

STATE OF MICHIGAN  
DEPARTMENT OF ATTORNEY GENERAL



**MIKE COX**  
ATTORNEY GENERAL

P.O. Box 30212  
LANSING, MICHIGAN 48909

June 14, 2006

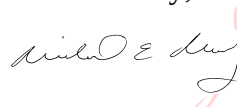
Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
Lansing, MI 48911

Dear Ms. Kunkle:

**Re: MPSC Case No. U-14917**

Enclosed for filing in the above-captioned case please find the **Attorney General's Complaint Against Verizon North Inc. and Contel South, Inc d/b/a Verizon North Systems (collectively "Verizon")**. This filing is being submitted electronically pursuant to the Commission's Paperless Electronic Filings Program.

Sincerely,

 Michael E. Moody  
2006.06.13  
16:37:51 -04'00'

Michael E. Moody (P51985)  
John R. Liskey (P31580)  
Assistant Attorney General  
Tobacco and Special Litigation Division  
(517) 373-1123

MEM/wjw  
Enclosures

**PROOF OF SERVICE - U-14917**

The undersigned certifies that a copy of a **Attorney General's Complaint Against Verizon North Inc. and Contel South, Inc d/b/a Verizon North Systems (collectively "Verizon")**, was served upon the parties listed below by mailing the same to them at their respective addresses with first class postage fully prepaid thereon on the 14<sup>th</sup> day of June, 2006.

Wendy J. Cadwell  
2006.06.14 09:07:56 -04'00'

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Wendy J. Cadwell

**Verizon North, Inc. & Contel of the  
South Inc., d/b/a/ Verizon North  
Systems**

A. Randall Vogelzang  
HQE02H37  
600 Hidden Ridge  
Irving, TX 75038

**MPSC**

David A. Voges  
Assistant Attorney General  
Public Service Division  
6545 Mercantile Way, Suite 15  
Lansing, MI 48909

STATE OF MICHIGAN  
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Complaint of  
ATTORNEY GENERAL MIKE COX  
Against VERIZON NORTH INC  
and CONTEL OF THE SOUTH INC,  
d/b/a VERIZON NORTH SYSTEMS

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Case No. U-14917

**COMPLAINT**

This is an action brought by the Attorney General, Michael A. Cox, by and through his attorneys, seeking a determination by the Michigan Public Service Commission ("MPSC" or "Commission") that Verizon North Inc and Contel of the South Inc d/b/a Verizon North Systems ("Verizon") has violated the Michigan Telecommunications Act, MCL 484.2101, *et seq.* §§ 304(1), 304(2), and 502(1)(a) and (b).

**JURISDICTION**

1. Section 201(1) of the Michigan Telecommunications Act (the "MTA"), MCL 484.2201(1), provides that the Michigan Public Service Commission ("the Commission") shall have the jurisdiction and authority to administer the MTA.

Section 203(1) of the MTA provides that "[u]pon receipt of an application or complaint filed under this act, or on its own motion, the commission may conduct an investigation, hold hearings, and issue its findings and order under the contested hearings provisions of the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328.

## **INTEREST OF THE ATTORNEY GENERAL**

2. Attorney General Mike Cox is the duly elected and qualified Attorney General of the State of Michigan and holds such office by virtue of and pursuant to the provisions of Const 1963, Art. 5, § 21, and by mandate of the qualified electorate of the State of Michigan. Thus, under Section 102(v) of the MTA, the Attorney General may bring suit as a “person.”

3. Michigan statutory law, MCL §14.28, provides in pertinent part:

The attorney general shall prosecute and defend all actions in the supreme court, in which the state shall be interested, or a party ... and may, when in his own judgment the interests of the state require it, intervene in and appear for the people of this state in any other court or tribunal, in any cause or matter, civil or criminal, in which the people of this state may be a party or interested.

4. The Attorney General has the right to intervene in any administrative proceeding when the Attorney General, in his own discretion, deems it in the public interest to do so. *People v O'Hara*, 278 Mich 281; 270 NW 298 (1936), and *Gremore v People's Community Hospital Authority*, 8 Mich App 56; 153 NW2d 377 (1967).

5. Furthermore, when the Attorney General deems it in the public interest to do so, he may intervene in any administrative proceeding at any stage of that proceeding. *Attorney General v Liquor Control Comm*, 65 Mich App 88; 237 NW2d 196 (1975). *See also*, *People v O'Hara*, 278 Mich 281; 270 NW2d 298 (1936); *Kelley v. Gremore*, 8 Mich App 56; 153 NW2d 377 (1967); and *In re Certified Question from the U.S. District Court for the Easter District of Michigan v. Phillip Morris, Inc*, 465 Mich 537, 544-547; 638 NW 2d 409 (2002). Additionally, *See Stout v Keyes*, 2 Doug 184, 187-188 (1845); *Munday v McDonald*, 216 Mich 444, 450-451; 185 NW 877 (1921); *Russell v People's Wayne County Bank of Dearborn*, 275 Mich 415, 419; 266 NW 401 (1936); *Bugbee v Fowler*, 277 Mich 485, 492; 269 NW 570 (1936); *People v O'Hara*, 278 Mich 281; 270 NW 298 (1936); *People v Johnston*, 326 Mich 213, 217; 40 NW2d

124 (1949); *Kelley v. Gremore*, 8 Mich App 56, 58-59; 153 NW2d 377 (1967); *Attorney General v Liquor Control Comm'n*, 65 Mich App 88; 237 NW2d 196 (1975). Indeed, the Attorney General “has statutory and common law authority to act on behalf of the people of the State of Michigan in any cause, or matter, such authority being liberally construed.” *Michigan State Chiropractic Association v Kelley*, 79 Mich App 789; 262 NW2d 676, 677 (1977).

6. Although a procedural distinction exists between intervention and initiating an action, “there is merger of purpose, by reason of public policy, when the interests of the State call for action by its chief law officer and there is no express legislative restriction to the contrary.” *In re Lewis’ Estate*, 287 Mich. 179, 184, 283 N.W. 21 (1938). *See also Humphrey v. Kleinhardt*, 157 F.R.D. 404, 405 (W.D. Mich. 1994).

7. As the chief law officer of the state, the Attorney General has a wide range of powers at common law to represent public interests as he may deem necessary for the protection of public rights. *Mundy v McDonald*, 216 Mich 444, 450; 185 NW 877 (1921). The common law powers and duties of the Attorney General include the power to intervene in all actions, which are of concern to the general public.

8. Under common law, the court should only prohibit the Attorney General from intervening or bringing an action when to do so “is clearly inimical to the public interest.” *In re Intervention of Attorney General*, 326 Mich 213; 40 NW 2d 124, 126 (1946). In *Associated Builders & Contractors v Perry*, 115 F3d 386 (6th Cir, 1997), the United States Court of Appeals for the Sixth Circuit affirmed the Michigan Attorney General’s statutory and common law authority to intervene for purposes of protecting the state’s interest. Thus, it remains clear that the Attorney General, both through the language of the MTA and common law, is permitted to bring a cause of action.

## RESPONDENT

9. Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems ("Verizon") is a provider of telecommunications services who services businesses and residents of Michigan.

10. Verizon has over 250,000 access lines within the state of Michigan.

## STATEMENT OF FACTS

11. MCL 484.2304(1) ("Section 304") of the MTA provides, in pertinent part, that:

Each provider shall set the initial rates for primary basis local exchange service to be effective no later than April 1, 2006. Except as provided under section 310a or a higher rate approved by the commission under subsection (2)(d), **the initial rates may not exceed the rates for the lowest cost calling plan that includes a limited number of outgoing calls of the provider in place before the rates are set under this subsection.**

MCL 484.2304(1) (emphasis added).

12. Verizon's lowest cost calling plan in place before the rates were set under Section 304(1) was its One-Party Value Pak-60 plan. (Verizon's June 9, 2006 filing in Case No. U-14899, Attachment A).

13. The rate for the Value Pak-60 plan was \$16.76 and \$16.78<sup>1</sup> and the Value Pak-60 had unlimited incoming and outgoing minutes per month. (MPSC Case No. U-12807; Verizon's January 27, 2006 filing in MPSC Case No. U-14767, Attachment B; Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A.)

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<sup>1</sup> As stated by Verizon, the \$0.02 difference between the One-Party Value Pak-60 rate approved in Case No. U-12807 for Verizon North Inc. and Verizon North Systems is related to the interstate EUCL cost per line developed in Case No. U-12807 and approved by the Commission. (Verizon's January 27, 2006 filing in MPSC Case No. U-14767, Attachment B)

14. As of April 1, 2006, Verizon moved all of its Value Pak-60 customers to its Primary Basic Local Exchange Service (PBLES) plan which had a 100-call allowance. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

15. In addition to moving all of its Value Pak-60 customers to its PBLES plan, Verizon increased the rate for the PBLES plan by \$1.20 and reduced the number of outgoing minutes per month from unlimited to 12,000. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

16. During the period February 19, 2006 through March 16, 2006, Verizon included a bill message on Value Pak-60 customers' bills notifying them that the Value Pak-60 plan has changed to become the Value Pak-100 plan (also referred as the "PBLES plan"). (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

17. The bill message notified the Value Pak-60 customers of the \$1.20 increase in the rate and the additional 40 calls. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A; Verizon Customer Bills, Attachment C).

18. The bill message did not notify the Value Pak-60 customers that the unlimited outgoing minutes provided in the Value Pak-60 plan was reduced to 12,000 outgoing minutes per month in the new PBLES plan.

19. Verizon's website advertisement of the Value Pak-100 plan/PBLES plan also does not notify customers that the plan has only 12,000 outgoing minutes. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A; Verizon's Website Advertisement, Attachment D).

### **VIOLATIONS OF LAW**

#### **COUNT I – VIOLATION OF SECTION 304(1)**

20. The statement of facts is incorporated in this count.

21. Section 304(1) provides that "[e]xcept as provided under Section 310a or a higher rate approved by the commission under subsection (2)(d), the initial rates may not exceed the rates for the lowest cost calling plan with a limited number of outgoing calls of the provider in place before the rates are set under this subsection."

22. Verizon's lowest cost calling plan in place before the rates were set under Section 304(1) was its One-Party Value Pak-60 plan. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

23. The rate for the Value Pak-60 plan was \$16.76 and \$16.78 and the Value Pak-60 had unlimited incoming and outgoing minutes per month. (MPSC Case No. U-12807; Verizon's January 27, 2006 filing in MPSC Case No. U-14767, Attachment B; Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

24. Verizon increased the rate for the Value Pak-100/PBLES plan by \$1.20 and reduced the number of outgoing minutes per month from unlimited to 12,000. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A; Verizon's PBLES Tariff, Attachment F).

25. Verizon's \$1.20 rate increase and reduction in outgoing minutes violates Section 304(1).

26. Section 304(1) expressly states that the PBLES plan to take effect on April 1, 2006 may not exceed the rates for the lowest cost calling plan that was in effect before the new PBLES plan.

27. AARP and Michigan Consumer Federation both quote the primary sponsor of House Bill 5237 (later enacted at the MTA) as stating:

We also helped Michigan families by increasing the minimum number of calls for basic phone service from 50 to 100. Now grandparents can talk to their grandchildren more times during the month, for the same cost.

(AARP March 29, 2006 Comments in Case No. U-14731, Attachment E)

In addition, one of the biggest parts for me is that seniors will be able to get 100 calls for what they're now paying for 50.

(AARP March 29, 2006 Comments and Michigan Consumer Federation March 30, 2006 Comments in Case No. U-14731, Attachment E).

28. Verizon's \$1.20 rate increase and reduction in outgoing minutes from unlimited to 12,000 per month in its PBLES plan that took effect on April 1, 2006 violates Section 304(1), and thus is subject to the penalties provided in MCL 484.2601(a) (Section 601(a)) requiring Verizon to pay a minimum of \$1,000 to a maximum of \$20,000 per day for every day that Verizon is in violation of Section 304(1).

#### **COUNT II -- VIOLATION OF SECTION 304(2)**

29. The statement of facts is incorporated in this count.

30. Section 304(1) provides that "[e]xcept as provided under Section 310a or a higher rate approved by the commission under subsection (2)(d), the initial rates may not exceed the rates for the lowest cost calling plan with a limited number of outgoing calls of the provider in place before the rates are set under this subsection."

31. Verizon's lowest cost calling plan in place before the rates were set under Section 304(1) was its One-Party Value Pak-60 plan. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

32. The rate for the Value Pak-60 plan was \$16.76 and \$16.78 and the Value Pak-60 had unlimited incoming and outgoing minutes per month. (MPSC Case No. U-12807; Verizon's January 27, 2006 filing in MPSC Case No. U-14767, Attachment B; (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

33. Verizon increased the rate for the Value Pak-100/PBLES plan by \$1.20 and reduced the number of outgoing minutes per month from unlimited to 12,000. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

34. Section 304(2) provides:

(2) A provider may alter its rates for primary basic local exchange services by 1 or more of the following:

(a) Filing with the commission a notice of a reduction in a primary basic local exchange rate. A rate alteration under this subdivision shall become effective without commission review or approval.

(b) Filing with the commission a notice of an increase in a primary basic local exchange rate to a level not to exceed the rate established under subsection (1) or subdivision (c) and (d). A rate alteration under this subdivision is effective without commission review or approval.

(c) Filing with the commission notice of an increase in a basic local exchange rate that does not exceed 1% less than the consumer price index. . . .

(d) Filing with the commission an application to increase a primary basic local exchange rate in an amount greater than that allowed under subsection (1) or subdivision (c). The application shall be accompanied with sufficient documentary support that the rate alteration is just and reasonable. The commission shall make a determination within the 90-day period provided for in subsection (5) of 1 of the following:

(i) That the rate alteration is just and reasonable

(ii) That a filing under section 203 is necessary to review the rate alteration.

35. Verizon's increase in its PBLES rate violates Section 304(2) because it exceeds the rate established under Section 304(1) and Verizon did not request an increase in the PBLES rate.

36. Verizon's \$1.20 rate increase and reduction in outgoing minutes from unlimited to 12,000 per month in its PBLES plan that took effect on April 1, 2006 violates Section 304(2) and thus is subject to the penalties provided in MCL 484.2601(a) (Section 601(a)) requiring Verizon

to pay a minimum of \$1,000 to a maximum of \$20,000 per day for every day that Verizon is in violation of Section 304(1).

**COUNT III – VIOLATION OF SECTION 502(1)(a)**

37. The statement of facts is incorporated in this count.

38. During the period February 19, 2006 through March 16, 2006, Verizon included a bill message on Value Pak-60 customers' bills notifying them that the Value Pak-60 plan has changed to become the Value Pak-100 plan (also referred as the "PBLES plan"). (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

39. The bill message notified the Value Pak-60 customers of the \$1.20 increase in the rate and the additional 40 calls. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

40. The bill message reads:

Important Information

Your basic local telephone service – Value Pak-60 – will undergo changes that will be reflected in your April billing statement. The changes are required by the Michigan Legislature and are currently before the Michigan Public Service Commission. Value Pak-60 will change to become Value Pak-100, which includes 100 calls for the service rather than 60 calls under your current service. The current rate for --60 is \$16.76, which appears on the Residence Line on your bill. The rate for Value-Pak-100, which reflects the additional 40 local calls for a total of 100, is \$17.96 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

(Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

41. The bill message did not notify the Value Pak-60 customers that the unlimited outgoing minutes provided in the Value Pak-60 plan was reduced to 12,000 outgoing minutes per month in the new PBLES plan.

42. Verizon's website advertisement of the Value Pak-100 plan/PBLES plan also does not notify customers that the plan has only 12,000 outgoing minutes. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A; Verizon's Website Advertisement, Attachment D).

43. Section 502(1)(a) provides:

(1) A provider of telecommunication service shall not do any of the following:

(a) Make a statement of representation, including the omission of material information, regarding the rates, terms, or conditions of providing a telecommunication service that is false, misleading, or deceptive. As used in this subdivision, "material information" includes, but is not limited to, all applicable fees, taxes, and charges that will be billed to the end-user, regardless of whether the fees, taxes, or charges are authorized by state or federal law.

44. Verizon's bill message notification to its customers of the switch from the Value Pak-60 rate plan to the Value Pak-100/PBLES rate plan failed to explain the reduction in outgoing minutes from unlimited to only 12,000 minutes per month.

45. Verizon's website advertisement of the Value Pak-100 plan/PBLES plan also does not notify customers that the plan has only 12,000 outgoing minutes. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A; Verizon's Website Advertisement, Attachment D).

46. Verizon's failure to notify its customers of this outgoing minutes reduction constitutes the omission of material information regarding the rates, terms, or conditions of providing a telecommunication service that was false, misleading, or deceptive, and thus is a violation of Section 502(1)(a).

47. Verizon's violation of Section 502(1)(a) is subject to the penalties provided in MCL 484.2601(a) (Section 601(a)) requiring Verizon to pay a minimum of \$1,000 to a maximum of \$20,000 per day for every day that Verizon is in violation of Section 502(1)(a).

48. The Section 601(a) penalty applies for each violation to **each** of Verizon's Value Pak-60 customers switched to the Value Pak-100/PBLES plan and to **each** person that has requested the Value Pak-100/PBLES from Verizon since April 1, 2006.

**COUNT IV – VIOLATION OF SECTION 502(1)(b)**

49. The statement of facts is incorporated in this count.

50. During the period February 19, 2006 through March 16, 2006, Verizon included a bill message on Value Pak-60 customers' bills notifying them that the Value Pak-60 plan has changed to become the Value Pak-100 plan (also referred as the "PBLES plan"). (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

51. The bill message notified the Value Pak-60 customers of the \$1.20 increase in the rate and the additional 40 calls. (Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

52. The bill message reads:

Important Information

Your basic local telephone service – Value Pak-60 – will undergo changes that will be reflected in your April billing statement. The changes are required by the Michigan Legislature and are currently before the Michigan Public Service Commission. Value Pak-60 will change to become Value Pak-100, which includes 100 calls for the service rather than 60 calls under your current service. The current rate for Value-Pak-60 is \$16.76, which appears on the Residence Line on your bill. The rate for Value-Pak-100, which reflects the additional 40 local calls for a total of 100, is \$17.96 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

(Verizon's June 9, 2006 filing in MPSC Case No. U-14899, Attachment A).

53. Verizon, without express authorization from each customer, moved its Value Pak-60 plan customers to the Value Pak-100/PBLES plan.

54. Section 502(1)(b) provides:

(1) A provider of telecommunication service shall not do any of the following:

\* \* \*

(b) Charge an end-user for a subscribed service that the end-user did not make an initial affirmative order. Failure to refuse an offered or proposed subscribed service is not an affirmative order for the service.

