

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter, on the Commission's own motion,)	
to implement the provisions of Section 401e of)	Case No. U-15489
2007 PA 164.)	
_____)	

At the June 3, 2008 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

OPINION AND ORDER

On January 2, 2008, the Commission issued an order directing each Michigan county that had decided to assess a 9-1-1 surcharge to provide the Commission with information in compliance with MCL 484.1401e (Section 401e), including that county's proposed surcharge to begin on July 1, 2008, estimated revenues for 2007 collected under any existing surcharge, and its estimated county 9-1-1 surcharge revenues for 2008. Under MCL 484.1401e(2), the Commission may, in consultation with the Emergency 9-1-1 Service Committee (ETSC) approve or disapprove the proposed surcharge. If a proposed surcharge is rejected, the Commission is to adjust it so that the revenues will not exceed the 2.7% over the previous years' surcharge revenues.

On March 11, 2008, the Commission issued an order (March 11 order) approving surcharges proposed by the counties of Alger, Allegan, Antrim, Arenac, Branch, Clare, Clinton, Gladwin, Ingham, Iron, Kalkaska, Kent, Livingston, Luce, Mason, Montmorency, Oceana, Ontonagon,

Otsego, Schoolcraft, Shiawassee, and Wexford, each of which filed an application in compliance with Section 401e. In that order, the Commission found that applications filed by Alcona, Alpena, Benzie, Berrien, Calhoun, Cass, Charlevoix, Cheboygan, Chippewa, Crawford, Delta, Dickinson, Emmet, Genesee, Gogebic, Grand Traverse, Gratiot, Hillsdale, Houghton, Huron, Ionia, Iosco, Isabella, Jackson, Lake, Lapeer, Lenawee, Mackinac, Mecosta, Menominee, Monroe, Montcalm, Muskegon, Newaygo, Oakland, Ogemaw, Osceola, Oscoda, Presque Isle, Saginaw, Sanilac, St. Clair, Tuscola, Van Buren, Washtenaw, and Wayne included estimated 2008 surcharge revenues in excess of a 2.7% increase over the county's 2007 surcharge revenues. The Commission adjusted the requested surcharges for these counties so that estimated county 2008 surcharge revenues would not be greater than the county's 2007 surcharge revenues plus 2.7%, recalculated by applying the approved .93 factor to the county population number identified by the 2000 U.S. Census. A list of approved surcharges and estimated revenues for all filing counties was attached to the order as Attachment A.

From April 4 to 10, 2008, the following counties filed petitions for rehearing: Calhoun, Grand Traverse, Muskegon, and Huron.

From April 9 to 14, 2008, claims of appeal to the Court of Appeals were filed on behalf of the following counties: Alcona, Alpena, Cass, Charlevoix, Cheboygan, Chippewa, Delta, Dickinson, Emmet, Gogebic, Grand Traverse, Hillsdale, Houghton, Ionia, Mackinac, Menominee, Montcalm, Newaygo, Ogemaw, Saginaw, St. Clair, Tuscola, and Van Buren.

On May 8, 2008, the Michigan Court of Appeals dismissed the appeals for lack of jurisdiction based on the pending petitions for rehearing of the March 11 order.

Thereafter, on May 19, 2008, the Commission received a motion for stay of modifications the Commission made to the surcharges in the March 11 order for the following counties: Alcona,

Alpena, Cass, Charlevoix, Cheboygan, Chippewa, Delta, Dickinson, Emmet, Gogebic, Grand Traverse, Hillsdale, Houghton, Ionia, Mackinac, Menominee, Montcalm, Newaygo, Ogemaw, Saginaw, and Tuscola. On May 29, 2008, the Telephone Association of Michigan filed a response opposing the motion for stay.

Rehearing Petitions

Rule 403 of the Commission's Rules of Practice and Procedure, 1999 AC, R 460.17403, provides that a petition for rehearing may be based on claims of error, newly discovered evidence, facts or circumstances arising after the hearing, or unintended consequences resulting from compliance with the order. A petition for rehearing is not merely another opportunity for a party to argue a position or to express disagreement with the Commission's decision. Unless a party can show the decision to be incorrect or improper because of errors, newly discovered evidence, or unintended consequences of the decision, the Commission will not grant a rehearing.

