

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of **SBC MICHIGAN**'s notice of discontinuance of intrastate intraLATA toll service to customers in the local exchanges of **HIAWATHA COMMUNICATIONS, INC.**) Case No. U-14021
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In the matter of the application of **HIAWATHA TELEPHONE COMPANY, MIDWAY TELEPHONE COMPANY, ONTONAGON COUNTY TELEPHONE COMPANY, and CHIPPEWA COUNTY TELEPHONE COMPANY** to determine if the discontinuance of intrastate intraLATA toll service by **SBC MICHIGAN** is authorized.) Case No. U-14099
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In the matter of the application of the **MICHIGAN EXCHANGE CARRIERS ASSOCIATION** to determine if **SBC MICHIGAN**'s discontinuance of toll service in the exchanges of **HIAWATHA TELEPHONE COMPANY, MIDWAY TELEPHONE COMPANY, ONTONAGON COUNTY TELEPHONE COMPANY, and CHIPPEWA COUNTY TELEPHONE COMPANY** is authorized pursuant to the Michigan Telecommunications Act.) Case No. U-14100
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At the September 21, 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 APPROVING SETTLEMENT AGREEMENT

On March 3, 2004, SBC Michigan (SBC) filed a notice of its intent to discontinue providing intrastate intraLATA toll service to customers in the local exchanges of Hiawatha Communica-

tions, Inc., effective May 3, 2004, which was docketed as Case No. U-14021. On April 5, 2004, SBC filed its proof of publication, which indicates that the company had published the notice of its intention to discontinue that service in six local newspapers. The notice provided that affected customers could request the Commission to determine whether the proposed discontinuance is authorized. The Commission received comments from 26 customers objecting to SBC's proposed discontinuance.

On April 2, 2004, Hiawatha Telephone Company, Midway Telephone Company, Ontonagon County Telephone Company, and Chippewa County Telephone Company (the Hiawatha companies) filed an application in Case No. U-14099, and the Michigan Exchange Carriers Association (MECA) filed an application in Case No. U-14100, each seeking a Commission determination concerning whether the proposed discontinuance noticed in Case No. U-14021 was authorized. Among other things, these parties challenged SBC's representation that another provider was providing the same service that SBC intended to discontinue.

After a review of SBC's notice of discontinuance and the applications filed by the Hiawatha companies and MECA, the Commission consolidated these matters and set them for hearing.

All three cases were assigned to Administrative Law Judge Mark E. Cummins, who conducted a prehearing conference on May 4, 2004 that was attended by SBC, the Hiawatha companies, MECA, and the Commission Staff. Subsequently, SBC and the Hiawatha companies entered into a confidential settlement agreement pursuant to which a number of outstanding disputes among the parties have been resolved, including SBC's proposed discontinuance of toll services to the Hiawatha exchanges, which avoids the need for further proceedings.

On September 2, 2004, all parties to this proceeding filed a settlement agreement in which the Hiawatha companies and MECA agreed to dismissal of their applications filed in Cases

Nos. U-14099 and U-14100, respectively. Further, the Hiawatha companies and MECA withdrew their objections filed in Case No. U-14021 and agreed not to oppose in any forum the discontinuance of SBC's toll service to the local exchange customers of the Hiawatha companies. In return, SBC agreed that discontinuance of its intrastate intraLATA toll service to customers in the Hiawatha exchanges would not be implemented earlier than June 30, 2005. In addition, SBC agreed that within 30 days after issuance of the Commission's order approving the settlement agreement filed on September 2, 2004, SBC must provide notice of such order to its toll customers in the Hiawatha exchanges. Finally, SBC also agreed to provide a further, final notice of discontinuance not less than 60 days prior to the date of its discontinuance.

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. The settlement agreement filed on September 2, 2004 is reasonable and in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement filed on September 2, 2004 is approved.
- B. Cases Nos. U-14099 and U-14100 are dismissed.
- C. SBC Michigan is authorized to discontinue its intrastate intraLATA toll service to customers in the exchanges served by Hiawatha Telephone Company, Midway Telephone Company, Ontonagon County Telephone Company, and Chippewa County Telephone Company, subject to the conditions set forth in the settlement agreement filed on September 2, 2004.

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 September 21, 2004.

/s/ Mary Jo Kunkle

Its Executive Secretary

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MICHIGAN PUBLIC SERVICE COMMISSION

Chair

Commissioner

Commissioner

By its action of September 21, 2004.

Its Executive Secretary