55. Verizon charged its Value Pak-60 plan customers for the Value Pak-100/PBLES plan without obtaining express authorization from each Value Pak-60 end-user.

56. Verizon violated Section 502(1)(b) when it charged its Value Pak-60 plan customers for the Value Pak-100/PBLES plan without obtaining express authorization from each Value Pak-60 end-user.

57. Verizon's violation of Section 502(1)(b) is subject to the penalties provided in MCL 484.2601(a) (Section 601(a)) requiring Verizon to pay a minimum of \$1,000 to a maximum of \$20,000 per day for every day that Verizon is in violation of Section 502(1)(b).

58. The Section 601(a) penalty applies for each violation to **each** of Verizon's Value Pak-60 customers switched to the Value Pak-100/PBLES plan.

## **RELIEF REQUESTED**

59. Section 601 of the MTA, MCL 484.2601, provides in part that:

If after notice and hearing the commission finds a person has violated this act, the commission shall order remedies and penalties to protect and make whole ratepayers and other persons who have suffered an economic loss as a result of the violation, including, but not limited to, 1 or more of the following:

(a) .... the person to pay a fine for the first offense of not less than \$1,000.00 nor more than \$20,000.00 per day that the person is in violation of this act, and for each subsequent offense, a fine of not less than \$2,000.00 nor more than \$40,000.00 per day.

60. The Attorney General requests that the Michigan Public Service Commission:

- a) Find Verizon in violation of Sections 304(1), 304(2), 502(1)(a) and 502(1)(b) of the MTA;
- b) Order Verizon to refund to its customers the \$1.20 per month increase;
- e) Order Verizon to pay the maximum fine permitted by Section 601(a) of the MTA for Verizon's violation of Sections 304(1), 304(2), 502(1)(a) and 502(1)(b) of the MTA;
- f) Order Verizon to pay reasonable attorney fees and costs incurred to the Attorney General for bringing this claim; and
- g) Direct further relief as the Commission deems reasonable and appropriate.

Respectfully submitted,

Michael A. Cox  
Attorney General

 Michael E. Moody  
2006.06.13 16:38:19 -04'00'

Michael E. Moody (P51985)  
John R. Liskey (P31580)  
Assistant Attorney General  
Tobacco and Special Litigation Division  
P.O. Box 30212  
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(517) 373-1123

Dated: June 13, 2006

**A. Randall Vogelzang**  
Vice President and  
General Counsel –  
Great Lakes Region



June 9, 2006

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600 Hidden Ridge  
P.O. Box 152092  
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Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Subject: IN THE MATTER, ON THE COMMISSION'S OWN MOTION, TO  
IMPLEMENT THE PROVISIONS OF SECTION 301A OF 2005 PA 235  
MPSC CASE NO. U-14899

Dear Ms. Kunkle:

Enclosed for filing please find an electronic copy of Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems' (collectively "Verizon") Response to the Commission's May 25, 2006 Order in the above referenced proceeding. Attachment A is confidential under Section 210 of the Michigan Telecommunications Act ("Act") and must be protected as such.

If you have any questions, please contact me.

Sincerely,

A. Randall Vogelzang

Enclosures

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

|                                                |   |                  |
|------------------------------------------------|---|------------------|
| In the matter, on the Commission's own motion, | ) |                  |
| to implement the provisions of Section 301a of | ) | Case No. U-14899 |
| 2005 PA 235.                                   | ) |                  |
| _____                                          | ) |                  |

**VERIZON'S RESPONSE TO THE COMMISSION'S MAY 25, 2006 ORDER**

Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems (collectively "Verizon"), pursuant to the Michigan Public Service Commission's ("Commission") order dated May 25, 2006 in Case No. U-14899, submits the following response. Verizon provides information that shows Verizon took the appropriate steps to make primary basic local exchange service ("PBLES") available to the public in compliance with Section 301a of the Michigan Telecommunications Act ("MTA"). Specifically, the attached supporting documentation addresses the programming changes, training of personnel, and any customer notices or advertisements Verizon instituted in order to offer PBLES to the public. Also provided is the number of requests for PBLES since the passage of Act 235 and the number of customers that are currently receiving PBLES on May 1, 2006.

**I. EVIDENTIARY SUPPORT FOR VERIZON'S PBLES FILING**

**A. Programming Changes**

The establishment of Verizon's One-Party Value Pak-100 PBLES plan required a number of system changes. All system enhancements were implemented prior to the April 1, 2006 effective date of Verizon's PBLES plan. Kelley Affidavit, ¶15; Attachment A.

**B. Training of Personnel**

In preparation of PBLES implementation on April 1, 2006, Verizon provided its customer service representatives notification beginning February 10, 2006 of the establishment of Verizon's PBLES rates via its "EZ Reference" system. Kelley Affidavit, ¶6; Attachment A.

**C. Customer Notices and Advertisements**

During the period February 19, 2006 through March 16, 2006, Verizon included a message on bills providing notice of the new One-Party Value Pak-100 PBLES Service. Verizon also advertises on its website the availability of its One-Party Value Pak-100 PBLES plan. Kelley Affidavit, ¶7; Attachment A.

**D. Number of Requests for PBLES Since Passage of Act 235**

Verizon did not receive any requests for its PBLES for the period November 22, 2005 (passage of Act 235) through March 31, 2006, because the service had not yet been established. The number of requests Verizon has received since the establishment of PBLES (April 1, 2006) is noted in the attached confidential Kelley Affidavit, ¶8; Attachment A.

**E. Number of Customers Receiving PBLES on May 1, 2006**

The number of customers subscribed to Verizon's PBLES as of May 1, 2006 is noted in the attached confidential Kelley Affidavit, ¶9; Attachment A.

## **II. CONCLUSION**

Based on the information submitted in this response, the Commission should conclude that Verizon has taken adequate steps to make PBLES available to the public.

Respectfully submitted,

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

---

A. Randall Vogelzang (P27998)  
HQE02H37  
600 Hidden Ridge  
Irving, TX 75038  
(972) 718-2170

Dated: June 9, 2006

**VERIZON RESPONSE**

**CASE NO. U-14899**

**JUNE 9, 2006**

**ATTACHMENT A**

**AFFIDAVIT OF MATTHEW T. KELLEY**

**(NONCONFIDENTIAL VERSION)**

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter, on the Commission's own motion,     )  
to implement the provisions of Section 301a of     )  
2005 PA 235.     )  
\_\_\_\_\_     )

Case No. U-14899

**AFFIDAVIT OF MATTHEW T. KELLEY**

STATE OF MICHIGAN     )  
                                                           ) ss  
COUNTY OF INGHAM     )

MATTHEW T. KELLEY, being duly sworn, state as follows:

1. I am a Director - State Government Relations for Verizon Services Group and have responsibility for assisting with the implementation of price regulated services, such as Verizon's Primary Basic Local Exchange Service ("PBLES").

2. The purpose of this affidavit is to: a) demonstrate that Verizon has taken the necessary steps to offer PBLES, b) provide the number of requests for PBLES since the passage of Act 235, and c) provide the number of customers that were receiving PBLES as of May 1, 2006 as requested in the Michigan Public Service Commission's ("Commission") May 25, 2006 order in the above referenced case.

3. On January 19, 2006 Verizon filed a tariff for PBLES, which it identified as "One-Party Value Pak-100" with an effective date of April 1, 2006 in compliance with the Commission's December 20, 2005 order Case No. U-14731. On January 26, 2006, Verizon amended its filing to incorporate changes suggested by the Commission Staff. One-Party Value Pak-100 PBLES Service was filed with a monthly recurring charge of

\$17.98 and \$17.96 for Verizon North Inc. and Verizon North Systems, respectively. Verizon's PBLES pending tariff sheets were finalized and processed by the Commission Staff on February 9, 2006.

4. Verizon's One-Party Value Pak-100 PBLES Service is offered to each residential customer within Verizon's service area where it provides residential primary basic local exchange service pursuant to Section 301a of the MTA. The service includes no fewer than 100 outgoing voice calls per month, not less than 12,000 outgoing voice minutes of use per month, and unlimited incoming voice calls. One-Party Value Pak-100 PBLES service is available to all Michigan consumers, including those who qualify for Lifeline Service. As noted in Verizon's January 19, 2005 filing to establish its PBLES rates in Case No. U-14731, the basis of the cost support and rate development for Verizon's One-Party Value Pak-100 PBLES service was Verizon's One-Party Value Pak-60 rates (its lowest cost calling plan) that were previously approved by the Commission in Case No. U-12807 (Application of Verizon to Restructure its Rates for Basic Local Exchange Services).

5. In order to establish the One-Party Value Pak-100 PBLES Service, Verizon was required to change its end-user billing system to allow for a 100 local call allowance and to rate any local calls in excess of the 100 call allowance. Additionally, Verizon changed its bill format or bill presentation to reflect the new "One-Party Value Pak-100" plan name. Since the One-Party Value Pak-100 PBLES Service was replacing the One-Party Value Pack-60 plan, certain billing codes had to be mechanically changed to bill correctly and to be in compliance with Verizon's tariff. The pending orders also had to be reviewed so they would pass from the order entry system to the billing system

without errors. Finally, the billing tables required updating to reflect the new One-Party Value Pak-100 PBLES plan. All of the system changes summarized above were implemented prior to Verizon's PBLES becoming effective April 1, 2006.

6. In preparation for implementing its One-Party Value Pak-100 PBLES plan by April 1, 2006, Verizon provided its customer service representatives notification beginning February 10, 2006 of the establishment of Verizon's PBLES plan and rates via its "EZ Reference" system. Verizon's "EZ Reference" system provides customer service representatives with a central location for online access to reference information, such as customer notifications, methods and procedures, and practices and procedures, that will help reduce call-handling time and quickly provide accurate information to customers. A copy of the online screens viewed by the customer representatives is included as confidential Attachment A.1.

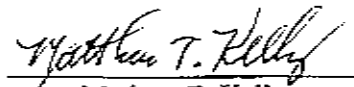
7. During the period February 19, 2006 through March 16, 2006, Verizon included a bill message on certain customer bills notifying them that the One-Party Value Pak-100 PBLES plan would allow a 100 call allowance at the \$17.98 and \$17.96 rates. A copy of the bill insert is included as Attachment A.2. Verizon offers all Michigan customers its PBLES plan as one of their choices when they call the service office to request local service. Verizon also advertises on its website the availability of its One-Party Value Pak-100 PBLES plan. A copy of the screens that can be viewed from Verizon's website is included as Attachment A.3.

8. Verizon did not receive any requests for its PBLES for the period November 22, 2005 (passage of Act 235) through March 31, 2006, because the service had not yet been established. The number of requests Verizon has received since the

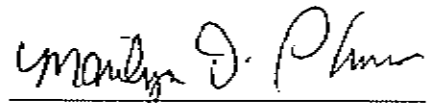
establishment of PBLES (April 1, 2006) is **\*\*\*BEGIN CONFIDENTIAL\*\*\***  
**\*\*\*END CONFIDENTIAL\*\*\***. This number only includes inquiries if service is ultimately ordered. Verizon does not have the ability to track instances of PBLES inquiries where service is not ordered.

9. The number of customers subscribed to Verizon's PLBES as of May 1, 2006 is **\*\*\*BEGIN CONFIDENTIAL\*\*\*** **\*\*\*END CONFIDENTIAL\*\*\***.

10. I have personal knowledge of the related facts contained herein, except as to those matters based upon information and belief, and as to those matters I believe them to be true.

  
Mathew T. Kelley

Subscribed and sworn to before me  
this 8<sup>th</sup> day of June 2006



Marilyn D. Plummer, Notary Public  
Ingham County, Michigan  
My Commission Expires: October 17, 2012

**VERIZON RESPONSE**

**CASE NO U-14899**

**JUNE 9, 2006**

**ATTACHMENT A.1**

**EZ REFERENCE ONLINE SCREENS**

**PAGES 1-4**

**FILED UNDER SEAL PER SECTION 210 OF THE  
MICHIGAN TELECOMMUNICATIONS ACT (MTA)**

**VERIZON RESPONSE**

**CASE NO U-14899**

**JUNE 9, 2006**

**ATTACHMENT A.2**

**CUSTOMER NOTIFICATION BILL INSERT**

---

**Issue Date:** 02-10-2006  
**Expires Date:** 04-10-2006  
**Effective Date** Immed  
**Note:**  
**Personnel** CSSC  
**Affected:**  
**Contact:** N/A, Consumer, 0000000000  
**Title:** MI PBLES Rate and Function Change Notice — MI-GTE — Customer  
Selection: Selected Residence  
**Category:** Bill Messages/Inserts & Direct Mailers  
**Content:** GT036906MI — MI-GTE — Vehicle: BM — MI PBLES Rate  
and Function Change Notice — Customer Selection:  
Selected Residence

**Insertion Date:**  
**Bill Period:** 2/19/06 - 3/16/06●  
**Calendar Date:** 2/19/06 - 3/16/06●

=====

**Important Information**  
Your basic local telephone service - Value Pak-60 - will undergo changes that will be reflected in your April billing statement. The changes are required by the Michigan Legislature and are currently before the Michigan Public Service Commission. Value Pak-60 will change to become Value Pak-100, which includes 100 calls for the service rather than the 60 calls under your current service. The current rate for Value-Pak-60 is \$16.78, which appears on the Residence Line on your bill. The rate for Value-Pak-100, which reflects the additional 40 local calls for a total of 100, is \$17.98 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

---

[Legal Notices](#)

---

**Issue Date:** 02-10-2006  
**Expires Date:** 04-10-2006  
**Effective Date** Immed  
**Note:**  
**Personnel** CSSC  
**Affected:**  
**Contact:** N/A, Consumer, 0000000000  
**Title:** MI PBLES Rate and Function Change Notice — MI-Alltel - Customer  
Selection: Selected Residence with ISOC 10614  
**Category:** Bill Messages/Inserts & Direct Mailers  
**Content:** GT037006MI — MI-Alltel — Vehicle: BM — MI PBLES  
Rate and Function Change Notice — Customer  
Selection: Selected Residence with ISOC 10614

**Insertion Date:**  
Bill Period: 2/19/06 - 3/16/06●  
Calendar Date: 2/19/06 - 3/16/06●

=====

Important Information  
Your basic local telephone service - Value Pak-60 - will undergo changes that will be reflected in your April billing statement. The changes are required by the Michigan Legislature and are currently before the Michigan Public Service Commission. Value Pak-60 will change to become Value Pak-100, which includes 100 calls for the service rather than the 60 calls under your current service. The current rate for Value-Pak-60 is \$16.76, which appears on the Residence Line on your bill. The rate for Value-Pak-100, which reflects the additional 40 local calls for a total of 100, is \$17.96 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

---

[Legal Notices](#)

**VERIZON RESPONSE**

**CASE NO U-14899**

**JUNE 9, 2006**

**ATTACHMENT A.3**

**VERIZON WEBSITE SERVICE ORDERING ONLINE SCREENS**

## Verizon Richer. Deeper. Broader.

### Residential

Your one-stop source for everything you need to stay connected at home.

### Small & Medium Business

Everything for tailoring and managing your business communications.

### Large Business & Government

Comprehensive, end to end solutions over a secure local to global IP network.

## Verizon Online DSL

Get the best deal online!  
As low as \$14.95/mo. & 1st mo. FREE  
Check availability for your home

[Yellow Pages](#) [People Pages](#) [Reverse N Lookup](#)

☒ Category ☐ Business

Enter a category

City

State

US

Powered by [SuperPages.com](#)

**OPEN 24 HRS**

Manage Your Verizon Account Online

View your bill, pay your bill and more.  
Anytime, day or night.

Register now!

### What's New

**Bundle Up and Save** - Phone, TV and broadband.  
Three services, great savings, ONE-BILL®.

**Join Home** - Send email, manage voice mail and more from anywhere.

[Contact Us](#) | [Careers](#) | [Español](#)

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## Products & Services

Learn about our residential products and order online.



### Phone

- Freedom Calling Packages
- Local Service
- Long Distance
- International Calling
- VoiceWing Broadband Phone Service
- Calling Features
- Jobi Call Management
- Phone books

### Internet

- DSL
- FIOS
- Broadband Equipment

### TV and Entertainment

- TV Services

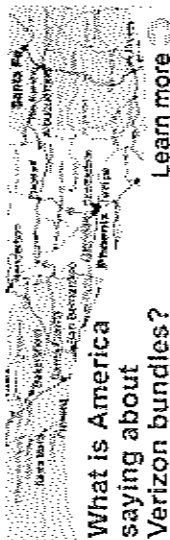
### Wireless

- Verizon Wireless

### Bundles

- Bundle up

[View All Products](#)



What is America saying about Verizon bundles? [Learn more](#)



Unleash the Power of Verizon's **Nowcast Products!**

[See what's available](#)

### Verizon Online DSL

Get the best deal online!

Now as low as **\$14.95/mo.**

(for up to 768K)

**Plus first month FREE!**

#### Check Availability

Enter your home phone number

No Verizon phone number?

[Qualify your address.](#)

### Your Phone Service

- Set up new phone service
- Moving my home
- Add or change service
- Add a phone line
- Switch back to Verizon



verizon.com

Source: *The New York Times*, 1987.

## Business



## Service Location

**Because products and services vary by area, we need information about your service location.**

If you already have Verizon phone service, please enter your Verizon phone number to view product information and pricing specific to your area. If you do not yet have Verizon phone service, select a state to view product information and pricing for services that may be available to you.

**I Have Verizon Local Service**

Verizon Local Phone Number

KO

## I Do Not Have Verizon Local Service

The logo for Michigan State University, featuring the word "Michigan" in a stylized font above the word "State", with a small "MSU" emblem to the right.☒ Remember my Telephone Number☒ Remember my State

back select

Address [http://www22.verizon.com/ForYourHome/sas/sas\\_localplans.aspx](http://www22.verizon.com/ForYourHome/sas/sas_localplans.aspx)

[Local Calling & Beyond](#)
[Local Calling](#)
[Regional Calling](#)
[Nationwide](#)
[International](#)

| Plan                               | Local Calling                                                                                                                                                                                         | Regional Calling | Nationwide Calling | Long Distance Calling | Calling Features             | Monthly Fee       |
|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|--------------------|-----------------------|------------------------------|-------------------|
| <u>Verizon Local Package Extra</u> | Unlimited Calling Area                                                                                                                                                                                | Not Included     | Not Included       | Not Included          | Choice of 10 or more         | \$33.95           |
| <u>Verizon Local Package</u>       | Unlimited Calling Area                                                                                                                                                                                | Not Included     | Not Included       | Not Included          | Choice of 3 calling features | \$30.95           |
| <u>Econo Pak</u>                   | Each completed call billed at 4¢ per call. Local calling area includes your home exchange and any Extended Area Service exchanges available for your area.                                            | Not Included     | Not Included       | Not Included          | Not Included                 | \$14.85           |
| <u>Unlimited Local Calling</u>     | Unlimited calling within your home exchange and any Extended Area Service exchanges available for your area                                                                                           | Not Included     | Not Included       | Not Included          | Not Included                 | \$18.16 - \$18.18 |
| <u>Value Pak-100</u>               | Includes 100 calls to your home exchange and any Extended Area Service (EAS) exchanges that are available for your area. Each additional call over the initial 100 is only \$0.04 per completed call. | Not Included     | Not Included       | Not Included          | Not Included                 | \$17.96 - \$17.98 |

Back
 view my cart

Pricing information is based upon the state of area code and telephone number you provided. Ranges of prices are offered for some products, and additional charges may apply. Pricing may not reflect current promotional pricing. In the event of a discrepancy between the information contained here and the applicable tariff, the tariff terms shall prevail. If pricing information is not available, [contact Verizon](#) for more details. Detailed pricing information is available at [http://www22.verizon.com/ForYourHome/sas/sas\\_localplans.aspx](#).