1. Grand Traverse County

Grand Traverse County seeks rehearing based on an error it made in submitting information to the Commission. It states that its local land line surcharge revenue for 2007 was actually \$555,609 rather than the \$ 472,071 it submitted. It states that using the actual surcharge revenues to calculate the permissible increase would result in allowing a total of \$570,610 for the 2008 surcharge revenues. Using the Commission's calculation method, Grand Traverse County states that its approved 2008 9-1-1 surcharge should be increased from \$0.58 to \$0.66.

The Commission finds that it should grant Grand Traverse County's request for rehearing and approve the requested \$0.66 surcharge.

2. Calhoun County

Calhoun County seeks rehearing based on new information and to avoid unintended consequences of the order. In support of its request, Calhoun states that it currently has three separate dispatch centers, which reduces efficiency and creates higher costs and potential safety issues for emergency responders and citizens. For example, it states, cell phone calls are subject to erroneous routing, which can result in delays to provide the needed help. The county states that it seeks to create a consolidated dispatch center to address these issues. It further states that there are good reasons to pursue consolidation at this time, rather than waiting. Certain public service answering points (PSAPs) have purchased equipment for installation, and consolidation will alter the location of where this equipment is installed. Consolidation would limit the need to upgrade dispatch centers to one, rather than three.

On February 8, 2008, Calhoun submitted a request to decrease the current surcharge from \$0.65 to \$0.60. It estimates that the surcharge revenue will be about \$905,469. It states that the additional revenue generated by the surcharge, as applied to additional communications devices would permit the county to consolidate E-9-1-1 services. As shown on Appendix E of its request, taxpayers will see an overall reduction in their contribution to support 9-1-1 services each year for the next five years. The consolidation is expected to reduce E-9-1-1 costs by more than \$1 million over those five years. The Commission expects the overall reductions to be implemented so that taxpayers actually realize these savings.

The Commission finds that it should grant rehearing to Calhoun County and should approve the requested surcharge. The County has presented evidence that its plan is a reasonable one, which will permit better service to the citizens and reduce costs. Therefore, the Commission approves the requested \$0.60 surcharge that Calhoun County requests.

3. Huron County

Huron County argues that the Commission acted arbitrarily when it modified the county's surcharge to recover 2007 revenues plus 2.7%. It states that its revenues had been declining over the last few years. It states that in 2005, the surcharge generated \$804,843, in 2006 the revenues declined to \$754,942, and in 2007 the revenues totaled \$690,034. During that time, Huron County argues, operating costs continued to rise. To meet the shortfall, the county says it used its reserve fund, which had been intended to purchase new and replacement equipment as needed.

Huron County states that its 2008 budget is \$876,105, which exceeds the revenues collected from land lines in 2007 by \$186,071. After subtracting the revenue expected in the first six months of 2008, the county states, the remaining need to meet the budget is \$439,960. Assuming the ETSC estimated 33,553 communications devices in the county, the county proposed a monthly surcharge of \$2.23 per device. In light of this evidence, it asserts, the Commission's refusal to approve its proposed surcharge was arbitrary and capricious.

The Commission is not persuaded that it should modify its findings with regard to Huron County. Unlike Calhoun and Grand Traverse counties, Huron County did not submit sufficient support for approving a surcharge that would likely generate revenues nearly 27% above the 2007 level, ten times the statutorily permissible 2.7%. Merely stating that the budget is a certain amount is not sufficient to justify the county's request. The Commission therefore denies this application for rehearing.

4. Muskegon County

Muskegon County's petition for rehearing is a one paragraph request that the Commission consider that document as a request for rehearing. No grounds for rehearing are stated. This petition fails to meet the standards for granting rehearing and is denied.

Motion for Stay

The motion for stay states that the named claimants have filed appeals of the March 11 order. It asserts that claimants will suffer irreparable harm if a stay is not granted and they prevail on appeal, because there will be no practical remedy for them to recoup the funds that they should have received with a higher surcharge. It further states that the harm to the public is minimal if a stay is granted and the appeal is lost, because the counties could adjust the surcharge amount downward to avoid over collection. Moreover, it states that if an interim funding adjustment is not made, the public will not be harmed as the use of the funds are restricted to reasonable and necessary 9-1-1 related services. The motion further asserts that the claimants have a strong case for review on the merits. It asserts that the order will result in certain counties being unable to recover 2007 revenues plus 2.7%.

