable and should be approved; 2) SBC's and Verizon's proposed total recoverable costs are reasonable and should be approved; 3) SBC and Verizon should be permitted to submit and collect those proposed recoverable costs under Act 244; and 4) any other local exchange carrier seeking cost recovery for compliance with the wireless emergency service order in the future must file a contested case and cost recovery proposal with the Commission once its E-911 costs become known.

The Commission finds that the settlement agreement, attached as Exhibit A, is reasonable and should be approved.

The Commission FINDS that:

- a. Jurisdiction is pursuant to 1986 PA 32, as amended, MCL 484.1101 et seq.; 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, 1999 AC, R 460.17101 et seq.
- b. The settlement agreement, attached as Exhibit A, is reasonable and should be approved.

THEREFORE, IT IS ORDERED that the settlement agreement, attached as Exhibit A, is approved.

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 issuance and notice of this order, pursuant to MCL 462.26.

MICHIGAN PUBLIC SERVICE COMMISSION

/s/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of June 29, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

THEREFORE, IT IS ORDERED that the settlement agreement, attached as Exhibit A, is approved.

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

Chair

Commissioner

Commissioner

By its action of June 29, 2004.

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SETTLEMENT AGREEMENT

THIS AGREEMENT is entered into this 27th day of May, 2004 between Michigan Bell Telephone Company, d/b/a/ SBC Michigan ("SBC"); Verizon North Inc. and Contel of the South, Inc., d/b/a Verizon North Systems ("Verizon North"); The Telecommunications Association of Michigan ("TAM"); and the Staff of the Michigan Public Service Commission (collectively, "Parties").

WHEREAS, the Parties to this Agreement are all of the parties to the above-captioned proceeding, except New Par and Muskegon Cellular Partnership d/b/a Verizon Wireless ("Verizon Wireless"); and

WHEREAS, the Parties are in agreement that, there being no material contested issues in this case, a settlement of this case is reasonable and in the public interest; and

WHEREAS, Verizon Wireless, while not joining in this agreement, does not object to this agreement

WHEREAS, the Parties wish to reduce their agreement to writing.

NOW, THEREFORE, IT IS AGREED:

1. The Parties waive the filing of Briefs, and Reply Briefs and waive Section 81 of the Administrative Procedures Act.
2. The cost study submitted by SBC (Confidential Exhibits A-7, A-10 and A-11) be approved as reasonable.

3. The revised cost study submitted by Verizon North (Confidential Exhibits A-14, A-16 and A-24) be approved as reasonable.
4. SBC's proposed total recoverable costs, set forth in Confidential Exhibit A-11, be approved as reasonable as follows:

Recurring Total Recoverable Costs

PHASE I Monthly Recurring Costs per Billing Unit	\$3.85
PHASE II Monthly Recurring Costs per Billing Unit	\$1.03

Non- Recurring Total Recoverable Costs

PHASE I Nonrecurring and Implementation Costs per Billing Unit	\$21.89
PHASE II Nonrecurring and Implementation Costs per Billing Unit	\$99.63

5. Verizon North's proposed total recoverable costs, set forth in Confidential Exhibit A-24, be approved as reasonable as follows:

Regional ALI Storage/Processing, per 1000 Records	\$12.60
Selective Routing and ANI/ALI Controlling per 1000 Records	\$78.13

6. SBC be authorized to submit and collect, as reimbursement of costs pursuant to MCL 484.1408(11), the Recurring Total Recoverable Costs and Non-Recurring Total Recoverable Costs set forth in Confidential Exhibit A-11 and Paragraph 4, above.
7. Verizon North be authorized to submit and collect as reimbursement of costs pursuant to MCL 484.1408(11), the Regional ALI Storage/Processing Costs and Selective Routing and ANI/ALI Controlling Costs set forth in Confidential Exhibit A-24 and Paragraph 5, above.
8. Any other eligible local exchange carrier that, in the future, seeks reimbursement of costs pursuant to MCL 484.1408(11) must file a contested case and cost recovery proposal with the Commission at the time its costs for E-911 services for wireless calls become known.
9. It is the opinion of all the Parties that this Settlement Agreement will aid the expeditious conclusion of this case.
10. This Settlement Agreement is intended for a final disposition of this proceeding. Each Party agrees not to appeal, challenge or contest the Commission's Order accepting and approving this Settlement Agreement without modification. If the Commission does not accept the Settlement Agreement without modification, the Agreement shall be void, shall be

withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

11. This Settlement Agreement has been made for the sole and express purpose of settling this case and offers of settlement and related discussions are privileged and shall not be used in any manner, or admissible for any other purpose in connection with this proceeding or any other proceeding. This Settlement Agreement does not constitute a precedent in any other case or proceeding, except as necessary to carry out its terms.

MICHIGAN BELL TELEPHONE COMPANY
d/b/a SBC MICHIGAN

By _____

VERIZON NORTH INC. and CONTEL OF THE SOUTH, INC
d/b/a VERIZON NORTH SYSTEMS

By _____

TELECOMMUNICATIONS ASSOCIATION OF MICHIGAN

By: _____

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

By: _____

NOTICE OF NON-OBJECTION

Verizon Wireless, while not joining in this Settlement Agreement, hereby gives notice that it has no objection to this Settlement Agreement.

NEW PAR AND MUSKEGON CELLULAR PARTNERSHIP
d/b/a VERIZON WIRELESS

By: _____