**A. Randall Vogelzang**  
Vice President and  
General Counsel –  
Great Lakes Region



HQE02H37  
600 Hidden Ridge  
P.O. Box 152092  
Irving, TX 75038

Phone 972 718-2170  
Fax 972 718-0936  
randy.vogelzang@verizon.com

January 27, 2006

Ms. Mary Jo Kunkle  
Executive Secretary  
Michigan Public Service Commission  
6545 Mercantile Way  
P.O. Box 30221  
Lansing, MI 48909

Subject: IN THE MATTER OF THE NOTICE OF VERIZON NORTH INC. AND  
CONTEL OF THE SOUTH, INC. D/B/A VERIZON NORTH SYSTEMS TO  
IMPLEMENT SECTION 310A OF THE MTA  
MPSC CASE NO. U-14767

Dear Ms. Kunkle:

Enclosed for filing please find an original and four (4) copies of Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems' ("Verizon") Notice to Implement Section 310A of the Michigan Telecommunications Act ("MTA"). This document has been electronically filed in the above referenced case.

Data contained in Exhibits 4 and 5 of this filing are confidential under Section 210 of the Michigan Telecommunications Act ("Act"). A non-redacted copy of Exhibits 4 and 5 will be provided to Staff.

If you have any questions, please contact me.

Sincerely,

A. Randall Vogelzang

Enclosures

**STATE OF MICHIGAN**

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the matter of the notice of Verizon North Inc.     )  
and Contel of the South, Inc. d/b/a Verizon North     )     Case No. U-14767  
Systems to implement section 310a of the MTA.     )  
\_\_\_\_\_ )

**PROOF OF SERVICE**

STATE OF TEXAS             )  
                                      ) ss  
COUNTY OF DALLAS         )

Patty A. Nelson, being first duly sworn, deposes and says that on January 27, 2006, a copy of Verizon's Notice to Implement Section 310a of the MTA was served upon the following parties via U.S. mail:

Orjiakor Isiogu  
Director – Communications Division  
Michigan Public Service Commission  
6545 Mercantile Way  
Lansing, MI 48911

\_\_\_\_\_  
Patty A. Nelson

Subscribed and sworn to before me  
this 27<sup>th</sup> date of January, 2006.

\_\_\_\_\_  
Nancy G. Brown, Notary Public  
Tarrant County, Texas  
My Commission Expires: October 8, 2008

**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

|                                                         |                  |
|---------------------------------------------------------|------------------|
| In the matter of the notice of Verizon North Inc.     ) |                  |
| and Contel of the South, Inc. d/b/a Verizon North    )  | Case No. U-14767 |
| Systems to implement section 310a of the MTA.        )  |                  |
| _____)                                                  |                  |

**NOTICE OF VERIZON NORTH INC. AND CONTEL OF THE SOUTH, INC.**  
**D/B/A VERIZON NORTH SYSTEMS TO IMPLEMENT SECTION 310A OF THE**  
**MTA**

Verizon North Inc. and Contel of the South, Inc. d/b/a Verizon North Systems (collectively “Verizon”), pursuant to Sections 310a and 304 of the Michigan Telecommunications Act, as amended (“the Act” or “the MTA”), MCL 484.2310a, MCL 484.2304, provides notice under Section 310a(2) of the MTA to increase its primary basic local exchange services (“PBLES”) rates which will be effective on April 1, 2006<sup>1</sup> in an amount not to exceed its intrastate subscriber line charge (“SLC”)<sup>2</sup> in effect July 1, 2005. Verizon’s tariff for this increase is supported by Exhibits 1-5 and affidavits (Exhibits 6 and 7).

**1. Applicable MTA Provisions**

Verizon has calculated its PBLES rates in compliance with Section 304 (1) of the MTA which provides in relevant part:

The rates for primary basic local exchange service shall be just and reasonable. Each provider shall set the initial rates for primary basic local exchange service to be effective no later than April 1, 2006. Except as provided under section 310a or a higher rate approved by the commission under subsection (2)(d), the initial rates may not exceed the rates for the

---

<sup>1</sup> Verizon filed its tariff in the normal manner under Verizon advice letters 2006-19 and 2006-55. The rates in those tariffs will be increased in accordance with this notice. Exhibit 3 contains those new rates.

<sup>2</sup> The SLC is also referred to as end user common line charge (“EUCL”).

lowest calling plan that includes a limited number of outgoing calls of the provider in place before the rates are set under this subsection....

Section 102 (y) of the MTA defines primary basic local exchange service as:

...the provision of 1 primary access line to a residential customer for voice communication and shall include all of the following:

- (i) Not fewer than 100 outgoing calls per month.
- (ii) Not less than 12,000 outgoing minutes per month.
- (iii) Unlimited incoming calls.

Section 301a of the MTA provides:

A provider licensed under this act shall offer primary basic local exchange service to each residential customer within the provider's service area where the provider is offering residential basic local exchange service.

Thus, Section 304(1) allows providers to establish their own initial PBLES rates effective no later than April 1, 2006. Although providers are free to set their initial PBLES rates under Section 304 (1) of the MTA, Section 304(1) sets the "rate floor" for the initial PBLES rates at the rate of the "lowest calling plan that includes a limited number of outgoing calls of the provider in place before the rates are set under this subsection". However, Section 304(1) provides two exceptions to the rate floor. First, the initial PBLES rates may exceed the rates for the lowest limited number calling plan "as provided under section 310(a)" of the MTA. Second, it can exceed the rate floor if a higher rate is approved by the Commission under Section 304 (2)(d) of the MTA.

In accord with Section 310a of the MTA, Verizon provides notice to the Commission to increase its initial PBLES rate in an amount not to exceed Verizon's intrastate SLC in effect July 1, 2005. This \$3.25 increase of the PBLES rates is on a revenue neutral basis in accordance with Section 310(a)(2) of the MTA and will eliminate the intrastate SLC to PBLES customers as a separate surcharge when the new

rates are effective. Accordingly, this is a ministerial change and no customer will experience a rate increase as a result of this action. Section 310(a)(2) provides:

- (2) If a provider is charging, assessing, or imposing an intrastate subscriber line charge or end-user line charge on July 1, 2005, the provider may no later than June 1, 2007 file with the Commission under section 304(2)(d) notice of an increase in the primary basic local exchange rate in an amount not to exceed the provider's intrastate subscriber line charge or end-user line charge in effect on July 1, 2005.

Verizon's \$3.25 intrastate SLC was in existence on July 1, 2005 and as noted, has been added to the PBLES rates. This increase will be offset by the corresponding elimination of the separate SLC for PBLES customers from Verizon's access tariff, maintaining the revenue-neutrality of the new PBLES rates. Section 304 (1) specifically authorizes a provider to roll its intrastate SLC into its initial PBLES rates as provided under Section 310a(2) by providing notice to the Commission and following the notice process contained in Section 304(2)(d) of the MTA. Section 304 (3) of the MTA provides as follows:

Notice to customers of a rate alteration is required for a rate alteration under subsection (2)(c) or (d) and shall be included in or on the bill of each affected customer of the provider at least 1 billing cycle before the effective date of the rate alteration.

Thus, with this filing Verizon is providing notice to the Commission under Sections 304(1) and 310a of the MTA that the initial PBLES rates will include an amount equal to the \$3.25 intrastate SLC. In addition, Verizon will provide the notice to customers that are required by Section 304(2)(d) of the MTA.<sup>3</sup>

## **2. Evidentiary Support for the Filing**

Exhibit 1 contains the supporting documentation for Verizon's proposed PBLES One-Party Value Pak-100 rates. Verizon's Exhibit 2 contains the current tariffed rates for its One-Party Value Pak-60 plan, its current lowest cost calling plan that includes a limited number of outgoing calls. Exhibit 3 shows the tariff revisions outlined above for Verizon's PBLES One-Party Value Pak-100 service.

The basis of the cost support and rate development for Verizon's PBLES One-Party Value Pak-100 service is Verizon's current One-Party Value Pak-60 rates that were previously approved by the Commission in Case No. U-12807 (Application of Verizon to Restructure its Rates for Basic Local Exchange Services). In that proceeding, Verizon's One-Party Value Pak-60 rates were developed by taking Verizon's TSLRIC costs approved by the Commission in Case No. U-11832 and reducing them by the revenue sources that the Commission concluded were designed to recover the cost of the loop.

The supporting documentation from Case No. U-12807 for Verizon's One-Party Value Pak-60 rates and the Commission-approved TSLRICs for Verizon's PBLES One-

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<sup>3</sup> Section 304(3) requires notice for Subsection 304 (2)(d) filings to be "included in or on the bill of each affected customer of the provider at least 1 billing cycle before the effective date of the rate alteration". Section 304 (5) also addresses notice for Section 304 filings, but is subject to the different notice requirements under subsection (2)(d). Section 304(5) provides "*Except as otherwise provided in subsection (2) and (6), an altered primary basic local exchange rate shall take effect 90 days from the date of the notice required by subsection (3)*". (emphasis added). Since Verizon is increasing its PBLES under Subsection 304 (2)(d) as part of the process for initially setting its PBLES rate under Sections 304(1) and 310a, Section (3) applies and the 90-day notice of Section (5) does not.

Party Value Pak-100 rates are contained in Exhibits 4 and 5.<sup>4</sup> Exhibit 4 shows the calculation of the TSLRIC for PBLES One-Party Value Pak-100 service, starting with the rate for the service with the SLC rolled into the rate. It shows that additional revenues from vertical services, interstate CCL, interstate USF, interstate usage and interstate EUCL are also required to reach the TSLRIC of the service. The exhibit also shows that, without the intrastate SLC rolled into the PBLES One-Party Value Pak-100 rates, the service would be priced below TSLRIC. Exhibit 5 shows that the PBLES One-Party Value Pak-100 rates are above TSLRIC.

**3. The Commission has Determined that the Revenue for Verizon's Intrastate SLC is Necessary to Support the TSLRIC for Verizon's Basic Local Exchange Service.**

On January 31, 2001, Verizon filed an application in Case No. U-12807 seeking Commission approval to restructure and increase basic local exchange residential and certain business service rates to equal the TSLRIC of providing the service. Verizon's filing followed the methodology approved by the Commission in Verizon North Systems' 1999 TSLRIC filing in Case No. U-12005. On July 25, 2001, the Commission approved Verizon's proposed TSLRIC methodology for its basic local exchange rates, which included the intrastate SLC as a revenue source, and approved new local rates for the company.

Accordingly, the Commission has reviewed Verizon's costs and determined that the revenue from the intrastate SLC is required for Verizon's basic local exchange service to cover its TSLRIC costs. As Exhibit 4 demonstrates, without the intrastate SLC, Verizon's PBLES One-Party Value-Pak-100 rate will not cover the TSLRIC for the

---

<sup>4</sup> The current tariff sheets contained in Exhibit 2 are higher than Verizon's One-Party Value Pak-60 rates that were approved by the Commission in Case No. U-12807 due to a subsequent rate increase approved by the Commission in Case No. U-14281.

service. Thus, rolling an amount equal to the \$3.25 intrastate SLC is necessary in order for PBLES One-Party Value Pak-100 service to meet the TSLRIC requirement of the MTA. Thus, under Section 310a of the MTA, Verizon is authorized to increase its PBLES rates as proposed.

#### **4. Procedural Matters**

Verizon will comply with Section 304(3) of the MTA by notifying affected customers on their bills beginning in early February, which satisfies the requirement that notice be provided to end users at least one billing cycle before the effective date of the rate change. Such notice will conform with Section 304(4) of the MTA, including the requirement that customers will be notified that they may comment on the rate change or receive complete details of the change by calling or writing the Commission. Verizon will work with Staff to satisfy any other notice requirements that may be required by the MTA.

Respectfully submitted,

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

---

A. Randall Vogelzang (P27998)  
HQE02H37  
600 Hidden Ridge  
Irving, TX 75038  
(972) 718-2170

Dated: January 30, 2006

**VERIZON**

**EXHIBIT 1**

**VERIZON  
ONE-PARTY VALUE PAK-100  
PBLES RATE CALCULATION**

| Calculation of PBLES Rates                                                             | One Party<br>Value Pak-100<br>Service |
|----------------------------------------------------------------------------------------|---------------------------------------|
| <b>Verizon North Inc.:</b>                                                             |                                       |
| Verizon's Proposed Value Pak-60 Rate per Case No. U-12807                              | \$20.18                               |
| Adjustment: Continuation of a Separate State SLC Charge                                | (\$3.50)                              |
| Value Pak-60 Rate approved per Case No. U-12807                                        | \$16.68                               |
| CPI Increase Approved Case No. U-14281                                                 | \$0.10                                |
| Value Pak-60 Rates per Current Tariff (1R Tariff; Sheet 3.1)                           | \$16.78                               |
| Additional Charge Associated for Increased Call Allowance:                             |                                       |
| Additional calls above the current 60 call allowance (100 - 60)                        | 40                                    |
| Additional Usage Cost Applied to Calls Above the Call Allowance                        | \$0.03                                |
| Additional Charge for 100 Call Allowance                                               | \$1.20                                |
| Elimination of State SLC (25R Tariff: Section 13, Sheet 5)                             | \$3.25                                |
| Verizon North Inc. PBLES One-Party Value Pak-100 Rate                                  | \$21.23                               |
| <b>Verizon North Systems:</b>                                                          |                                       |
| Establishment of Value Pak-60 Rate Per 1R Tariff; Sheet 7.1 Effective 1/18/03 (Note 1) | \$16.66                               |
| CPI Increase Approved Case No. U-14281                                                 | \$0.10                                |
| Value Pak-60 Rates per Current Tariff                                                  | \$16.76                               |
| Additional Charge Associated for Additonal Call Allowance:                             |                                       |
| Additional calls above the current 60 call allowance (100-60)                          | 40                                    |
| Additional Usage Cost Applied to Calls Above the Call Allowance                        | \$0.03                                |
| Additional Charge for 100 Call Allowance                                               | \$1.20                                |
| Elimination of State SLC (25R Tariff: Section 13, Sheet 5)                             | \$3.25                                |
| Verizon North Systems PBLES One-Party Value Pak-100 Rate                               | \$21.21                               |

Note 1: The \$0.02 difference between the One-Party Value Pak-60 rate approved in Case No. U-12807 for Verizon North Inc. (\$16.68) and the One-Party Value Pak-60 rate established for Verizon North Systems (\$16.66) is related to the interstate EUCL cost per line developed in Case No. U-12807 and approved by the Commission.

**VERIZON**

**EXHIBIT 2**

**CURRENT TARIFFS**

# **VERIZON NORTH INC.**

## **EXHIBIT 2**

### **CURRENT TARIFFS**

VERIZON North Inc.  
TARIFF M.P.S.C. No. 1R

49th Revised Sheet 1.2  
Canceling 48th Revised Sheet 1.2

BASIC TELEPHONE SERVICE  
CHECK LIST

| Sheet<br>No. | Revision<br>No. | Sheet<br>No. | Revision<br>No. | Sheet<br>No. | Revision<br>No. | Sheet<br>No. | Revision<br>No. |
|--------------|-----------------|--------------|-----------------|--------------|-----------------|--------------|-----------------|
| 1            |                 | 3            | 7               | 12           |                 | 34           |                 |
| 1.1          | 2               | 3.1          | 8               | 12.1         |                 | 34.1         |                 |
| 1.2          | 49 *            | 3.2          | 15              | 13           |                 | 35           |                 |
| 1.3          | 5               | 3.3          | 16              | 13.1         |                 | 35.1         |                 |
| 1.4          | 2               | 3.4          | 15              | 14           |                 | 36           |                 |
| 1.5          | 1               | 3.5          | 14              | 14.1         |                 | 36.1         |                 |
| 1.6          | 2               | 3.6          | 16              | 15           |                 | 37           |                 |
| 1.7          | 2               | 3.7          | 16              | 15.1         |                 | 37.1         |                 |
| 1.8          |                 | 3.8          | 14              | 16           |                 | 38           |                 |
| 1.9          | 2               | 3.9          | 16              | 16.1         |                 | 38.1         |                 |
| 1.10         | 2               | 3.10         | 14              | 17           |                 | 39           |                 |
| 1.11         |                 | 3.11         | 14              | 17.1         |                 | 39.1         |                 |
| 1.12         |                 | 3.12         | 10              | 18           |                 | 40           |                 |
| 1.13         |                 | 3.13         | 1               | 18.1         |                 | 40.1         |                 |
| 1.14         |                 | 3.14         | 1               | 18.2         |                 | 41           |                 |
| 1.15         |                 | 3.15         | 1               | 19           |                 | 41.1         |                 |
| 1.16         |                 | 3.16         | 2               | 19.1         |                 | 42           |                 |
| 1.17         | 1               | 3.17         | 1               | 20           |                 | 42.1         |                 |
| 1.18         | 1               | 3.18         | 2               | 20.1         |                 | 43           |                 |
| 1.19         | 4               | 3.19         | 1               | 20.2         |                 | 43.1         |                 |
| 1.20         | 11 *            | 3.20         | 1               | 21           |                 | 44           |                 |
| 1.21         | 2               | 3.21         | 1               | 21.1         |                 | 44.1         |                 |
| 1.22         | 1               | 3.22         | 1               | 22           |                 | 45           |                 |
| 1.23         |                 | 3.23         | 1               | 22.1         |                 | 45.1         |                 |
| 1.24         |                 | 3.24         |                 | 23           |                 | 46           | 1               |
| 1.25         |                 | 3.25         | 1               | 23.1         |                 | 46.1         | 1               |
| 2            | 3               | 4            |                 | 24           |                 | 47           |                 |
| 2.1          | 2               | 4.1          |                 | 24.1         |                 | 47.1         |                 |
| 2.2          |                 | 4.2          |                 | 25           |                 | 48           |                 |
| 2.3          |                 | 5            | 1               | 25.1         |                 | 48.1         |                 |
| 2.4          | 2               | 5.1          | 1               | 26           |                 | 48.2         |                 |
| 2.4.1        |                 | 6            |                 | 26.1         |                 | 49           |                 |
| 2.4.2        |                 | 6.1          |                 | 27           |                 | 49.1         |                 |
| 2.4.3        | 1               | 6.2          |                 | 27.1         |                 | 50           |                 |
| 2.4.4        |                 | 7            |                 | 28           |                 | 50.1         |                 |
| 2.4.5        |                 | 7.1          |                 | 28.1         |                 | 51           |                 |
| 2.5          | 1               | 8            |                 | 29           | 1               | 51.1         |                 |
| 2.6          |                 | 8.1          |                 | 29.1         | 1               | 51.2         |                 |
| 2.7          | 1               | 9            |                 | 30           |                 | 52           |                 |
| 2.8          |                 | 9.1          |                 | 30.1         |                 | 52.1         |                 |
| 2.9          |                 | 9.2          |                 | 31           |                 | 53           |                 |
|              |                 | 10           |                 | 31.1         |                 | 53.1         |                 |
|              |                 | 10.1         |                 | 32           |                 | 54           |                 |
|              |                 | 11           |                 | 32.1         |                 | 54.1         |                 |
|              |                 | 11.1         |                 | 33           |                 | 55           |                 |
|              |                 |              |                 | 33.1         |                 | 55.1         |                 |

\* New or Revised Sheet.