The Commission is not persuaded that it should grant a stay of the modifications made to certain surcharges in its March 11 order. The Commission records reflect that all counties were put on notice of the need to support assumptions other than those provided by the ETSC. Moreover, these counties could have sought rehearing with the Commission, and with sufficient justification, could have received the relief they seek. These counties have provided no documentation to the Commission that leads it to believe that its March 11 order is in error.

THEREFORE, IT IS ORDERED that:

A. Grand Traverse County's application for rehearing is granted and the requested \$0.66 surcharge is approved.

B. Calhoun County's application for rehearing is granted and the requested \$0.60 surcharge is approved.

C. Huron County's application for rehearing is denied.

D. Muskegon County's application for rehearing is denied.

E. The motion for stay is denied.

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

Any party desiring to challenge this order shall do so by filing an appeal in the appropriate court within 30 days after issuance and notice of this order under MCL 24.201, *et seq.*

MICHIGAN PUBLIC SERVICE COMMISSION

Orjiakor N. Isiogu, Chairman

Monica Martinez, Commissioner

Steven A. Transeth, Commissioner

By its action of June 3, 2008.

Mary Jo Kunkle, Executive Secretary

Michigan Public Service Commission
Department of Labor and Economic Growth
U-15489 9-1-1 County¹ Surcharges
March 11, 2008
(as revised by the Commission's June 3, 2008 Order)

*County data in ***bold-italic*** font represents those counties for which the Commission has adjusted² the county surcharge to allow for only a 2.7% revenue increase, using the 0.93 devices per person factor (based on 2000 Census data).

