

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of )  
**SBC MICHIGAN** to expand the geographic area ) Case No. U-14118  
of its license to provide basic local exchange service. )  

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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

**OPINION AND ORDER**

On April 23, 2004, SBC Michigan (SBC) filed an application, pursuant to the Michigan Telecommunications Act (MTA), MCL 484.2101 et seq., to expand the geographic area of its license to provide basic local exchange service. SBC requests authority to add territory along the southeastern portion of its West Branch exchange where it adjoins the Tittabawassee River State Forest.<sup>1</sup> The area is currently unassigned.

On May 19, 2004, SBC published notice of opportunity to comment in The Gladwin County Record. Comments were filed by The Iserv Company, LLC (Iserv), an independently owned Internet service provider in Michigan. Iserv asserts that SBC's application, as proposed, is not in the public interest. Iserv expresses concern that SBC is "cherry-picking" the most desirable 11% of the unassigned area, leaving the remaining 89% less likely to be served. Iserv admits,

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<sup>1</sup> See, Attachment A of SBC's application.

however, that most of the remaining area is located within a state forest that is a combination of swampy and heavily wooded land. Nevertheless, Iserv proposes that SBC should be required to add the entire unassigned area to its West Branch exchange, or divide it among SBC's three adjacent exchanges: West Branch, Gladwin, and Standish. That way, Iserv asserts, the entire unassigned area will have an opportunity to be served.

Section 303(1) of the MTA authorizes the Commission to alter or amend the geographic area of a license. As is the case here, local exchange carriers have historically sought authority to expand their exchange boundaries to include new areas wherever it is economically feasible to do so. Iserv, however, requests that the Commission use its authority to assign the remaining 89% of the currently unassigned area to SBC despite SBC's lack of request. The Commission declines to adopt Iserv's suggestion.

In Cases Nos. U-9316 and U-10054, recognizing the need for telecommunications services in remote regions, the Commission established a process to address the problem of what to do with unassigned areas of the state. The Commission found that most potential customers were near existing exchanges and could be served by expanding existing exchange boundaries. However, when a formal request for service is made that cannot be addressed by expanding an existing exchange boundary, and no other local exchange carrier requests authority to serve the unassigned area, the Commission determined that Michigan Bell (presently SBC Michigan) and GTE (presently Verizon North Inc. and Contel of the South, Inc., d/b/a/ Verizon North Systems) should develop and submit proposals for serving the area, as providers of last resort. The Commission would then examine the proposals and make a determination on a case-by-case basis.<sup>2</sup> This process, however, begins with a formal request for service. At this time, the

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<sup>2</sup> See, November 6, 1992 order, Case No. U-10054, pp. 6-8.

Commission is unaware of any requests for service by customers located within the remaining 89% of the unassigned area that Iserv is concerned about.

The Commission finds that approval of SBC's application is in the public interest. The expansion of the license is conditioned on compliance with the anti-slamming procedures adopted in Case No. U-11900, the number portability provisions of the MTA, and the number reclamation process adopted in Case No. U-12703. Failure to comply fully with those procedures may result in revocation of the license or other penalties. Further, the expansion of the license is conditioned upon the provision of service to customers in the added area within a reasonable time. Failure to do so may result in revocation of the license.

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. Amending SBC's license to provide basic local exchange service is in the public interest.

THEREFORE, IT IS ORDERED that:

A. The license of SBC Michigan to provide basic local exchange service is amended to include the additional territory along the southeastern portion of its West Branch exchange where it adjoins the Tittabawassee River State Forest, as identified in Attachment A to the application.

B. SBC Michigan 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 Section 358, 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 in the area added to the license by this order, SBC Michigan shall submit its tariff identifying the additional area 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 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 June 29, 2004.

/s/ Mary Jo Kunkle  
Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

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Chair

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Case No. U-14118

Suggested Minute:

“Adopt and issue order dated June 29, 2004 amending the license of SBC Michigan to provide basic local exchange service, as set forth in the order.”