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By Paul M. Fuglie, AVP Public Policy and External Affairs

Muskegon, Michigan

**BASIC TELEPHONE SERVICE  
GENERAL**

**LOCAL EXCHANGE RATES**

**BASIC EXCHANGE SERVICE TYPE II**

| Rate Groups                        | 1           | 2           | 3           | 4           | 5           |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|
| Main                               | 1           | 1,501       | 6,001       | 30,001      |             |
| Terminal                           | thru        | thru        | thru        | thru        | Over        |
| Counts                             | 1,500       | 6,000       | 30,000      | 180,000     | 180,000     |
| <b>Business Rates: Trunk (A) *</b> |             |             |             |             |             |
| Month-to-Month                     | \$15.90 (I) | \$15.90 (I) | \$15.90 (I) | \$15.90 (I) | \$15.90 (I) |
| 36-Month Term                      |             |             |             |             |             |
| Over 200 trunks, each              | 14.89       | 14.89       | 14.89       | 14.89       | 14.89       |
| <b>One-Party (A) *</b>             |             |             |             |             |             |
| Month-to-Month                     | 15.90       | 15.90       | 15.90       | 15.90       | 15.90       |
| 36-Month Term                      |             |             |             |             |             |
| Over 200 lines, each               | 14.89       | 14.89       | 14.89       | 14.89       | 14.89       |
| <b>Residence Rates:**</b>          |             |             |             |             |             |
| Key (B) *                          | 15.90       | 15.90       | 15.90       | 15.90       | 15.90       |
| One-Party Unlimited (C) *          | 18.18       | 18.18       | 18.18       | 18.18       | 18.18       |
| One-Party Unlimited (C) *,**       | 16.17       | 16.17       | 16.17       | 16.17       | 16.17       |
| One-Party Value Pak-60 (D) *       | 16.78       | 16.78       | 16.78       | 16.78       | 16.78       |
| One-Party Value Pak-60 (D)*,**     | 14.77       | 14.77       | 14.77       | 14.77       | 14.77       |
| One-Party Econo Pak-0 (B) *        | 14.65       | 14.65       | 14.65       | 14.65       | 14.65       |
| One-Party Econo Pak-0 (B) *,**     | 12.64 (I)   | 12.64 (I)   | 12.64 (I)   | 12.64 (I)   | 12.64 (I)   |

- (A) Local message unit at \$.08 applies per originating completed call within the Local Calling Area.  
 (B) Local message unit at \$.04 applies per originating completed call within the Local Calling Area.  
 (C) Unlimited service - no local message unit charges apply.  
 (D) Local message unit at \$.04 applies per originating completed call within the Local Calling Area. A usage allowance of up to 60 calls is credited to total usage charges.

**TERMINATION LIABILITY AGREEMENT:**

In the event Service is terminated by the customer prior to completion of the initial term commitment period, the customer shall be liable for payment of termination liability charges as set forth in Tariff M.P.S.C. No. 7R, GENERAL REGULATIONS, TERMINATION LIABILITY.

The rate for Rotary Service on individual line services is \$4.60 per line, per month, plus the basic service rate as shown.

The availability of Exchange Telephone Service within a particular exchange is limited to the classes and grades of service indicated in schedules found in Sheets 3.2 - 3.12 following.

All calls to 911 emergency service; calls to the Telephone Company Business Office, Directory Assistance, and Repair Service; and operator completed calls will be exempt from Message unit charges.

- \* Basic Exchange Service does not include the provision of a station.  
 \*\* Residence Key rates on Sheet 3 of this tariff apply to the dormitory portion of local residence service provided to colleges and universities in Type II exchanges.  
 \*\*\* Residential service without Touch Call Service is restricted to current customers at existing locations.

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Muskegon, Michigan

VERIZON North Inc.  
Tariff M.P.S.C. No. 25R

Check Sheet  
168th Revised Sheet 1  
Cancels 167th Revised Sheet 1

**FACILITIES FOR INTRASTATE ACCESS**

| <u>Section</u>               | <u>Sheet</u> | <u>Original or<br/>Revision</u> | <u>Section</u> | <u>Sheet</u> | <u>Original or<br/>Revision</u> |
|------------------------------|--------------|---------------------------------|----------------|--------------|---------------------------------|
| TITLE PAGE                   | 1            | Original                        |                | 10           | 1st                             |
| HECK SHEET                   | 1            | 168th *                         |                | 11           | Original                        |
|                              | 2            | 57th                            |                | 12           | 2nd                             |
|                              | 2.1          | 41st                            |                | 13           | 1st                             |
|                              | 3            | 71st *                          |                | 14           | 1st                             |
|                              | 4            | 58th                            |                | 15           | 3rd                             |
|                              | 5            | 90th                            |                | 15.1         | 3rd                             |
|                              | 6            | Original                        |                | 16           | 1st                             |
|                              |              |                                 |                | 17           | 2nd                             |
| TABLE OF<br>CONTENTS         | 1            | 3rd                             |                | 18           | 5th                             |
|                              | 2            | 1st                             |                | 19           | 2nd                             |
|                              | 3            | 4th                             |                | 20           | 2nd                             |
|                              | 4            | 2nd                             |                | 21           | 1st                             |
|                              | 5            | 9th                             |                | 22           | 3rd                             |
|                              | 6            | 6th                             |                | 23           | 3rd                             |
|                              | 7            | 11th                            |                | 24           | 1st                             |
|                              | 7.1          | 2nd                             |                | 25           | 2nd                             |
|                              | 8            | 3rd                             |                | 26           | 1st                             |
|                              | 9            | 2nd                             |                | 27           | 5th                             |
|                              | 10           | 5th                             |                | 28           | 1st                             |
|                              | 11           | 7th                             |                | 29           | 1st                             |
|                              | 12           | 6th                             |                | 30           | Original                        |
|                              | 13           | Original                        |                | 31           | 6th                             |
|                              | 14           | Original                        |                | 32           | 1st                             |
|                              | 15           | 12th                            |                | 33           | 2nd                             |
|                              | 16           | Original                        |                | 34           | 2nd                             |
|                              | 17           | 1st                             |                | 35           | 2nd                             |
|                              | 18           | Original                        |                | 36           | 2nd                             |
|                              | 19           | 4th                             |                | 37           | 1st                             |
|                              | 20           | 2nd                             |                | 38           | 1st                             |
|                              | 21           | Original                        |                | 39           | 3rd                             |
|                              | 22           | 7th                             |                | 40           | 2nd                             |
|                              | 22.1         | 10th                            |                | 41           | 3rd                             |
|                              | 22.2         | Original                        | 3              | 1            | 2nd                             |
|                              |              |                                 |                | 2            | 4th                             |
| SYMBOLS AND<br>ABBREVIATIONS | 1            | 5th                             |                | 2.1          | 3rd                             |
|                              | 2            | Original                        |                | 3            | 5th                             |
|                              | 3            | Original                        |                | 4            | Original                        |
|                              | 4            | 3rd                             |                | 5            | 3rd                             |
|                              | 5            | 2nd                             |                | 6            | 8th                             |
|                              |              |                                 |                | 6.1          | 2nd                             |
| 1                            | 1            | 2nd                             |                | 7            | 2nd                             |
| 2                            | 1            | 1st                             |                | 8            | 5th                             |
|                              | 2            | Original                        |                | 9            | 7th                             |
|                              | 3            | 1st                             |                | 10           | 8th                             |
|                              | 4            | 4th                             |                | 11           | 6th                             |
|                              |              |                                 |                | 12           | 3rd                             |
|                              |              |                                 |                | 13           | 5th                             |
| 2                            | 5            | Original                        |                | 14           | 2nd                             |
|                              | 6            | 1st                             |                | 15           | 2nd                             |
|                              | 7            | Original                        |                | 16           | 3rd                             |
|                              | 8            | 1st                             |                | 17           | 1st                             |
|                              | 9            | 2nd                             |                |              |                                 |

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Muskegon, Michigan

VERIZON North Inc.  
Tariff M.P.S.C. No. 25R

Check Sheet  
90th Revised Sheet 5  
Cancels 89th Revised Sheet 5

**FACILITIES FOR INTRASTATE ACCESS**

| <u>Section</u> | <u>Sheet</u> | <u>Original or Revision</u> | <u>Section</u> | <u>Sheet</u> | <u>Original or Revision</u> |
|----------------|--------------|-----------------------------|----------------|--------------|-----------------------------|
| 12             | 1            | Original                    | 16             | 11.11        | 1st                         |
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|                | 3            | 2nd                         |                | 11.13        | Original                    |
|                | 4            | 3rd                         |                | 11.14        | Original                    |
|                | 5            | 3rd                         |                | 11.15        | Original                    |
|                | 6            | 4th                         |                | 11.16        | Original                    |
|                | 7            | 1st                         |                | 11.17        | Original                    |
|                | 8            | 1st                         |                | 11.18        | 1st                         |
|                | 9            | 1st                         |                | 11.19        | 1st                         |
|                | 10           | 1st                         |                | 12           | 5th                         |
|                | 11           | 1st                         |                | 12.1         | Original                    |
|                | 12           | 1st                         |                | 13           | 5th                         |
|                | 13           | 5th                         |                | 14           | 4th                         |
|                | 14           | 28th                        |                | 14.1         | Original                    |
| 13             | 1            | 2nd                         | 14.2           | Original     |                             |
|                | 2            | 1st                         | 15             | 4th          |                             |
|                | 3            | 2nd                         | 15.1           | 4th          |                             |
|                | 4            | 4th                         | 15.2           | 3rd          |                             |
|                | 5            | 8th                         | 16             | 3rd          |                             |
| 14             | 1            | Original                    | 17             | 3rd          |                             |
|                |              |                             | 18             | 2nd          |                             |
| 15             | 1            | Original                    | 19             | 3rd          |                             |
|                | 2            | Original                    | 20             | 3rd          |                             |
|                | 3            | 1st                         | 21             | 4th          |                             |
|                | 4            | Original                    | 21.1           | Original     |                             |
|                | 5            | Original                    | 22             | 4th          |                             |
| 16             | 1            | 6th                         | 22.1           | 4th          |                             |
|                | 1.1          | 2nd                         | 23             | 4th          |                             |
|                | 2            | 4th                         | 23.1           | Original     |                             |
|                | 2.1          | 1st                         | 23.2           | Original     |                             |
|                | 3            | 8th                         | 23.3           | Original     |                             |
|                | 4            | 8th                         | 23.4           | 1st          |                             |
|                | 5            | 8th                         | 23.5           | Original     |                             |
|                | 5.1          | 10th                        | 23.6           | Original     |                             |
|                | 6            | 7th                         | 23.7           | Original     |                             |
|                | 7            | 6th                         | 23.8           | Original     |                             |
|                | 8            | 3rd                         | 23.9           | Original     |                             |
|                | 9            | 4th                         | 23.10          | 1st          |                             |
|                | 10           | 9th                         | 23.11          | Original     |                             |
|                | 10.1         | 6th                         | 23.12          | 1st          |                             |
|                | 10.2         | 4th                         | 23.13          | 1st          |                             |
|                | 10.3         | 4th                         | 23.14          | 1st          |                             |
|                | 11           | 10th                        | 23.15          | 1st          |                             |
|                | 11.1         | Original                    | 23.16          | 1st *        |                             |
|                | 11.2         | Original                    | 23.17          | Original     |                             |
|                | 11.3         | 1st                         | 23.18          | Original     |                             |
|                | 11.4         | 2nd                         | 24             | 2nd          |                             |
|                | 11.5         | Original                    | 25             | 2nd          |                             |
|                | 11.6         | Original                    | 26             | 2nd          |                             |
|                | 11.7         | 1st                         | 27             | 2nd          |                             |
|                | 11.8         | 1st                         | 28             | 2nd          |                             |
|                | 11.9         | 3rd                         | 29             | 2nd          |                             |
|                | 11.10        | 2nd                         | 30             | 2nd          |                             |
|                |              |                             | 31             | 2nd          |                             |

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Muskegon, Michigan

Verizon North Inc.  
Tariff M.P.S.C. No. 25R

Section 13  
8th Revised Sheet 5  
Cancels 7th Revised Sheet 5

# FACILITIES FOR INTRASTATE ACCESS

## 13. END USER FIA (Cont'd)

### 13.10 Rate Regulations (Cont'd)

- (D) For service provided as Remote Call Forwarding, residential or business, under the General and/or Local exchange service tariffs, End User Access charges do not apply.
- (E) Telephone common lines and related facilities are rated as Business-Multiline as set forth in 13.10(B).
- (F) For Integrated Services Digital Network-Primary Rate Interface (ISDN PRI) the ISDN PRI end-user charge as set forth in 13.11 will apply per ISDN PRI service.

### 13.11 Rates and Charges

- (A) Monthly rates for Common Lines for Contel of the South - Michigan (former Alltel territory as set forth in GTE Systems Tariff M.P.S.C. No. 1R, Sheets 4 through 4.4) are as follows:

|                                         | <u>GSEC</u> | <u>Monthly Rate<br/>Per Common Line</u> |     |
|-----------------------------------------|-------------|-----------------------------------------|-----|
| Residence -<br>Individual Line or Trunk | ACL-R       | \$3.25                                  | (R) |
| Business -<br>Individual Line or Trunk  | ACL-B       | \$1.03                                  | (R) |
| ISDN PRI, Per Service                   |             | \$6.05                                  |     |

- (B) Monthly rates for Common Lines for GTE:

|                                         |       |        |     |
|-----------------------------------------|-------|--------|-----|
| Residence -<br>Individual Line or Trunk | ACL-R | \$3.25 | (R) |
| Business -<br>Individual Line or Trunk  | ACL-B | \$ .67 |     |
| ISDN PRI, Per Service                   |       | \$3.35 |     |

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**CONTEL OF THE SOUTH, INC.  
D/B/A  
VERIZON NORTH SYSTEMS**

**EXHIBIT 2**

**CURRENT TARIFFS**

VERIZON North Systems  
M.P.S.C. No. 1R

27th Revised Sheet No. 2  
Canceling 26th Revised Sheet No. 2

LOCAL TELEPHONE EXCHANGE SERVICE

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| Title Page                               | 1                                    |                                        | Maps and Boundary<br>Descriptions (cont) |                    |                 |
| Table of Contents and<br>Check List      | 2<br>2.1<br>2.2                      | 27th *<br>20th<br>1st                  | Gregory                                  | 15                 |                 |
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| Rate Groups and Local<br>Service Rates   | 7<br>7.1<br>7.2<br>7.3<br>7.4<br>7.5 | 1st<br>6th<br>1st<br>1st<br>1st<br>8th | Morenci                                  | 21<br>21.1         |                 |
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|                                          |                                      |                                        | Prescott                                 | 25<br>25.1         |                 |
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| Maps and Boundary<br>Descriptions        |                                      |                                        | Rose City                                | 28<br>28.1         |                 |
| Addison                                  | 8<br>8.1                             |                                        | Sawyer                                   | 29<br>29.1         |                 |
| Alger                                    | 9<br>9.1                             |                                        | Sterling                                 | 30<br>30.1         |                 |
| Baroda                                   | 10<br>10.1                           |                                        | Stockbridge                              | 31<br>31.1         | 1st<br>1st      |
| Bridgman                                 | 11<br>11.1                           |                                        | Tekonsha                                 | 32<br>32.1         |                 |
| Burlington                               | 12<br>12.1                           |                                        | Webberville                              | 33<br>33.1         |                 |
| Fitchburg                                | 13<br>13.1                           |                                        | Combination Main<br>Station Service      | 34                 |                 |
| Glenn                                    | 14<br>14.1                           |                                        |                                          |                    |                 |

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Muskegon, Michigan

VERIZON North Systems  
M.P.S.C. No. 1R

6th Revised Sheet No. 7.1  
Canceling 5th Revised Sheet No. 7.1

LOCAL TELEPHONE EXCHANGE SERVICE

B. BASIC EXCHANGE SERVICE COMPONENT - MONTHLY RATES

|                                                      | Rate<br>Group<br>1 | Rate<br>Group<br>2            | Rate<br>Group<br>3 | Rate<br>Group<br>4 | Rate<br>Group<br>5 | Rate<br>Group<br>6           | Rate<br>Group<br>7 | Rate<br>Group<br>8 | Rate<br>Group<br>9 |
|------------------------------------------------------|--------------------|-------------------------------|--------------------|--------------------|--------------------|------------------------------|--------------------|--------------------|--------------------|
| <b><u>Business PBX Trunks</u></b>                    |                    |                               |                    |                    |                    |                              |                    |                    |                    |
| Month-to-Month, each                                 | \$20.70 (I)        | \$22.09 (I)                   | \$23.46 (I)        | \$24.85 (I)        | \$26.24 (I)        | \$27.63 (I)                  | \$29.02 (I)        | \$30.41 (I)        | \$31.79 (I)        |
| 36-Month Term<br>over 200 trunks, each               | 19.69              | 21.08 (I)                     | 22.46 (I)          | 23.85 (I)          | 25.24 (I)          | 26.62 (I)                    | 28.01 (I)          | 29.40 (I)          | 30.78 (I)          |
| <b><u>Business 1-Party</u></b>                       | <b><u>Rate</u></b> |                               |                    |                    |                    |                              |                    |                    |                    |
| Month-to-Month, each                                 | \$16.74            |                               |                    |                    |                    |                              |                    |                    |                    |
| 36-Month Term<br>Over 200 lines, each                | 15.74 (I)          |                               |                    |                    |                    |                              |                    |                    |                    |
| Customer Owned Coin-<br>Operated Telephone Service * | 29.10              |                               |                    |                    |                    |                              |                    |                    |                    |
| <b><u>Residence</u></b>                              |                    |                               |                    |                    |                    |                              |                    |                    |                    |
| 1-Party Unlimited (A)**                              | 18.16 (I)          | 1-Party Value Pak-60 (B)**    |                    |                    | 16.76 (I)          | 1-Party Econo Pak-0 (C)**    |                    | 14.63 (I)          |                    |
| 1-Party Unlimited(A)**,**                            | 16.65 (I)          | 1-Party Value Pak-60 (B)**,** |                    |                    | 15.25 (I)          | 1-Party Econo Pak-0 (C)**,** |                    | 13.12 (I)          |                    |

TERMINATION LIABILITY AGREEMENT:

In the event Service is terminated by the customer prior to completion of the initial term commitment period, the customer shall be liable for payment of termination liability charges as set forth in Tariff M.P.S.C. No. 7R, GENERAL REGULATIONS, TERMINATION LIABILITY.

