

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
WOLVERINE TELEPHONE COMPANY)	
for authority to offer expanded local calling and)	Case No. U-14373
to adjust rates for basic local exchange service.)	
_____)	

At the February 24, 2005 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

OPINION AND ORDER

History of Proceedings

On November 30, 2004, Wolverine Telephone Company (Wolverine) filed an application pursuant to Sections 203 and 304 of the Michigan Telecommunications Act (MTA), MCL 484.2101 et seq., for approval to implement expanded local calling and to implement rates related to the provision of such expanded local calling for its Fostoria, Millington, Munger, and Sanford exchanges.

Wolverine customers in the Fostoria exchange may make local calls to the Fostoria, Mayville, Columbiaville, and Millington exchanges. Wolverine proposes to add the North Branch exchange to the local calling area of customers in the Fostoria exchange.

Wolverine customers in the Millington exchange may make local calls to the Millington and Fostoria exchanges. Wolverine proposes to add the Clio/Mt. Morris, Otisville, Columbiaville,

Birch Run, Frankenmuth, Vassar, and Mayville exchanges to the local calling area of customers in the Millington exchange.

Wolverine customers in the Munger exchange may make local calls to the Munger and Bay City exchanges. Wolverine proposes to add the Fairgrove, Reese, and Saginaw exchanges to the local calling area of customers in the Munger exchange.

Wolverine customers in the Sanford exchange may make local calls to the Sanford and Midland exchanges. Wolverine proposes to add the Hope and Coleman exchanges to the local calling area of customers in the Sanford exchange.

SBC Michigan (SBC) is the incumbent local exchange carrier (ILEC) serving the Clio/Mt. Morris, Birch Run, Frankenmuth, Vassar, Mayville, Fairgrove, Reese, Saginaw, and Coleman exchanges. At present, calls made by SBC customers to adjacent Wolverine exchanges are local calls, however calls in the opposite direction are toll calls, except to the extent that Wolverine has extended area service arrangements in place.

Verizon North Inc. (Verizon) is the ILEC serving the North Branch, Otisville, and Columbiaville exchanges. At present, calls made by Verizon customers to adjacent Wolverine exchanges are local calls, however calls in the opposite direction are toll calls.

Century Telephone of Michigan, Inc. (CenturyTel), currently serves the Hope exchange. Calls from this exchange to Sanford are currently toll calls. However, Century recently received the Commission's approval to provide local calling from Hope into Sanford.

The application also sought authority to increase Wolverine's monthly basic local exchange rate by \$2.45 to its residential and business rates, as shown below:

<u>Class of Service</u> ¹	<u>Current Monthly Rate</u>	<u>Monthly Rate After Increase</u>
Residence – One Party:	\$16.55	\$19.00
Business – One-Party (and Key):		
Multi-Line 6 or fewer lines	\$16.90	\$19.35
7 or more lines	\$14.40	\$16.85
Multi-Line 6 or fewer lines	\$16.17	\$18.62
7 or more lines	\$13.67	\$16.12
Key Multi-Line 6 or fewer lines	\$14.02-\$15.08	\$16.47-\$17.53
7 or more lines	\$11.52-\$12.58	\$13.97-\$15.03
PBX Trunk – Multi-Line 6 or fewer lines	\$18.52-\$22.84	\$20.97-\$25.29
7 or more lines	\$16.02-\$20.34	\$13.97-\$15.03

Under this rate structure, Wolverine’s customers would receive an unlimited calling allowance for calls placed into the specified exchanges. The proposed rates include the end-user common line charge and the monthly touch-tone calling charge. Customers without touch-tone service have rates \$2.00 less than those listed.

If approved, Wolverine’s customers will be able to make toll-free calls to the exchanges noted above. Wolverine’s application states that it is seeking to recover the lost originating toll access revenue and the costs associated with terminating local traffic in these exchanges. The application states that the proposed rates will not increase net income to a level higher than the levels that existed prior to the implementation of expanded local calling.

¹In the Munger and Sanford exchanges, the rates are classified One Party and Key. In the Fostoria and Millington exchanges, Key Multi Line rates are listed separately.

Finally, Wolverine's application requests that, in order to enable it to accomplish its expanded local calling, the Commission grant Wolverine the authority to increase its rates for basic local exchange service as described above, block 1+ toll calls to the specified exchanges, and pay local termination rates as proposed.

Ninety-seven customers provided support for expansion of their calling areas as proposed by Wolverine, either through individual comment (5) or via submission of a petition (92). Eight customers sent in comments opposing the proposal.

On January 31, 2005, the Commission Staff (Staff) filed comments. The Staff endorsed Wolverine's application and noted that Wolverine's proposal offers its customers the benefits of expanded local calling areas. Further, the Staff noted that MCL 484.2304(1) would require institution of blocking of 1+ calling. Finally, the Staff noted that, although Wolverine did not request an affirmative statement by the Commission to indicate that Wolverine would be entitled to pay local access for the termination of these calls for its new local calling area as opposed to toll access charges, the Commission has already determined this issue. Citing the June 25, 1997 order in Case No. U-11340, the Staff maintained that calls within a local calling area should be compensated with local termination rates and not toll access charges.

Discussion

The Commission finds that Wolverine's application for expanded local calling areas should be approved. Wolverine's application is in the public interest because it offers Wolverine's customers the benefit of expanded local calling areas with a reasonable rate increase. Wolverine's application is also substantially similar to recent Commission precedent for expanded local calling areas. See, Case No. U-13760.

The Commission also finds that the blocking of 1+ dialing to the new local calling areas is appropriate. All such calls must be blocked in order to effectively implement the expanded local calling areas. As mentioned by the Staff, the Commission has previously determined that calls to these expanded areas must be either local or toll, but cannot be both. Consequently, all calls within the new local calling areas shall be considered local.

Additionally, the Commission finds that Wolverine is currently exempt from the requirements of Section 304 of the MTA, as recognized in the October 6, 2000 order in Case No. U-12582. However, the exemption will be extinguished upon the granting of this application because of the rate increases that Wolverine seeks to implement. See, MCL 484.2304(1)(b).

Finally, the Commission reiterates its position that Wolverine shall pay local access charges for the termination of these calls for its new local calling area. As noted by the Staff, the Commission has already decided this issue in the June 25, 1997 order in Case No. U-11340.

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, 1999 AC, R 460.17101 et seq.
- b. Wolverine's November 30, 2004 application for authority to offer expanded local calling from its Fostoria, Millington, Munger, and Sanford exchanges is in the public interest, and should be approved.
- c. Wolverine's proposed rate increase of \$2.45 per month to its lines is just and reasonable, and should be approved.

THEREFORE, IT IS ORDERED that:

A. The November 30, 2004 application filed by Wolverine Telephone Company for authority to offer expanded local calling from its Fostoria, Millington, Munger, and Sanford exchanges is approved.

B. The proposed rate increase of \$2.45 per month to the Wolverine Telephone Company's lines 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

/s/ J. Peter Lark

Chair

(S E A L)

/s/ Robert B. Nelson

Commissioner

/s/ Laura Chappelle

Commissioner

By its action of February 24, 2005.

/s/ Mary Jo Kunkle

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chair

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By its action of February 24, 2005.

Its Executive Secretary