County	2007 County Surcharge	2007 County Surcharge Revenue	2008 County Proposed County Surcharge	2008 County-Projected Surcharge Revenue as submitted to the MPSC	2008 Commission Approved County Surcharge	2008 Estimated County Surcharge Revenue as Adjusted ³
<i>Alcona</i>	<i>\$4.00</i>	<i>\$260,225</i>	<i>\$3.00</i>	<i>\$363,168</i>	<i>\$2.10</i>	<i>\$267,252</i>
Alger	\$0.37	\$25,369	\$0.18	\$25,021	\$0.18	\$25,021
Allegan	\$2.85	\$2,100,000	\$1.63	\$1,998,282	\$1.63	\$1,998,282
<i>Alpena</i>	<i>\$4.00</i>	<i>\$710,843</i>	<i>\$2.46</i>	<i>\$795,444</i>	<i>\$2.14</i>	<i>\$730,036</i>
Antrim	\$2.91	\$485,310	\$1.97	\$491,610	\$1.97	\$491,610
Arenac	\$0.72	\$60,294	\$0.32	\$60,980	\$0.32	\$60,980
<i>Benzie</i>	<i>\$3.00</i>	<i>\$361,507</i>	<i>\$2.27</i>	<i>\$395,704</i>	<i>\$2.13</i>	<i>\$371,268</i>
<i>Berrien</i>	<i>\$0.80</i>	<i>\$727,556</i>	<i>\$1.00</i>	<i>\$1,332,159</i>	<i>\$0.42</i>	<i>\$747,200</i>
Branch	\$0.55	\$156,692	\$0.31	\$138,600	\$0.31	\$138,600
<i>Calhoun</i>	<i>\$0.65</i>	<i>\$476,949</i>	<i>\$0.60</i>	<i>\$679,285</i>	<i>\$0.60</i>	<i>\$679,285</i> ⁴
<i>Cass</i>	<i>\$2.40</i>	<i>\$639,336</i>	<i>\$1.99</i>	<i>\$656,598</i>	<i>\$1.18</i>	<i>\$656,598</i>
<i>Charlevoix</i>	<i>\$0.80</i>	<i>\$140,829</i>	<i>\$0.61</i>	<i>\$157,737</i>	<i>\$0.51</i>	<i>\$144,631</i>
<i>Cheboygan</i>	<i>\$0.80</i>	<i>\$140,798</i>	<i>\$0.61</i>	<i>\$158,622</i>	<i>\$0.50</i>	<i>\$144,600</i>
<i>Chippewa</i>	<i>\$2.00</i>	<i>\$404,932</i>	<i>\$1.50</i>	<i>\$525,071</i>	<i>\$0.99</i>	<i>\$415,865</i>
Clare	\$0.80	\$154,926	\$0.47	\$159,109	\$0.47	\$159,109
Clinton	\$4.00	\$1,488,683	\$2.00	\$1,508,823	\$2.00	\$1,508,823
<i>Crawford</i>	<i>\$4.00</i>	<i>\$354,700</i>	<i>\$2.73</i>	<i>\$390,427</i>	<i>\$2.35</i>	<i>\$364,277</i>
<i>Delta</i>	<i>\$0.80</i>	<i>\$181,428</i>	<i>\$0.80</i>	<i>\$337,000</i>	<i>\$0.44</i>	<i>\$186,327</i>
<i>Dickinson</i>	<i>\$0.70</i>	<i>\$118,915</i>	<i>\$0.70</i>	<i>\$164,454</i>	<i>\$0.41</i>	<i>\$122,126</i>
<i>Emmet</i>	<i>\$0.80</i>	<i>\$191,447</i>	<i>\$0.61</i>	<i>\$200,588</i>	<i>\$0.58</i>	<i>\$196,616</i>
<i>Genesee</i>	<i>\$2.40</i>	<i>\$5,737,786</i>	<i>\$1.37</i>	<i>\$5,815,246</i>	<i>\$1.24</i>	<i>\$5,892,706</i>
Gladwin	\$0.80	\$140,364	\$0.51	\$144,069	\$0.51	\$144,069
<i>Gogebic</i>	<i>\$0.52</i>	<i>\$55,402</i>	<i>\$0.60</i>	<i>\$218,800</i>	<i>\$0.30</i>	<i>\$56,897</i>