- (A) Unlimited service – no local message unit charges apply.
- (B) Local message unit at \$.04 applies per originating completed call within the Local Calling Area. A usage allowance of up to 60 calls is credited to total usage charges.
- (C) Local message unit at \$.04 applies per originating completed call within the Local Calling Area.

\* Rules and Regulations for Customer Owned Coin-Operated Telephone Service are shown elsewhere in Tariff M.P.S.C. No. 1R.

\*\* Basic Exchange Service does not include the provision of a station.

\*\*\*Residential Service without Touch Call Service is restricted to current customers at existing locations.

C. Rotary service on one party lines (excluding PBX) is an additional \$4.00 per month per line.

D. EXTENDED AREA SERVICE CHARGE

1. Extended Area Service (EAS) is that service between two exchanges which is offered on a toll-free basis; i.e., the Local Service Area includes an additional exchange(s) other than the "home" exchange.
2. A monthly EAS charge made for each basic exchange service (excluding 1-Party Business, 1-Party Residence and other services billed at 1-Party Business or Residence rates) within an exchange which has EAS, in addition to the rates set forth in Paragraph B., preceding.
3. The EAS component (monthly EAS charge) of the basic exchange service rate for each exchange is calculated as follows:

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by Paul Fuglie, AVP Public Policy and External Affairs

Muskegon, Michigan

ALLTEL Michigan, Inc.  
M.P.S.C. No. 1R

Original Sheet No. 7.2

LOCAL TELEPHONE EXCHANGE SERVICE

---

D. EXTENDED AREA SERVICE CHARGE (Continued)

3. a. Determine the Main Terminal Element by:

- (1) Using the Main Terminal Element Table (Table 1), following, locate in the outside left-hand column the total number of main terminals located within the exchange boundary of the "home" exchange.
- (2) Using the same Table, locate in the outside top row the total number of terminals located within the extended area, but outside the exchange boundary of the "home" exchange.
- (3) The Main Terminal Element is found at the intersection of the row and column determined in 3.a.(1) and 3.a.(2) preceding.

b. Total EAS Mileage is determined by:

- (1) Obtaining the mileage distance between each EAS point, using the procedure as outlined in that section of M.P.S.C. Tariff No. 7 entitled "Mileage Measurements."
- (2) Summing the EAS mileage figures for each EAS route.

c. Determine the EAS monthly charge by:

- (1) Using the EAS Additional Monthly Rate Table (Table 2), following, locate the Main Terminal Element in the outside left-hand column, and the EAS total mileage in the outside top row.
- (2) The EAS monthly charge is found at the intersection of the row and column determined in 3.c.(1), preceding.

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Issued under the authority of the Michigan Public Service Commission Order  
dated December 22, 1992, Case No. U-10064.  
Issued: March 15, 1993  
By: Charles M. Stark, President

Effective: March 22, 1993  
Stockbridge, Michigan

**VERIZON**

**EXHIBIT 3**

**PROPOSED TARIFFS**

**VERIZON NORTH INC.**

**EXHIBIT 3**

**PROPOSED TARIFFS**

**BASIC TELEPHONE SERVICE  
CHECK LIST**

| <u>Sheet<br/>No.</u> | <u>Revision<br/>No.</u> | <u>Sheet<br/>No.</u> | <u>Revision<br/>No.</u> | <u>Sheet<br/>No.</u> | <u>Revision<br/>No.</u> | <u>Sheet<br/>No.</u> | <u>Revision<br/>No.</u> |
|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|----------------------|-------------------------|
| 1                    |                         | 3                    | 7                       | 12                   |                         | 34                   |                         |
| 1.1                  | 2                       | 3.1                  | 9                       | 12.1                 |                         | 34.1                 |                         |
| 1.2                  | 52 *                    | 3.1.1                | 1 *                     | 13                   |                         | 35                   |                         |
| 1.3                  | 5                       | 3.2                  | 15                      | 13.1                 |                         | 35.1                 |                         |
| 1.4                  | 2                       | 3.3                  | 16                      | 14                   |                         | 36                   |                         |
| 1.5                  | 1                       | 3.4                  | 15                      | 14.1                 |                         | 36.1                 |                         |
| 1.6                  | 2                       | 3.5                  | 14                      | 15                   |                         | 37                   |                         |
| 1.7                  | 2                       | 3.6                  | 16                      | 15.1                 |                         | 37.1                 |                         |
| 1.8                  |                         | 3.7                  | 16                      | 16                   |                         | 38                   |                         |
| 1.9                  | 2                       | 3.8                  | 14                      | 16.1                 |                         | 38.1                 |                         |
| 1.10                 | 2                       | 3.9                  | 16                      | 17                   |                         | 39                   |                         |
| 1.11                 |                         | 3.10                 | 14                      | 17.1                 |                         | 39.1                 |                         |
| 1.12                 |                         | 3.11                 | 14                      | 18                   |                         | 40                   |                         |
| 1.13                 |                         | 3.12                 | 10                      | 18.1                 |                         | 40.1                 |                         |
| 1.14                 |                         | 3.13                 | 1                       | 18.2                 |                         | 41                   |                         |
| 1.15                 |                         | 3.14                 | 1                       | 19                   |                         | 41.1                 |                         |
| 1.16                 |                         | 3.15                 | 1                       | 19.1                 |                         | 42                   |                         |
| 1.17                 | 1                       | 3.16                 | 2                       | 20                   |                         | 42.1                 |                         |
| 1.18                 | 1                       | 3.17                 | 1                       | 20.1                 |                         | 43                   |                         |
| 1.19                 | 5                       | 3.18                 | 2                       | 20.2                 |                         | 43.1                 |                         |
| 1.20                 | 12                      | 3.19                 | 1                       | 21                   |                         | 44                   |                         |
| 1.21                 | 3                       | 3.20                 | 1                       | 21.1                 |                         | 44.1                 |                         |
| 1.22                 | 2                       | 3.21                 | 1                       | 22                   |                         | 45                   |                         |
| 1.23                 | 2                       | 3.22                 | 1                       | 22.1                 |                         | 45.1                 |                         |
| 1.24                 | 2                       | 3.23                 | 1                       | 23                   |                         | 46                   | 1                       |
| 1.25                 | 1                       | 3.24                 |                         | 23.1                 |                         | 46.1                 | 1                       |
| 2                    | 3                       | 3.25                 | 1                       | 24                   |                         | 47                   |                         |
| 2.1                  | 2                       | 4                    |                         | 24.1                 |                         | 47.1                 |                         |
| 2.2                  |                         | 4.1                  |                         | 25                   |                         | 48                   |                         |
| 2.3                  |                         | 4.2                  |                         | 25.1                 |                         | 48.1                 |                         |
| 2.4                  | 2                       | 5                    | 1                       | 26                   |                         | 48.2                 |                         |
| 2.4.1                |                         | 5.1                  | 1                       | 26.1                 |                         | 49                   |                         |
| 2.4.2                |                         | 6                    |                         | 27                   |                         | 49.1                 |                         |
| 2.4.3                | 1                       | 6.1                  |                         | 27.1                 |                         | 50                   |                         |
| 2.4.4                |                         | 6.2                  |                         | 28                   |                         | 50.1                 |                         |
| 2.4.5                |                         | 7                    |                         | 28.1                 |                         | 51                   |                         |
| 2.5                  | 1                       | 7.1                  |                         | 29                   | 1                       | 51.1                 |                         |
| 2.6                  |                         | 8                    |                         | 29.1                 | 1                       | 51.2                 |                         |
| 2.7                  | 1                       | 8.1                  |                         | 30                   |                         | 52                   |                         |
| 2.8                  |                         | 9                    |                         | 30.1                 |                         | 52.1                 |                         |
| 2.9                  |                         | 9.1                  |                         | 31                   |                         | 53                   |                         |
|                      |                         | 9.2                  |                         | 31.1                 |                         | 53.1                 |                         |
|                      |                         | 10                   |                         | 32                   |                         | 54                   |                         |
|                      |                         | 10.1                 |                         | 32.1                 |                         | 54.1                 |                         |
|                      |                         | 11                   |                         | 33                   |                         | 55                   |                         |
|                      |                         | 11.1                 |                         | 33.1                 |                         | 55.1                 |                         |

\* New or Revised Sheet.

\* Issued: April 1, 2005

Issued under the authority of 2000 PA295.

By Paul M. Fuglie, AVP Public Policy and External Affairs

Muskegon, Michigan

**BASIC TELEPHONE SERVICE**  
**GENERAL**

**LOCAL EXCHANGE RATES**

**BASIC EXCHANGE SERVICE TYPE II**

| Rate Groups                                       | 1         | 2         | 3         | 4         | 5         |
|---------------------------------------------------|-----------|-----------|-----------|-----------|-----------|
| Main                                              | 1         | 1,501     | 6,001     | 30,001    |           |
| Terminal                                          | thru      | thru      | thru      | thru      | Over      |
| Counts                                            | 1,500     | 6,000     | 30,000    | 180,000   | 180,000   |
| <b><u>Residence Rates:</u><sup>2</sup></b>        |           |           |           |           |           |
| Key (A) <sup>1</sup>                              | 15.90     | 15.90     | 15.90     | 15.90     | 15.90     |
|                                                   |           |           |           |           |           |
| One-Party Value Pak-100 (B) <sup>1, 3, 4, 5</sup> | 21.23 (I) | 21.23 (I) | 21.23 (I) | 21.23 (I) | 21.23 (I) |

(A) Local message unit at \$.04 applies per originating completed call within the Local Calling Area.

(B) Local message unit at \$.04 applies per originating completed call within the Local Calling Area. A usage allowance of up to 100 voice calls is credited to total usage charges.

**TERMINATION LIABILITY AGREEMENT:**

In the event Service is terminated by the customer prior to completion of the initial term commitment period, the customer shall be liable for payment of termination liability charges as set forth in Tariff M.P.S.C. No. 7R, GENERAL REGULATIONS, TERMINATION LIABILITY.

The rate for Rotary Service on individual line services is \$4.60 per line, per month, plus the basic service rate as shown.

The availability of Exchange Telephone Service within a particular exchange is limited to the classes and grades of service indicated in schedules found in Sheets 3.2 - 3.12 following.

All calls to 911 emergency service; calls to the Telephone Company Business Office, Directory Assistance, and Repair Service; and operator completed calls will be exempt from Message unit charges.

<sup>1</sup> Basic Exchange Service does not include the provision of a station.

<sup>2</sup> Residence Key rates on Sheet 3 of this tariff apply to the dormitory portion of local residence service provided to colleges and universities in Type II exchanges.

<sup>3</sup> Residential service with Touch Call Service.

<sup>4</sup> One-Party Value Pak-100 is the Primary Basic Local Exchange offering per M.P.S.C. order U-14731.

<sup>5</sup> Value Pak-100 is available to qualified customers with disabilities, and authorized volunteers of non-profit organizations, or volunteers of chartered veterans organizations without normal message unit charges.

\* One-Party Unlimited service and One-Party Econo Pak service have been deregulated and are available for subscription upon request.

(D)

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by Paul Fuglie, AVP Public Policy and External Affairs

Muskegon, Michigan

**FACILITIES FOR INTRASTATE ACCESS**

| <u>Section</u>            | <u>Sheet</u> | <u>Original or Revision</u> | <u>Section</u> | <u>Sheet</u> | <u>Original or Revision</u> |
|---------------------------|--------------|-----------------------------|----------------|--------------|-----------------------------|
| TITLE PAGE                | 1            | Original                    |                | 10           | 1st                         |
|                           |              |                             |                | 11           | Original                    |
| CHECK SHEET               | 1            | 169th *                     |                | 12           | 2nd                         |
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|                           | 2.1          | 41st                        |                | 14           | 1st                         |
|                           | 3            | 71st                        |                | 15           | 3rd                         |
|                           | 4            | 58th                        |                | 15.1         | 3rd                         |
|                           | 5            | 91st *                      |                | 16           | 1st                         |
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|                           | 2            | 1st                         |                | 20           | 2nd                         |
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|                           | 4            | 2nd                         |                | 22           | 3rd                         |
|                           | 5            | 9th                         |                | 23           | 3rd                         |
|                           | 6            | 6th                         |                | 24           | 1st                         |
|                           | 7            | 11th                        |                | 25           | 2nd                         |
|                           | 7.1          | 2nd                         |                | 26           | 1st                         |
|                           | 8            | 3rd                         |                | 27           | 5th                         |
|                           | 9            | 2nd                         |                | 28           | 1st                         |
|                           | 10           | 5th                         |                | 29           | 1st                         |
|                           | 11           | 7th                         |                | 30           | Original                    |
|                           | 12           | 6th                         |                | 31           | 6th                         |
|                           | 13           | Original                    |                | 32           | 1st                         |
|                           | 14           | Original                    |                | 33           | 2nd                         |
|                           | 15           | 12th                        |                | 34           | 2nd                         |
|                           | 16           | Original                    |                | 35           | 2nd                         |
|                           | 17           | 1st                         |                | 36           | 2nd                         |
|                           | 18           | Original                    |                | 37           | 1st                         |
|                           | 19           | 4th                         |                | 38           | 1st                         |
|                           | 20           | 2nd                         |                | 39           | 3rd                         |
|                           | 21           | Original                    |                | 40           | 2nd                         |
|                           | 22           | 7th                         |                | 41           | 3rd                         |
|                           | 22.1         | 10th                        |                |              |                             |
|                           | 22.2         | Original                    | 3              | 1            | 2nd                         |
|                           |              |                             |                | 2            | 4th                         |
| SYMBOLS AND ABBREVIATIONS | 1            | 5th                         |                | 2.1          | 3rd                         |
|                           | 2            | Original                    |                | 3            | 5th                         |
|                           | 3            | Original                    |                | 4            | Original                    |
|                           | 4            | 3rd                         |                | 5            | 3rd                         |
|                           | 5            | 2nd                         |                | 6            | 8th                         |
|                           |              |                             |                | 6.1          | 2nd                         |
| 1                         | 1            | 2nd                         |                | 7            | 2nd                         |
| 2                         | 1            | 1st                         |                | 8            | 5th                         |
|                           | 2            | Original                    |                | 9            | 7th                         |
|                           | 3            | 1st                         |                | 10           | 8th                         |
|                           | 4            | 4th                         |                | 11           | 6th                         |
|                           |              |                             |                | 12           | 3rd                         |
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| 2                         | 5            | Original                    |                | 14           | 2nd                         |
|                           | 6            | 1st                         |                | 15           | 2nd                         |
|                           | 7            | Original                    |                | 16           | 3rd                         |
|                           | 8            | 1st                         |                | 17           | 1st                         |
|                           | 9            | 2nd                         |                |              |                             |

\* Issued: January 27, 2006

**FACILITIES FOR INTRASTATE ACCESS**

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|----------------|--------------|-----------------------------|----------------|--------------|-----------------------------|
| 12             | 1            | Original                    | 16             | 11.11        | 1st                         |
|                | 2            | 2nd                         |                | 11.12        | Original                    |
|                | 3            | 2nd                         |                | 11.13        | Original                    |
|                | 4            | 3rd                         |                | 11.14        | Original                    |
|                | 5            | 3rd                         |                | 11.15        | Original                    |
|                | 6            | 4th                         |                | 11.16        | Original                    |
|                | 7            | 1st                         |                | 11.17        | Original                    |
|                | 8            | 1st                         |                | 11.18        | 1st                         |
|                | 9            | 1st                         |                | 11.19        | 1st                         |
|                | 10           | 1st                         |                | 12           | 5th                         |
|                | 11           | 1st                         |                | 12.1         | Original                    |
|                | 12           | 1st                         |                | 13           | 5th                         |
|                | 13           | 5th                         |                | 14           | 4th                         |
|                | 14           | 28th                        |                | 14.1         | Original                    |
| 13             | 1            | 2nd                         |                | 14.2         | Original                    |
|                | 2            | 1st                         |                | 15           | 4th                         |
|                | 3            | 2nd                         |                | 15.1         | 4th                         |
|                | 4            | 4th                         |                | 15.2         | 3rd                         |
|                | 5            | 9th *                       |                | 16           | 3rd                         |
| 14             | 1            | Original                    |                | 17           | 3rd                         |
|                |              |                             |                | 18           | 2nd                         |
| 15             | 1            | Original                    |                | 19           | 3rd                         |
|                | 2            | Original                    |                | 20           | 3rd                         |
|                | 3            | 1st                         |                | 21           | 4th                         |
|                | 4            | Original                    |                | 21.1         | Original                    |
|                | 5            | Original                    |                | 22           | 4th                         |
| 16             |              |                             |                | 22.1         | 4th                         |
|                | 1            | 6th                         |                | 23           | 4th                         |
|                | 1.1          | 2nd                         |                | 23.1         | Original                    |
|                | 2            | 4th                         |                | 23.2         | Original                    |
|                | 2.1          | 1st                         |                | 23.3         | Original                    |
|                | 3            | 8th                         |                | 23.4         | 1st                         |
|                | 4            | 8th                         |                | 23.5         | Original                    |
|                | 5            | 8th                         |                | 23.6         | Original                    |
|                | 5.1          | 10th                        |                | 23.7         | Original                    |
|                | 6            | 7th                         |                | 23.8         | Original                    |
|                | 7            | 6th                         |                | 23.9         | Original                    |
|                | 8            | 3rd                         |                | 23.10        | 1st                         |
|                | 9            | 4th                         |                | 23.11        | Original                    |
|                | 10           | 9th                         |                | 23.12        | 1st                         |
|                | 10.1         | 6th                         |                | 23.13        | 1st                         |
|                | 10.2         | 4th                         |                | 23.14        | 1st                         |
|                | 10.3         | 4th                         |                | 23.15        | 1st                         |
|                | 11           | 10th                        |                | 23.16        | 1st                         |
|                | 11.1         | Original                    |                | 23.17        | Original                    |
|                | 11.2         | Original                    |                | 23.18        | Original                    |
|                | 11.3         | 1st                         |                | 24           | 2nd                         |
|                | 11.4         | 2nd                         |                | 25           | 2nd                         |
|                | 11.5         | Original                    |                | 26           | 2nd                         |
|                | 11.6         | Original                    |                | 27           | 2nd                         |
|                | 11.7         | 1st                         |                | 28           | 2nd                         |
|                | 11.8         | 1st                         |                | 29           | 2nd                         |
|                | 11.9         | 3rd                         |                | 30           | 2nd                         |
|                | 11.10        | 2nd                         |                | 31           | 2nd                         |

\* Issued: January 27, 2006

## FACILITIES FOR INTRASTATE ACCESS

### 13. END USER FIA (Cont'd)

#### 13.10 Rate Regulations (Cont'd)

- (D) For service provided as Remote Call Forwarding, residential or business, under the General and/or Local exchange service tariffs, End User Access charges do not apply.
- (E) Telephone common lines and related facilities are rated as Business-Multiline as set forth in 13.10(B).
- (F) For Integrated Services Digital Network-Primary Rate Interface (ISDN PRI) the ISDN PRI end-user charge as set forth in 13.11 will apply per ISDN PRI service.

#### 13.11 Rates and Charges

- (A) Monthly rates for Common Lines for Contel of the South - Michigan (former Alltel territory as set forth in Verizon North Systems Tariff M.P.S.C. No. 1R, Sheets 4 through 4.4) are as follows: (C)  
(C)

|                                             | <u>GSEC</u> | <u>Monthly Rate<br/>Per Common Line</u> |     |
|---------------------------------------------|-------------|-----------------------------------------|-----|
| Residence -<br>Individual Line or Trunk     | ACL-R       | \$3.25 <sup>1</sup>                     | (C) |
| Business -<br>Individual Line or Trunk      | ACL-B       | \$1.03                                  |     |
| ISDN PRI, Per Service                       |             | \$6.05                                  |     |
| (B) Monthly rates for Common Lines for GTE: |             |                                         |     |
| Residence -<br>Individual Line or Trunk     | ACL-R       | \$3.25 <sup>1</sup>                     | (C) |
| Business -<br>Individual Line or Trunk      | ACL-B       | \$ .67                                  |     |
| ISDN PRI, Per Service                       |             | \$3.35                                  |     |

<sup>1</sup> Common line charge of \$3.25 is not applicable to the One-Party Value Pak-100 which is the Primary Basic Local Exchange offerings filed in M.P.S.C. case U-14731. (N)  
(N)

**CONTEL OF THE SOUTH, INC.  
D/B/A  
VERIZON NORTH SYSTEMS**

**EXHIBIT 3**

**PROPOSED TARIFFS**

LOCAL TELEPHONE EXCHANGE SERVICE

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|                       | 9.1          |                 |                     | 30.1         |                 |
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|                       | 10.1         |                 |                     | 31.1         | 1st             |
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By Paul M. Fuglie, AVP Public Policy and External Affairs

Muskegon, Michigan

LOCAL TELEPHONE EXCHANGE SERVICE

B. BASIC EXCHANGE SERVICE COMPONENT - MONTHLY RATES

|                                                                 | Rate<br>Group<br>1 | Rate<br>Group<br>2 | Rate<br>Group<br>3 | Rate<br>Group<br>4 | Rate<br>Group<br>5 | Rate<br>Group<br>6 | Rate<br>Group<br>7 | Rate<br>Group<br>8 | Rate<br>Group<br>9 |
|-----------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| <b><u>Business PBX Trunks</u></b>                               |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| Month-to-Month, each                                            | \$20.70            | \$22.09            | \$23.46            | \$24.85            | \$26.24            | \$27.63            | \$29.02            | \$30.41            | \$31.79            |
| 36-Month Term<br>over 200 trunks, each                          | 19.69              | 21.08              | 22.46              | 23.85              | 25.24              | 26.62              | 28.01              | 29.40              | 30.78              |
| <b><u>Business 1-Party</u></b>                                  |                    |                    |                    |                    |                    |                    |                    |                    |                    |
|                                                                 | <b><u>Rate</u></b> |                    |                    |                    |                    |                    |                    |                    |                    |
| Month-to-Month, each                                            | \$16.74            |                    |                    |                    |                    |                    |                    |                    |                    |
| 36-Month Term<br>Over 200 lines, each                           | 15.74              |                    |                    |                    |                    |                    |                    |                    |                    |
| Customer Owned Coin-<br>Operated Telephone Service <sup>1</sup> | 29.10              |                    |                    |                    |                    |                    |                    |                    |                    |
| <b><u>Residence</u></b>                                         |                    |                    |                    |                    |                    |                    |                    |                    |                    |
| 1-Party Value Pak-100 (A) <sup>2,3,4,5</sup>                    | 21.21 (I)          |                    |                    |                    |                    |                    |                    |                    |                    |

(A) Local message unit at \$.04 applies per originating completed call within the Local Calling Area. A usage allowance of up to 100 voice calls is credited to total usage charges.

**TERMINATION LIABILITY AGREEMENT:**

In the event Service is terminated by the customer prior to completion of the initial term commitment period, the customer shall be liable for payment of termination liability charges as set forth in Tariff M.P.S.C. No. 7R, GENERAL REGULATIONS, TERMINATION LIABILITY.

- <sup>1</sup> Rules and Regulations for Customer Owned Coin-Operated Telephone Service are shown elsewhere in Tariff M.P.S.C. No. 1R.
- <sup>2</sup> Basic Exchange Service does not include the provision of a station.
- <sup>3</sup> Residential service with Touch Call Service.
- <sup>4</sup> One-Party Value Pak-100 is the Primary Basic Local Exchange offering per M.P.S.C. order U-14731.
- <sup>5</sup> Value Pak-100 is available to qualified customers with disabilities, and authorized volunteers of non-profit organizations, or volunteers of chartered veterans organizations without normal message unit charges.

\* One-Party Unlimited service and One-Party Econo Pak service have been deregulated and are available for subscription upon request.

(D)

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Muskegon, Michigan

**VERIZON**

**EXHIBIT 4**

**REDACTED CONFIDENTIAL EXHIBITS  
OF  
TERRY R. DYE**

**VERIZON LOCAL RATE RESTRUCTURING  
CASE NO U-12807**

**Verizon North Inc. and Confel of the South, Inc.  
MICHIGAN OPERATIONS**

## REVENUE PER LINE DETAIL

[illegible]

**Assumptions:**

- o Intrastate SLC proposed to be eliminated
- o R-1 and B-1 PLOC for Interstate and Intrastate is \$0 due to CALLS.
- o Interstate EUL is a weighted average of the Res. Primary of \$4.35 and the Non-Primary of \$7.00
- o Interstate USF based on CALLS amount, divided by access lines.
- o TSLRIC costs based on U-11832 compliance lines, divided by access lines.
- o CCLC Intrastate of [REDACTED], divided by access lines.

**Confidential**

Verizon North Inc. and Contel of the South, Inc.  
Michigan Operations - "Other" Sources of Revenue  
Usage, Interstate SLC, USF, and CCL

(G) Usage:

- 1 Tariff M.P.S.C. No. 1R
- 2 Local Message unit at \$0.04 applies for originating call.
- 3 Value Pak customers average call times \$0.04
- 4 Econo Pak-0 customers average calls times \$0.04

\$   
\$ 

(H) Interstate (I/S) EUCL:

|                                                       | Rates<br>(a) | Lines<br>(b)                                                                        | % of Lines<br>(c)                                                                   | Weighted SLC<br>(d) = (a) * (c)                                                     |
|-------------------------------------------------------|--------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| 5 Verizon North Residence Primary I/S EUCL            | \$4.35       |  |  |  |
| 6 Verizon North Residence Non-Primary I/S EUCL        | \$7.00       |  |  |  |
| 7 Weighted Verizon North Residence I/S EUCL           |              |  |  |  |
| 8                                                     |              |                                                                                     |                                                                                     |                                                                                     |
| 9 Contel of the South Residence Primary I/S EUCL      | \$4.35       |  |  |  |
| 10 Contel of the South Residence Non-Primary I/S EUCL | \$7.00       |  |  |  |
| 11 Weighted Verizon South Residence I/S EUCL          |              |  |  |  |
| 12                                                    |              |                                                                                     |                                                                                     |                                                                                     |
| 13                                                    |              |                                                                                     |                                                                                     |                                                                                     |
| 14                                                    |              |                                                                                     |                                                                                     |                                                                                     |
| 15                                                    |              |                                                                                     |                                                                                     |                                                                                     |

(I) USE:

- 16 Verizon North
- 17 Contel of the South
- 18 Total Michigan Universal Service Fund Annual Revenue (Line 16 + Line 17)
- 19
- 20 Total Michigan Universal Service Fund Average Monthly Revenue (Line 18 / 12)
- 21
- 22
- 23 Michigan Verizon North Access Lines
- 24 Michigan Contel of the South Access Lines
- 25 Total Michigan GTE Access Lines ( Line 23 + Line 24 )
- 26
- 27 Universal Service Fund Support per Access Line per Month ( Line 20 / Line 25 )


(J) CCL:

- 28 Verizon North Interstate CCL Revenues
- 29 Verizon North Intrastate CCL Revenues
- 30 Contel of the South Interstate CCL Revenues
- 31 Contel of the South Intrastate CCL Revenues
- 32 Total CCL Monthly Revenues
- 33
- 34 Total Access Lines (Line 25)
- 35
- 36 CCL Revenue Per Line (Line 32 / Line 34)


Confidential

Verizon North Inc. and Contel of the South, Inc.  
Michigan Operations  
Vertical Services Revenue (K)

|                                          | Business<br>Rate<br>(A) | Business<br>Units<br>(B) | Business<br>Revenue<br>(C) | Residence<br>Rate<br>(D) | Residence<br>Units<br>(E) | Residence<br>Revenue<br>(F) |
|------------------------------------------|-------------------------|--------------------------|----------------------------|--------------------------|---------------------------|-----------------------------|
| Call Forwarding                          | \$2.25                  |                          |                            | \$1.25                   |                           |                             |
| Discounted Package                       | \$1.58                  |                          |                            | \$0.75                   |                           |                             |
| Call Waiting                             | \$4.25                  |                          |                            | \$4.00                   |                           |                             |
| Discounted Package                       | \$2.98                  |                          |                            | \$2.40                   |                           |                             |
| Speed Call 8                             | \$2.25                  |                          |                            | \$1.25                   |                           |                             |
| Discounted Package                       | \$1.58                  |                          |                            | \$0.75                   |                           |                             |
| Speed Call 30                            | \$3.75                  |                          |                            | \$2.25                   |                           |                             |
| Discounted Package                       | \$2.63                  |                          |                            | \$1.35                   |                           |                             |
| Three Way Calling                        | \$3.75                  |                          |                            | \$2.25                   |                           |                             |
| Discounted Package                       | \$2.63                  |                          |                            | \$1.35                   |                           |                             |
| Cancel Call Waiting                      | \$1.00                  |                          |                            | \$1.00                   |                           |                             |
| Discounted Package                       | \$0.70                  |                          |                            | \$0.60                   |                           |                             |
| Distinctive Ring                         | \$6.00                  |                          |                            | \$6.00                   |                           |                             |
| Discounted Package                       | \$4.20                  |                          |                            | \$3.60                   |                           |                             |
| Auto Busy Redial                         | \$6.00                  |                          |                            | \$5.00                   |                           |                             |
| Discounted Package                       | \$4.20                  |                          |                            | \$3.00                   |                           |                             |
| Auto Call Return                         | \$6.00                  |                          |                            | \$5.00                   |                           |                             |
| Discounted Package                       | \$4.20                  |                          |                            | \$3.00                   |                           |                             |
| Call Block                               | \$4.00                  |                          |                            | \$3.00                   |                           |                             |
| Discounted Package                       | \$2.80                  |                          |                            | \$1.80                   |                           |                             |
| Call Trace                               | \$6.00                  |                          |                            | \$5.00                   |                           |                             |
| Special Call Acceptance                  | \$4.00                  |                          |                            | \$3.00                   |                           |                             |
| Discounted Package                       | \$2.80                  |                          |                            | \$1.80                   |                           |                             |
| Special Call Forwarding                  | \$6.00                  |                          |                            | \$5.00                   |                           |                             |
| Discounted Package                       | \$4.20                  |                          |                            | \$3.00                   |                           |                             |
| Special Call Waiting                     | \$6.00                  |                          |                            | \$5.00                   |                           |                             |
| VIP Alert                                | \$4.00                  |                          |                            | \$3.00                   |                           |                             |
| Discounted Package                       | \$2.80                  |                          |                            | \$1.80                   |                           |                             |
| Caller ID - Number                       | \$10.00                 |                          |                            | \$7.00                   |                           |                             |
| Discounted Package                       | \$7.00                  |                          |                            | \$4.20                   |                           |                             |
| Call Waiting ID                          | \$0.00                  |                          |                            | \$0.00                   |                           |                             |
| Call Forward Busy Fixed                  | \$1.25                  |                          |                            | \$1.25                   |                           |                             |
| Call Forward No Answer Fixed             | \$1.25                  |                          |                            | \$1.25                   |                           |                             |
| Call Forward Busy/No Answ Fixed          | \$1.50                  |                          |                            | \$1.50                   |                           |                             |
| Call Forward Busy/No Ans Var             | \$3.00                  |                          |                            | \$3.00                   |                           |                             |
| Discounted Package                       | \$2.10                  |                          |                            | n/a                      |                           |                             |
| Caller ID - Name & Number                | \$11.50                 |                          |                            | \$7.95                   |                           |                             |
| Discounted Package                       | \$8.05                  |                          |                            | \$4.77                   |                           |                             |
| Selective Blocking                       | \$0.00                  |                          |                            | \$0.00                   |                           |                             |
| Anonymous Call Block                     | \$1.00                  |                          |                            | \$1.00                   |                           |                             |
| Discounted Package                       | \$0.70                  |                          |                            | \$0.60                   |                           |                             |
| Complete Blocking                        | \$0.00                  |                          |                            | \$0.00                   |                           |                             |
| Monthly Revenue<br>Lines (B-1, Key, PBX) |                         |                          |                            | Monthly Revenue<br>Lines |                           |                             |
| Monthly Revenue per Line                 |                         |                          |                            | Monthly Revenue per Line |                           |                             |

(K)

Confidential

**Verizon North Inc.  
Contel of the South, Inc. d/b/a Verizon North Systems  
Michigan Operations  
Case No. U-12682**

**COMPARISON OF CURRENT REVENUE PER LINE TO PROPOSED REVENUE PER LINE**

[illegible]

|                                                 | Flat Rate Service |          |         |          |         |          |          |                |          |                | Per Call Service |           |          |           |        |         |
|-------------------------------------------------|-------------------|----------|---------|----------|---------|----------|----------|----------------|----------|----------------|------------------|-----------|----------|-----------|--------|---------|
|                                                 | RG 1              |          | RG 2    |          | RG 3    |          | RG 4     |                | RG 5     |                | Weighted Average | Value Pak |          | Econo Pak |        |         |
|                                                 | Current           | Proposed | Current | Proposed | Current | Proposed | B/G-4    | B/G-4 Proposed | R/G-5    | R/G-5 Proposed |                  | Current   | Proposed |           |        |         |
|                                                 |                   |          |         |          |         |          |          |                |          |                |                  |           |          |           | (a)    | (b)     |
| Tariffed Rate                                   | 12.03             | \$21.57  | 12.85   | \$21.57  | 13.68   | \$21.57  | 14.48    | \$21.57        | 14.99    | \$21.57        | 13.60            | \$21.57   | 11.38    | \$20.18   | 9.29   | \$18.08 |
| Instate SLC                                     | 3.50              | 0.00     | 3.50    | 0.00     | 3.50    | 0.00     | 3.50     | 0.00           | 3.50     | 0.00           | 3.50             | 0.00      | 3.50     | 0.00      | 3.50   | 0.00    |
| Touch Call                                      | 2.00              | 0.00     | 2.00    | 0.00     | 2.00    | 0.00     | 2.00     | 0.00           | 2.00     | 0.00           | 2.00             | 0.00      | 2.00     | 0.00      | 2.00   | 0.00    |
| Zone Charges                                    | 2.00              | 0.00     | 2.00    | 0.00     | 2.00    | 0.00     | 2.00     | 0.00           | 2.00     | 0.00           | 2.00             | 0.00      | 2.00     | 0.00      | 2.00   | 0.00    |
| Subtotal                                        | 19.53             | 21.57    | 20.35   | 21.57    | 21.16   | 21.57    | 21.98    | 21.57          | 22.38    | 21.57          | 21.10            | 21.57     | 10.88    | 20.18     | 16.79  | 18.08   |
| Proposed Increase                               | \$2.04            | \$1.22   |         |          | \$0.41  |          | (\$0.41) |                | (\$0.82) |                | \$0.47           |           | \$1.32   |           | \$1.27 |         |
| Other Charges (A)                               | 10.05             | 10.05    | 10.05   | 10.05    | 10.05   | 10.05    | 10.05    | 10.05          | 10.05    | 10.05          | 10.05            | 10.05     | 10.33    | 10.33     | 11.45  | 11.45   |
| Total Charges                                   | 29.58             | 31.82    | 30.40   | 31.62    | 31.21   | 31.62    | 32.03    | 31.62          | 32.44    | 31.62          | 31.15            | 31.62     | 26.19    | 30.51     | 28.24  | 29.51   |
| Proposed Increase (\$)                          | \$2.04            | \$1.22   |         |          | \$0.41  |          | (\$0.41) |                | (\$0.82) |                | \$0.47           |           | \$1.32   |           | \$1.27 |         |
| Proposed Increase (%)<br>(Line 30 / Line 28(a)) | 7%                | 4%       |         |          | 1%      |          | -1%      |                | -3%      |                | 2%               |           | 5%       |           | 4%     |         |

|        | Verizon North Systems |          |          |          |  |
|--------|-----------------------|----------|----------|----------|--|
|        | B-1                   |          | B-1      |          |  |
|        | Current               | Proposed | Current  | Proposed |  |
| (a)    | (a)                   | (b)      | (a)      | (b)      |  |
| 13.68  | 21.55                 | 16.64    | \$17.08  |          |  |
| 3.50   | 0.00                  | 1.21     | 0.00     |          |  |
| 0.00   | 0.00                  | 0.00     | 0.00     |          |  |
| -0.00  | 0.00                  | -0.00    | 0.00     |          |  |
| 17.18  | 21.55                 | 17.85    | 17.06    |          |  |
| \$4.37 |                       |          | (\$0.79) |          |  |
| 10.07  | 10.07                 | 8.41     | 8.41     |          |  |
| 27.25  | 31.62                 | 26.28    | 25.47    |          |  |
| \$4.37 |                       |          | (\$0.79) |          |  |
| 16%    |                       |          | -3%      |          |  |

Notes:

(A) Includes customer charges such as usage (where applicable), interstate EUCL, interstate CCL and interstate USF.