<i>Grand Traverse</i>	<i>\$0.80</i>	<i>\$555,609</i>	<i>\$0.80</i>	<i>\$743,282</i>	<i>\$0.66</i>	<i>\$570,610</i> ⁴
<i>Gratiot</i>	<i>\$2.89</i>	<i>\$577,428</i>	<i>\$1.69</i>	<i>\$592,500</i>	<i>\$1.29</i>	<i>\$593,019</i>
<i>Hillsdale</i>	<i>\$2.99</i>	<i>\$593,522</i>	<i>\$1.75</i>	<i>\$637,282</i>	<i>\$1.20</i>	<i>\$609,547</i>
<i>Houghton</i>	<i>\$2.64</i>	<i>\$418,796</i>	<i>\$1.26</i>	<i>\$422,717</i>	<i>\$1.10</i>	<i>\$430,103</i>
<i>Huron</i>	<i>\$3.61</i>	<i>\$715,618</i>	<i>\$2.23</i>	<i>\$752,173</i>	<i>\$1.87</i>	<i>\$734,940</i>
Ingham	\$0.58	\$1,040,286	\$0.31	\$840,000	\$0.31	\$840,000
<i>Ionia</i>	<i>\$4.00</i>	<i>\$1,151,081</i>	<i>\$1.90</i>	<i>\$1,119,500</i>	<i>\$1.77</i>	<i>\$1,182,160</i>
<i>Iosco</i>	<i>\$2.88</i>	<i>\$536,030</i>	<i>\$2.88</i>	<i>\$698,520</i>	<i>\$1.85</i>	<i>\$550,503</i>
Iron	\$2.28	\$230,000	\$1.61	\$236,052	\$1.61	\$236,052
<i>Isabella</i>	<i>\$4.00</i>	<i>\$1,007,264</i>	<i>\$1.80</i>	<i>\$1,190,000</i>	<i>\$1.50</i>	<i>\$1,034,460</i>
<i>Jackson</i>	<i>\$0.80</i>	<i>\$729,936</i>	<i>\$0.80</i>	<i>\$1,058,017</i>	<i>\$0.44</i>	<i>\$749,644</i>
Kalkaska	\$4.00	\$454,000	\$2.52	\$466,027	\$2.52	\$466,027
Kent	\$0.00	\$0	\$0.45	\$1,822,500	\$0.45	\$1,442,156
<i>Lake</i>	<i>\$4.00</i>	<i>\$301,223</i>	<i>\$5.37</i>	<i>\$481,369</i>	<i>\$2.51</i>	<i>\$309,356</i>
<i>Lapeer</i>	<i>\$3.70</i>	<i>\$1,444,858</i>	<i>\$1.60</i>	<i>\$1,556,546</i>	<i>\$1.55</i>	<i>\$1,483,869</i>
<i>Lenawee</i>	<i>\$2.52</i>	<i>\$1,220,653</i>	<i>\$1.34</i>	<i>\$1,248,498</i>	<i>\$1.18</i>	<i>\$1,253,610</i>
Livingston	\$3.50	\$3,300,000	\$1.85	\$3,216,200	\$1.85	\$3,216,200
Luce	\$1.78	\$75,952	\$0.99	\$77,600	\$0.99	\$77,600
<i>Mackinac</i>	<i>\$1.80</i>	<i>\$181,440</i>	<i>\$1.48</i>	<i>\$182,983</i>	<i>\$1.43</i>	<i>\$186,339</i>
Mason	\$3.50	\$1,222,823	\$2.09	\$1,255,840	\$2.09	\$1,255,840
<i>Mecosta</i>	<i>\$3.20</i>	<i>\$645,021</i>	<i>\$1.72</i>	<i>\$661,227</i>	<i>\$1.50</i>	<i>\$662,437</i>
<i>Menominee</i>	<i>\$2.38</i>	<i>\$348,000</i>	<i>\$2.12</i>	<i>\$446,250</i>	<i>\$1.30</i>	<i>\$357,396</i>
<i>Monroe</i>	<i>\$0.80</i>	<i>\$608,605</i>	<i>\$0.60</i>	<i>\$792,923</i>	<i>\$0.39</i>	<i>\$625,037</i>
<i>Montcalm</i>	<i>\$4.00</i>	<i>\$1,225,550</i>	<i>\$2.00</i>	<i>\$1,293,839</i>	<i>\$1.89</i>	<i>\$1,258,640</i>
Montmorency	\$2.80	\$216,000	\$1.47	\$221,408	\$1.47	\$221,408