**VERIZON**

**EXHIBIT 5**

**REDACTED CONFIDENTIAL EXHIBIT  
OF  
THEODORE B. MORRISON**

**VERIZON LOCAL RATE RESTRUCTURING  
CASE NO U-12807**

Verizon North Inc and Contel of the South, Inc.

Michigan Operations

TSLRIC Summary Information

|                                         | <u>TSLRIC</u> | <u>Cost Reference *</u><br>(Tab #, Page #) (Line #) |
|-----------------------------------------|---------------|-----------------------------------------------------|
| Residence One-Party Unlimited/Flat Rate | [REDACTED]    | Tab 11, Page 1 3                                    |
| Residence One-Party - Value Pak-60      | [REDACTED]    | Tab 11, Page 1 11                                   |
| Usage [REDACTED] calls @ [REDACTED]     | [REDACTED]    | Tab 11, Page 1 19                                   |
| Residence One-Party - Econo Pak         | [REDACTED]    | Tab 11, Page 1 21                                   |
| Usage [REDACTED] calls @ [REDACTED]     | [REDACTED]    | Tab 11, Page 1 28                                   |
| Business One-Party - Flat Rate          | [REDACTED]    | Tab 11, Page 1 39                                   |
| <b>Vertical Services</b>                |               |                                                     |
| Call Forwarding                         | [REDACTED]    | Tab 11, Page 7 167                                  |
| Call Waiting                            | [REDACTED]    | Tab 11, Page 7 168                                  |
| Speed Call 8                            | [REDACTED]    | Tab 11, Page 7 174                                  |
| Speed Call 30                           | [REDACTED]    | Tab 11, Page 7 175                                  |
| Three Way Calling                       | [REDACTED]    | Tab 11, Page 7 176                                  |
| Cancel Call Waiting                     | [REDACTED]    | Tab 11, Page 7 168                                  |
| Distinctive Ring                        | [REDACTED]    | Tab 11, Page 7 171                                  |
| Auto Busy Redial                        | [REDACTED]    | Tab 11, Page 7 164                                  |
| Auto Call Return                        | [REDACTED]    | Tab 11, Page 7 165                                  |
| Call Block                              | [REDACTED]    | Tab 11, Page 7 152                                  |
| Call Trace                              | [REDACTED]    | Tab 11, Page 7 155                                  |
| Special Call Acceptance                 | [REDACTED]    | Tab 11, Page 7 154                                  |
| Special Call Forwarding                 | [REDACTED]    | Tab 11, Page 7 153                                  |
| Special Call Waiting                    | [REDACTED]    | Tab 11, Page 7 146                                  |
| VIP Alert                               | [REDACTED]    | Tab 11, Page 7 151                                  |
| Caller ID - Number                      | [REDACTED]    | Tab 11, Page 7 156                                  |
| Call Waiting ID                         | [REDACTED]    | Tab 11, Page 7 161                                  |
| Call Forward Busy Fixed                 | [REDACTED]    | Tab 11, Page 7 167                                  |
| Call Forward No Answer Fixed            | [REDACTED]    | Tab 11, Page 7 167                                  |
| Call Forward Busy/No Answ Fixed         | [REDACTED]    | Tab 11, Page 7 167                                  |
| Call Forward Busy/No Ans Var            | [REDACTED]    | Tab 11, Page 7 167                                  |
| Caller ID - Name & Number               | [REDACTED]    | Tab 11, Page 7 160                                  |
| Selective Blocking                      | [REDACTED]    | Tab 11, Page 7 157                                  |
| Anonymous Call Block                    | [REDACTED]    | Tab 11, Page 7 159                                  |
| Complete Blocking                       | [REDACTED]    | Tab 11, Page 7 158                                  |

\* Compliance Filing - Case No. U-11832

CONFIDENTIAL INFORMATION

GTE TELEPHONE OPERATIONS - MICHIGAN  
SUMMARY - TSLRIC STUDIES

| LINE # | TOTAL SERVICE LONG RUN INCREMENTAL COSTS   | TSLRIC     | REFERENCE |
|--------|--------------------------------------------|------------|-----------|
| 1      | Basic Exchange Access Lines                |            |           |
| 2      |                                            |            |           |
| 3      | Residence One-Party Unlimited/Flat Rate    | [REDACTED] | 12 1      |
| 4      | NAC Basic Level (w/ NID, Drop and MDF)     | [REDACTED] | 12 1      |
| 5      | NACC Basic Analog Level - Switch Interface | [REDACTED] | 12 1      |
| 6      | DTMF                                       | [REDACTED] | 12 1      |
| 7      | Code Restriction                           | [REDACTED] | 12 1      |
| 8      | Local / EAS Usage                          | [REDACTED] | 12 1      |
| 9      | Directory Assistance                       | [REDACTED] | 12 1      |
| 10     |                                            |            |           |
| 11     | Residence One-Party - Value Pak-60         | [REDACTED] | 12 1      |
| 12     | NAC Basic Level (w/ NID, Drop and MDF)     | [REDACTED] | 12 1      |
| 13     | NACC Basic Analog Level - Switch Interface | [REDACTED] | 12 1      |
| 14     | DTMF                                       | [REDACTED] | 12 1      |
| 15     | Code Restriction                           | [REDACTED] | 12 1      |
| 16     | Local / EAS Usage                          | [REDACTED] | 12 1      |
| 17     | Directory Assistance                       | [REDACTED] | 12 1      |
| 18     |                                            |            |           |
| 19     | Usage - Per Call                           | [REDACTED] | 12 1      |
| 20     |                                            |            |           |
| 21     | Residence One-Party - Econo Pak - 0        | [REDACTED] | 12 1      |
| 22     | NAC Basic Level (w/ NID, Drop and MDF)     | [REDACTED] | 12 1      |
| 23     | NACC Basic Analog Level - Switch Interface | [REDACTED] | 12 1      |
| 24     | DTMF                                       | [REDACTED] | 12 1      |
| 25     | Code Restriction                           | [REDACTED] | 12 1      |
| 26     | Directory Assistance                       | [REDACTED] | 12 1      |
| 27     |                                            |            |           |
| 28     | Usage - Per Call                           | [REDACTED] | 12 1      |
| 29     |                                            |            |           |
| 30     | Residence Key - Metered                    | [REDACTED] | 12 1      |
| 31     | NAC Basic Level (w/ NID, Drop and MDF)     | [REDACTED] | 12 1      |
| 32     | NACC Basic Analog Level - Switch Interface | [REDACTED] | 12 1      |
| 33     | DTMF                                       | [REDACTED] | 12 1      |
| 34     | Code Restriction                           | [REDACTED] | 12 1      |
| 35     | Directory Assistance                       | [REDACTED] | 12 1      |
| 36     |                                            |            |           |
| 37     | Usage - Per Call                           | [REDACTED] | 12 1      |
| 38     |                                            |            |           |
| 39     | Business One-Party - Flat Rate             | [REDACTED] | 12 1      |
| 40     | NAC Basic Level (w/ NID, Drop and MDF)     | [REDACTED] | 12 1      |
| 41     | NACC Basic Analog Level - Switch Interface | [REDACTED] | 12 1      |
| 42     | DTMF                                       | [REDACTED] | 12 1      |
| 43     | Code Restriction                           | [REDACTED] | 12 1      |
| 44     | Local / EAS Usage                          | [REDACTED] | 12 1      |
| 45     | Directory Assistance                       | [REDACTED] | 12 1      |

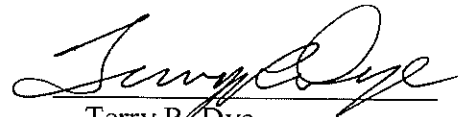
CONFIDENTIAL INFORMATION

GTE TELEPHONE OPERATIONS - MICHIGAN  
SUMMARY - TSLRIC STUDIES

| LINE # | TOTAL SERVICE LONG RUN INCREMENTAL COSTS    | TSLRIC | REFERENCE |
|--------|---------------------------------------------|--------|-----------|
| 139    |                                             |        |           |
| 140    | Centranet Class                             |        |           |
| 141    | Automatic Busy Redial                       |        | 12 3      |
| 142    | Automatic Call Return                       |        | 12 3      |
| 143    | Call Block                                  |        | 12 3      |
| 144    | Special Call Acceptance                     |        | 12 3      |
| 145    | Special Call Forwarding                     |        | 12 3      |
| 146    | Special Call Waiting                        |        | 12 3      |
| 147    |                                             |        |           |
| 148    | Custom Calling Local Area Signaling Service |        |           |
| 149    | Automatic Busy Redial                       |        | 12 3      |
| 150    | Automatic Call Return                       |        | 12 3      |
| 151    | VIP Alert                                   |        | 12 4      |
| 152    | Call Block                                  |        | 12 4      |
| 153    | Special Call Forwarding                     |        | 12 4      |
| 154    | Special Call Acceptance                     |        | 12 4      |
| 155    | Call Tracing Service                        |        | 12 4      |
| 156    | Caller ID - Number (Per Line)               |        | 12 4      |
| 157    | Selective Blocking (Per Call)               |        | 12 4      |
| 158    | Complete Blocking (Per Line)                |        | 12 4      |
| 159    | Anonymous Call Block                        |        | 12 4      |
| 160    | Caller ID - Name and Number (Per Line)      |        | 12 4      |
| 161    | Call Waiting ID                             |        | 12 4      |
| 162    |                                             |        |           |
| 163    | Flexible Packaging                          |        |           |
| 164    | Automatic Busy Redial                       |        | 12 4      |
| 165    | Automatic Call Return                       |        | 12 4      |
| 166    | Call Block                                  |        | 12 4      |
| 167    | Call Forwarding - Variable                  |        | 12 4      |
| 168    | Call Waiting/Cancel Call Waiting            |        | 12 4      |
| 169    | Caller ID - Name and Number                 |        | 12 4      |
| 170    | Caller ID - Number                          |        | 12 4      |
| 171    | Distinctive Ring                            |        | 12 4      |
| 172    | Special Call Acceptance                     |        | 12 4      |
| 173    | Special Call Forwarding                     |        | 12 4      |
| 174    | Speed Calling (8-Code)                      |        | 12 4      |
| 175    | Speed Calling (30-Code)                     |        | 12 4      |
| 176    | Three-Way Calling                           |        | 12 4      |
| 177    | VIP Alert                                   |        | 12 4      |
| 178    |                                             |        |           |
| 179    | Optional Calling Features                   |        |           |
| 180    | Call Forwarding - Variable                  |        | 12 4      |
| 181    | Multipath                                   |        | 12 4      |
| 182    | Three Way Calling                           |        | 12 4      |
| 183    | Call Waiting/Cancel Call Waiting            |        | 12 4      |

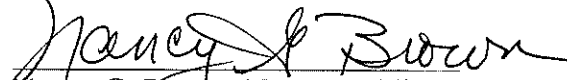
CONFIDENTIAL INFORMATION

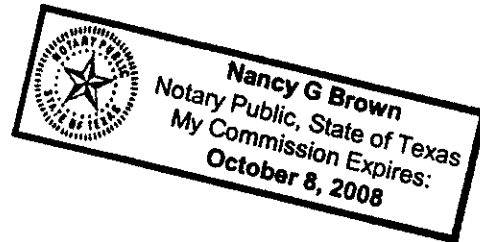


  
Terry R. Dye

Subscribed and sworn to before me

This 27<sup>th</sup> day of January, 2006

  
Nancy G. Brown, Notary Public  
Tarrant County, Texas  
My Commission Expires: October 8, 2008



## STATE OF MICHIGAN

**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

[illegible]

**AFFIDAVIT OF THEODORE B. MORRISON**

[illegible]

THEODORE B. MORRISON, being sworn, states:

1. I have personal knowledge of the cost-related facts contained herein, except as to those matters based upon information and belief, and as to those matters I believe them to be true.
2. I am a Senior Staff Consultant – Cost Production for Verizon Services Group and have responsibility for the development and support of costs for various Verizon telephone operating companies.
3. TSLRIC studies support the restructuring of rates set forth in Verizon's application filed in Case No. U-12807 and are based on costs filed in compliance with the Commission Order in Case No. U-11832.

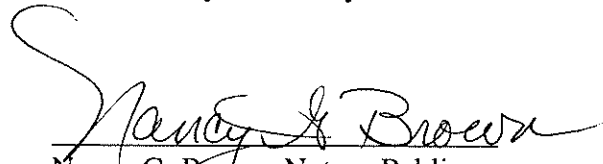
I have personally reviewed these retail TSLRIC studies. To the best of my knowledge, these studies are accurate and were prepared in compliance with the applicable requirements of the Michigan Telecommunications Act, the requirements of the Commission's Order in Case No. U-10620 and with the guidelines in the Commission's Orders in Case Nos. U-11281 and U-11832.

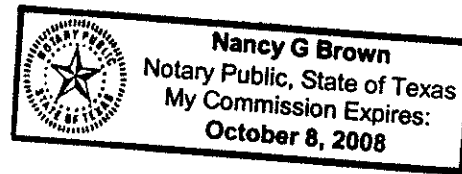
4. Relevant cost information is contained in Confidential Exhibit 5 attached to the application. References to pages in Verizon's compliance cost study are indicated in that exhibit.

  
Theodore B. Morrison

Subscribed and sworn to before me

This 27<sup>th</sup> day of January, 2006

  
Nancy G. Brown, Notary Public  
Tarrant County, Texas  
My Commission Expires: October 8, 2008



Billing Date: 03/10/06 Page 1 of 4  
 Telephone Number  
 Account Number:  
 How to Reach Us : See page 2

## Account Summary

|                                     |          |
|-------------------------------------|----------|
| Previous Charges                    | \$ 40.53 |
| Payment Received Feb 27. Thank You. | 40.53    |
| Balance                             | \$ .00   |

## New Charges

|                              |          |
|------------------------------|----------|
| Verizon (page 3)             | \$ 40.53 |
| Total New Charges Due Apr 03 | \$ 40.53 |

To avoid a late payment charge of \$5.00 plus 1.5% of past due amounts, payment must be received before Apr 09, 2006.

|                             |          |
|-----------------------------|----------|
| Total Due: (Past Due + New) | \$ 40.53 |
|-----------------------------|----------|



## Moving?

Take your Verizon phone and DSL service with you. Moving is stressful enough. The last thing you should have to worry about is reconnecting your phone and Internet service at your new place. Let us do that for you. Visit [verizon.com/easymoving](http://verizon.com/easymoving) or call your local business office.

## Mail payments to:

Verizon North, PO Box 920041, Dallas TX 75392-0041

## Change of billing address?

Go to [verizon.com/billingaddress](http://verizon.com/billingaddress) or see page 2.

▼ Detach & return payment slip with your check, payable to Verizon.



Yes! I want to be a Literacy Champion.  
 Sign me up for a \$1 monthly donation  
 to Verizon Reads.

Account:

New Charges Due: 04/03/06

Total Due: \$ 40.53

Amount Paid :

\$

03/19/06

VERIZON NORTH  
 PO BOX 920041  
 DALLAS TX 75392-0041



Telephone Number:

Account Number:

How to Reach Us - See below

How to Reach Us

|                             |                                               |                      |                    |
|-----------------------------|-----------------------------------------------|----------------------|--------------------|
| Billing Questions           | verizon.com /onlinehelp                       | 1 800 483-3000       | 8 am - 6 pm M-F    |
| Repair                      | verizon.com /repair                           | 1 800 483-1000       | 24 hours a day     |
| To order services           | verizon.com /storefront                       | 1 800 483-4000       | 8 am - 6 pm M-F    |
| Are you moving?             | verizon.com /movingcenter                     | 1 800 483-4000       | 8 am - 6 pm M-F    |
| Centro Hispano de Verizon   | verizon.com /espanol                          | 1 800 743-2483       | 8 am - 6 pm M-F    |
| Online billing & payment    | verizon.com /billview                         |                      | 24 hours a day     |
| Direct payment enrollment   | verizon.com /billpay                          | 1 800 345-6563       | 24 hours a day     |
| Customers with disabilities | verizon.com /disabilities                     | 1 800 974-6006 v/tty | 8 am - 6 pm M-F    |
| Tariff questions            | www.verizon.com /tariffs                      | 1 800 483-3000       | 8 am - 5:30 pm M-F |
| Correspondence address      | P.O. Box 11328, St. Petersburg, FL 33733-1328 |                      |                    |

About Your BillHow to Pay Your Bill

Please mail your payment using the return envelope. Include the payment stub to ensure proper credit. If you pay in person, bring your entire bill, including the payment stub, to an authorized payment location. Be sure to write your 18-digit Account Number shown above on your check or money order.

Questions About Your Bill

If you have questions concerning your bill, please call the appropriate "Billing Questions" number listed above on your bill.

Unresolved Issues

If your Verizon customer service representative cannot solve your problem, ask to speak to a supervisor or manager. If you still have not resolved your complaint, call 1-800-483-7988 and speak with a Customer Relations Specialist.

Previous Payments

You may have sent us a payment not processed in time to be reflected on your current billing statement. Please deduct any amount already paid before sending your current payment.

Past Due Amounts

The due date on your bill only applies to the current charges. Any past due amount should be paid immediately.

Direct Payment Enrollment for Account:

Enroll at verizon.com, or by signing below, you authorize and instruct your financial institution to deduct the amount of your monthly telephone bill from your checking account and remit directly to Verizon. (To discontinue Direct Payment, you must call Verizon).

1: Check this box    2: Sign and Date    3: Return this slip with your check for this month's payment.

☐

Sign here to enroll in Direct Payment

Date

Billing Address Changes or Corrections for Account:

If your billing address has changed, or if your address is incorrect as it appears on this bill, please provide corrections here.

1: Check this box    2: Enter your correct billing address    3: Return this slip with your payment.