Michigan Public Service Commission
Department of Labor and Economic Growth
U-15489 9-1-1 County¹ Surcharges
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*County data in ***bold-italic*** font represents those counties for which the Commission has adjusted² the county surcharge to allow for only a 2.7% revenue increase, using the 0.93 devices per person factor (based on 2000 Census data).

County	2007 County Surcharge	2007 County Surcharge Revenue	2008 County Proposed County Surcharge	2008 County-Projected Surcharge Revenue as submitted to the MPSC	2008 Commission Approved County Surcharge	2008 Estimated County Surcharge Revenue as Adjusted ³
<i>Muskegon</i>	<i>\$0.72</i>	<i>\$614,332</i>	<i>\$0.72</i>	<i>\$981,956</i>	<i>\$0.34</i>	<i>\$630,919</i>
<i>Newaygo</i>	<i>\$3.00</i>	<i>\$789,656</i>	<i>\$1.95</i>	<i>\$870,620</i>	<i>\$1.56</i>	<i>\$810,977</i>
<i>Oakland</i>	<i>\$0.28</i>	<i>\$2,243,963</i>	<i>\$0.25</i>	<i>\$2,168,314</i>	<i>\$0.18</i>	<i>\$2,304,550</i>
Oceana	\$3.50	\$1,222,823	\$2.09	\$1,255,840	\$2.09	\$1,255,840
<i>Ogemaw</i>	<i>\$0.80</i>	<i>\$135,288</i>	<i>\$1.50</i>	<i>\$251,243</i>	<i>\$0.59</i>	<i>\$138,941</i>
Ontonagon	\$0.80	\$43,196	\$0.51	\$43,774	\$0.51	\$43,774
<i>Osceola</i>	<i>\$3.20</i>	<i>\$369,163</i>	<i>\$1.72</i>	<i>\$378,330</i>	<i>\$1.50</i>	<i>\$379,130</i>
<i>Oscoda</i>	<i>\$0.72</i>	<i>\$44,737</i>	<i>\$0.46</i>	<i>\$45,360</i>	<i>\$0.45</i>	<i>\$45,945</i>
Otsego	\$2.40	\$425,448	\$1.72	\$436,358	\$1.72	\$436,358
<i>Presque Isle</i>	<i>\$0.48</i>	<i>\$47,237</i>	<i>\$0.32</i>	<i>\$50,588</i>	<i>\$0.31</i>	<i>\$48,512</i>
<i>Saginaw</i>	<i>\$4.00</i>	<i>\$4,852,505</i>	<i>\$2.65</i>	<i>\$5,640,200</i>	<i>\$2.18</i>	<i>\$4,983,523</i>
<i>Sanilac</i>	<i>\$0.80</i>	<i>\$206,000</i>	<i>\$1.29</i>	<i>\$414,546</i>	<i>\$0.44</i>	<i>\$211,562</i>
Schoolcraft	\$0.63	\$38,948	\$0.40	\$46,000	\$0.40	\$46,000
Shiawassee	\$2.50	\$928,821	\$1.22	\$941,169	\$1.22	\$941,169
<i>St Clair</i>	<i>\$0.80</i>	<i>\$716,000</i>	<i>\$0.80</i>	<i>\$1,100,314</i>	<i>\$0.41</i>	<i>\$735,332</i>
<i>Tuscola</i>	<i>\$4.00</i>	<i>\$1,110,000</i>	<i>\$2.09</i>	<i>\$1,114,375</i>	<i>\$1.80</i>	<i>\$1,139,970</i>
<i>Van Buren</i>	<i>\$0.80</i>	<i>\$330,691</i>	<i>\$1.17</i>	<i>\$662,886</i>	<i>\$0.41</i>	<i>\$339,620</i>
<i>Washtenaw</i>	<i>\$0.80</i>	<i>\$1,470,135</i>	<i>\$0.80</i>	<i>\$1,663,030</i>	<i>\$0.43</i>	<i>\$1,509,829</i>
<i>Wayne</i>	<i>\$0.80</i>	<i>\$7,349,673</i>	<i>\$0.75</i>	<i>\$12,128,280</i>	<i>\$0.34</i>	<i>\$7,548,114</i>
Wexford	\$0.52	\$101,677	\$0.25	\$103,114	\$0.25	\$103,114

¹The following counties did not apply for a county surcharge for 2008: Baraga, Barry, Bay, Eaton, Kalamazoo, Keweenaw, Macomb, Manistee, Marquette, Midland, Missaukee, Ottawa, Roscommon, and Saint Joseph. These counties use other methods to fund their 9-1-1 programs. The filed application for Leelanau County was withdrawn March 3, 2008.

²Adjusted surcharges are calculated in the following manner:

- (i)[2007 County Surcharge Revenue * 1.027]. This value reflects a 2.7% increase over the 2007 County Surcharge Revenue
- (ii)Subtract one half of the 2007 Revenue. This step accounts for the fact that the new surcharge will be in effect July through December (half the year) for 2008.
- (iii)Divide the resulting number by 6 months. This represents the estimated revenue per month for July-December 2008.
- (iv)Divide the result by [(0.93) * (county population)]. 2000 US Census data has been used for county population estimates. The resulting value is rounded to the nearest cent and represents the Commission approved county surcharge.

³For those counties whose filings were approved as filed, the adjusted revenue in this column is equal to the 2008 County-Projected Surcharge Revenue as submitted to the MPSC. For those counties with Commission adjusted surcharges, the adjusted revenue in this column is equal to the 2007 County Surcharge Revenue * 1.027, that is a 2.7% increase over the 2007 County Surcharge Revenue. For the adjusted counties, the County-Projected Surcharge Revenue may be greater or less than the Estimated County Surcharge Revenue as Adjusted due to the fact that some counties assumed device counts differing from the 0.93 devices per person. Values may not be exact due to rounding.

⁴These counties have been adjusted by the Commission pursuant to a rehearing request