☐

Street Address

City, State, Zip

Telephone Number:

Account Number:

How to Reach Us: See page 2

| MONTHLY SERVICE - BASIC (Mar 10 to Apr 10) |     |           |          |
|--------------------------------------------|-----|-----------|----------|
| Description                                | Qty | Unit Rate |          |
| 1 Residence line - Value Pak service       | 1   | 16.76     | 16.76    |
| 2 Intrastate access                        | 1   | 3.25      | 3.25     |
| 3 Interstate access charge                 | 1   | 6.50      | 6.50     |
| Total                                      |     |           | \$ 26.51 |

## OPERATOR ASSISTANCE

## Summary of Directory Assistance Calls

|                                    |  |  |        |
|------------------------------------|--|--|--------|
| 4 1 home area call(s) at no charge |  |  |        |
| Total                              |  |  | \$ .00 |

## LOCAL CALLS

## Value-Pak-60

|                                     |  |  |        |
|-------------------------------------|--|--|--------|
| 5 5 Local call(s) at \$.04 per call |  |  | .20    |
| 6 Allowance credit (\$2.40 maximum) |  |  | CR .20 |
| Total                               |  |  | \$ .00 |

## BASIC SERVICE TAXES AND SURCHARGES

|                                  |  |  |         |
|----------------------------------|--|--|---------|
| 7 Federal excise tax at 3.00%    |  |  | .82     |
| 8 State tax at 6.00%             |  |  | 1.65    |
| 9 Emergency telephone service    |  |  | .27     |
| 10 911 Operational Charge        |  |  | .80     |
| 11 Federal Universal Service Fee |  |  | .67     |
| Total                            |  |  | \$ 4.21 |

Verizon basic charges \$ 30.72

## MONTHLY SERVICE - NON-BASIC (Mar 10 to Apr 10)

| Description  | Qty | Unit Rate |         |
|--------------|-----|-----------|---------|
| 12 Caller ID | 1   | 9.00      | 9.00    |
| Total        |     |           | \$ 9.00 |

## NON-BASIC SERVICE TAXES AND SURCHARGES

|                                |  |  |        |
|--------------------------------|--|--|--------|
| 13 Federal excise tax at 3.00% |  |  | .27    |
| 14 State tax at 6.00%          |  |  | .54    |
| Total                          |  |  | \$ .81 |

Verizon non-basic charges \*\* \$ 9.81

\*\*Non-payment of non-basic service charges WILL NOT result in the disconnection of your local telephone service.

Total Verizon charges \$ 40.53

## Verizon Reads

If you have checked the box on the first page of your phone bill or called your local business office and signed up to be a Literacy Champion, a tax deductible \$1 donation will be included monthly in the Verizon section of your bill. Contributions will benefit Verizon Reads, a non-profit effort supporting literacy programs. Even if you check the box or call the local business office to sign up, you are not required to pay the literacy donation. Phone service will not be terminated if you do not contribute. To discontinue your literacy donation, call the phone number on page two of your bill.

Telephone service in Michigan is governed by the Public Service Commission, Lansing, Michigan.

Rate schedules for local exchange service rendered are available and will be mailed upon request.

\*\*\*\*\*

## FOR YOUR INFORMATION

Important billing information

When you provide a check, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process

00016265 0000088729

FOR YOUR INFORMATION

this transaction as a check. If you wish to be excluded from this process, please call 1-888-500-5358.

**Important Information**

Your basic local telephone service - Value Pak-60 - will undergo changes that will be reflected in your April billing statement. The changes are required by the Michigan Legislature and are currently before the Michigan Public Service Commission. Value Pak-60 will change to become Value Pak-100, which includes 100 calls for the service rather than the 60 calls under your current service. The current rate for Value Pak-60 is \$16.76, which appears on the Residence Line on your bill. The rate for Value Pak-100, which reflects the additional 40 local calls for a total of 100, is \$17.96 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

**Important Information**

In order to protect your confidential information, Verizon has procedures in place to establish the identity of our customers before we discuss or transact any business on their account. Customers should have their bill in front of them to provide either the customer code/account code, the exact bill amount, the exact payment amount or an exact 7-digit or 10-digit regional/local toll or long distance call that appears on their current bill.

**Important Information**

To reduce the number of line items on your bill, Verizon has filed with the Michigan Public Service Commission to combine the Subscriber Line Charge with the charge for Value Pak-100 service. The separate Subscriber Line Charge will no longer be printed on your bill. This will not result in an increase to your total bill. The change is expected to take place on or after April 1, 2006 pending Commission proceeding in Case No. U-14767.

**Word about Verizon's Directory Assistance and Voice Recognition**  
Verizon's directory assistance service (411) uses voice recognition to assist customers in obtaining directory listings. Voice Recognition (VR), captures the spoken words and provides the information requested (or passes the call to a live operator to complete, depending on the request). VR improves over time, tuning spoken words and accents for each local area.

Customers of Verizon's directory assistance can obtain addresses, area codes and information about telephone numbers (reverse search) simply by stating the need at the beginning of the call. In order to provide quick service and accurate numbers when using the VR feature, remember to keep background noise to a minimum; provide information as it is requested (extra information such as spelling a word hinders the system search), and speak with a regular speed and tone to your voice.

**Important Credit Reporting Notice**

Verizon furnishes bill payment information for all of our customers to the major credit reporting agencies in accordance with the Fair Credit Reporting Act (FCRA). Please make your payment timely by the due date indicated on page 1 of your bill. To establish or re-establish a good track record of making payments on time, consider signing up for our automated Direct Payment Enrollment on the reverse side of your remittance form on page 2 of your bill.

Billing Date: 03/10/06 Page 1 of 4  
Telephone Number :  
Account Number: '  
How to Reach Us : See page 2

#### Account Summary

|                                     |          |
|-------------------------------------|----------|
| Previous Charges                    | \$ 28.85 |
| Payment Received Mar 02. Thank You. | 28.85    |
| Balance                             | \$ .00   |

#### New Charges

|                              |                 |
|------------------------------|-----------------|
| Verizon (page 3)             | \$ 28.85        |
| <b>Total New Charges Due</b> | <b>\$ 28.85</b> |

To avoid a late payment charge of \$5.00 plus 1.5% of past due amounts, payment must be received before Apr 09, 2006.

|                                    |                 |
|------------------------------------|-----------------|
| <b>Total Due: (Past Due + New)</b> | <b>\$ 28.85</b> |
|------------------------------------|-----------------|

We will automatically debit the total amount due from your bank account. Do not send payment.  
Your bank will pay on or after Mar 30 .



#### Moving?

Take your Verizon phone and DSL service with you. Moving is stressful enough. The last thing you should have to worry about is reconnecting your phone and Internet service at your new place. Let us do that for you. Visit [verizon.com/easymoving](http://verizon.com/easymoving) or call your local business office.

#### Mail payments to:

Verizon North, PO Box 920041, Dallas TX 75392-0041



Account:

*Become a Literacy Champion! Call your local business office and sign up to donate \$1 a month to Verizon Reads.*

03/19/06



Telephone Number: \*

Account Number:

How to Reach Us: See below

How to Reach Us

|                             |                                               |                      |                    |
|-----------------------------|-----------------------------------------------|----------------------|--------------------|
| Billing questions           | verizon.com/onlinehelp                        | 1 800 483-3000       | 8 am - 6 pm M-F    |
| Repair                      | verizon.com/repair                            | 1 800 483-1000       | 24 hours a day     |
| To order services           | verizon.com/storefront                        | 1 800 483-4000       | 8 am - 6 pm M-F    |
| Are you moving?             | verizon.com/movingcenter                      | 1 800 483-4000       | 8 am - 6 pm M-F    |
| Centro Hispano de Verizon   | verizon.com/espanol                           | 1 800 743-2483       | 8 am - 6 pm M-F    |
| Online billing & payment    | verizon.com/billview                          |                      | 24 hours a day     |
| Direct payment enrollment   | verizon.com/billpay                           | 1 800 345-6563       | 24 hours a day     |
| Customers with disabilities | verizon.com/disabilities                      | 1 800 974-6006 v/tty | 8 am - 6 pm M-F    |
| Tariff questions            | www.verizon.com/tariffs                       | 1 800 483-3000       | 8 am - 5:30 pm M-F |
| Correspondence address      | P.O. Box 11328, St. Petersburg, FL 33733-1128 |                      |                    |

About Your BillHow to Pay Your Bill

Please mail your payment using the return envelope. Include the payment stub to ensure proper credit. If you pay in person, bring your entire bill, including the payment stub, to an authorized payment location. Be sure to write your 18-digit Account Number shown above on your check or money order.

Questions About Your Bill

If you have questions concerning your bill, please call the appropriate "Billing questions" number listed above on your bill.

Unresolved Issues

If your Verizon customer service representative cannot solve your problem, ask to speak to a supervisor or manager. If you still have not resolved your complaint, call 1-800-483-7988 and speak with a Customer Relations Specialist.

Previous Payments

You may have sent us a payment not processed in time to be reflected on your current billing statement. Please deduct any amount already paid before sending your current payment.

Past Due Amounts

The due date on your bill only applies to the current charges. Any past due amount should be paid immediately.

Late Payment Charges

To avoid a late payment charge of 1.5% plus \$5.00, full payment must be received by the due date shown on page 1.

Service Suspension for Non-Payment

Based on the state regulatory and notice requirements, once your bill is past due, some or all of your service may be suspended. Charges may apply to suspend and reconnect service. A deposit to reestablish your service may also be required.

Returned Checks

In some states, a returned check charge may apply for each check returned for any reason.

Additional Information

Please consult your local directory for additional billing and service information.

Billing Date: 03/10/06 Page 3 of 4

Telephone Number:

Account Number:

How to Reach Us: See page 2

| MONTHLY SERVICE - BASIC (Mar 10 to Apr 10) |     |           |          |
|--------------------------------------------|-----|-----------|----------|
| Description                                | Qty | Unit Rate |          |
| 1 Residence line - Value Pak service       | 1   | 8.39      | 8.39     |
| 2 Intrastate access                        | 1   | 3.25      | 3.25     |
| 3 Interstate access charge                 | 1   | 6.50      | 6.50     |
| Total                                      |     |           | \$ 18.14 |

| BASIC SERVICE TAXES AND SURCHARGES |  |  |          |
|------------------------------------|--|--|----------|
| 4 Federal excise tax at 3.00%      |  |  | .58      |
| 5 State tax at 6.00%               |  |  | 1.15     |
| 6 Emergency telephone service      |  |  | .36      |
| 7 911 Operational Charge           |  |  | 4.00     |
| 8 Federal Universal Service Fee    |  |  | .67      |
| Total                              |  |  | \$ 6.76  |
| Verizon basic charges              |  |  | \$ 24.90 |

| MONTHLY SERVICE - NON-BASIC (Mar 10 to Apr 10) |     |           |         |
|------------------------------------------------|-----|-----------|---------|
| Description                                    | Qty | Unit Rate |         |
| 9 Inside Wire Maintenance                      | 1   | 3.95      | 3.95    |
| Total                                          |     |           | \$ 3.95 |

Verizon non-basic charges \*\* \$ 3.95  
\*\*Non-payment of non-basic service charges WILL NOT result in the disconnection of your local telephone service.

Total Verizon charges \$ 28.85

If you have called your local business office and signed up to be a Literacy Champion, a tax deductible \$1 donation will be included monthly in the Verizon section of your bill. Contributions will benefit Verizon Reads, a non-profit organization supporting literacy programs. Even if you call the local business office to sign up, you are not required to pay the literacy donation. Phone service will not be terminated if you do not contribute. To discontinue your literacy donation call the phone number listed on page 2 of your bill.

Telephone service in Michigan is governed by the Public Service Commission, Lansing, Michigan.

Rate schedules for local exchange service rendered are available and will be mailed upon request.

\*\*\*\*\*

#### FOUR\_YOUR\_INFORMATION

Important billing information  
When you provide a check, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process this transaction as a check. If you wish to be excluded from this process, please call 1-888-500-5358.

Important Information  
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Billing Date: 03/10/06 Page 4 of 4

Telephone Number:

Account Number:

How to Reach Us: See page 2

F O R \_ Y O U R \_ I N F O R M A T I O N \_

for a total of 100, is \$17.98 and will be included in your April bill. If you would like to discuss your calling plan and see what other options are available to you, please call 1-800-483-4000.

**Important Information**

To reduce the number of line items on your bill, Verizon has filed with the Michigan Public Service Commission to combine the Subscriber Line Charge with the charge for Value Pak-100 service. The separate Subscriber Line Charge will no longer be printed on your bill. This will not result in an increase to your total bill. The change is expected to take place on or after April 1, 2006 pending Commission proceeding in Case No. U-14767.

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**Important Credit Reporting Notice**

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[My Cart](#) [My Account](#) [Customer Support](#) [Sign In](#)

[verizon.com](#) [Residential](#) [Business](#)

[For Your Home](#) [Verizon Freedom](#) [Long Distance](#) [Calling Plans](#) [Calling Features](#) [View Product List](#)

## Value Pak-100

Monthly Fee: \$17.96-\$17.98

 [add to cart](#)

### Connect with those closest to you.

With Value Pak-100, you'll get better value for calls placed within your local calling area. The first 100 completed calls are credited at no charge. Each additional call over the initial 100 is only \$0.04 per completed call.



The local calling area includes your home exchange and any Extended Area Service (EAS) exchanges that are available for your area. All local calls should be dialed with seven-digit dialing within the same area code, and with 1 + 10-digit dialing outside your area code.

[← back](#) [add to cart](#)

Additional charges may apply including but not limited to monthly charges such as Extended Area Calling (EAC), Extended Local Services (ELS), Adder rates, Subscriber Line charges, Non-Adjacent Extended Area Service surcharges, Federal Universal Service Fund surcharges, Local Number Portability and one time charges such as Service Order and Line Connection, where applicable by state. Contact Verizon for more details.

Pricing information is based upon the state or area code and telephone number you provided. Ranges of prices are offered for some products, and additional charges may apply. Pricing may not reflect current promotional pricing. In the event of a discrepancy between the information contained here and the applicable tariff, the tariff terms shall prevail. If pricing information is not available, **contact Verizon** for more details. Detailed pricing information will be available when you place your order.

### Service Loc

Michigan

### Product Re

Find products that best mee

### Resources

[Calls cover](#)



Before the  
Michigan Public Service Commission  
Lansing, MI 48909

In the Matter of

Attorney General's Notice of Appearance and Intervention and Request  
for Hearing on Primary Basic Local Exchange Increases

Case No. U-14731

**COMMENTS OF AARP**  
**March 29, 2006**

Bill Knox  
Associate State Director for Government Affairs  
AARP Michigan  
309 N. Washington Square  
Lansing, MI 48933  
wknox@aarp.org

AARP is a nonprofit, nonpartisan membership organization that helps people 50+ have independence, choice and control in ways that are beneficial and affordable to them and society as a whole. We produce AARP The Magazine, published bimonthly; AARP Bulletin, our monthly newspaper; AARP Segunda Juventud, our bimonthly magazine in Spanish and English; NRTA Live & Learn, our quarterly newsletter for 50+ educators; and our website <<http://www.aarp.org>>. AARP Foundation is an affiliated charity that provides security, protection, and empowerment to older persons in need with support from thousands of volunteers, donors, and sponsors. We have staffed offices in all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands.

AARP supports the intervention and request for hearing by Attorney General Mike Cox on proposed rate increases for primary basic local exchange service.

AARP Michigan is a nonprofit corporation with 1.5 million members in Michigan. We were deeply involved in the legislative hearings and negotiations on House Bill 5237, which became Public Act 235 of 2005, and which substantially revised the Michigan Telecommunications Act.

Prior to passage of 2005 PA 235, the act permitted providers to charge residential telephone customers regulated rates for various monthly call plans. The Michigan Public Service Commission set rates for plans allowing an unlimited number of calls per month, as well as several other plans allowing fewer calls. The fewest number of rate-regulated calls under these monthly plans was 50.

2005 PA 235 created a new category of rate-regulated service, and eliminated rate regulation of all other plans. “Primary basic local exchange service” is defined [in Section 101 (y)] as provision of one access line to include no fewer than 100 outgoing calls a month, at least 12,000 outgoing minutes per month and unlimited incoming calls per month.

Thus, under the new act, rate regulation on behalf of consumers went from all plans down to 100-call plans. While AARP did not support these limitations on rate regulation, it believes the Michigan Public Service Commission should take seriously its charge to regulate by holding public proceedings on proposals to increase rates for the new primary basic local exchange service, since it is no longer regulating rates for any other residential telephone service.

2005 PA 235 [Sec. 304 (1)] says that the initial rates [for primary basic local exchange service] “may not exceed the rates for the lowest cost calling plan that includes a limited number of outgoing calls of the provider in place *before the rates are set under this subsection.*”[emphasis added]

At least two providers have filed tariffs that exceed the rates charged for their 50-call plans before any rate procedure has occurred. There has been no finding that these rates are “just and reasonable” as required under Sec. 304 (2)(d) of 2005 PA 235.

We support the Attorney General’s contention that the commission may not delegate to staff the task of determining that a rate is “just and reasonable” and that the commission must hold a public hearing at which providers and others may appear to present evidence concerning rate increase requests.

We also argue that any different interpretation defies both the plain language of the statute and the publicly stated intent of the new law as expressed by its sponsor and primary author.

In a statement<sup>1</sup> issued on Nov. 22, 2005, Rep. Mike Nofs of the 62<sup>nd</sup> Michigan State Representative District and primary sponsor of House Bill 5237, said

“The MPSC will set a rate floor and ceiling on the basic service and then allow the companies to move between those two levels based on competition in the marketplace . . . This protects consumers from rate spikes and the potential for predatory pricing.

“We also helped Michigan families by increasing the minimum number of calls for basic phone service from 50 to 100. Now grandparents can talk to their grandchildren more times during the month, *for the same cost.*” [emphasis added]

AARP also notes a MIRS report<sup>2</sup> dated Nov. 3, 2005, quoting Rep. Nofs as saying “In addition, one of the biggest parts for me is that seniors will be able to get 100 calls for what they’re now paying for 50”

We therefore urge the commission to hold full, evidentiary contested case hearings on the proposed rate increases for the 100-call plans, including testimony from interested parties to include the Attorney General and customer groups as well as providers.

---

<sup>1</sup> House Republican Communications Services news release 22 Nov. 2005

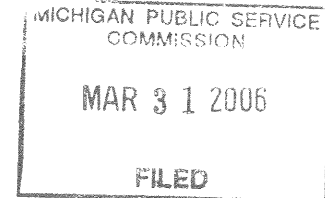
<sup>2</sup> MIRS edition of Nov. 2, 2005



# Michigan Consumer Federation

4990 Northwind Dr. • Suite 225  
East Lansing, Michigan 48823  
517/324-9930 • Fax 517/324-9942  
michiganconsumer.org  
E-mail mcf@acd.net

*Richard D. Gamber Jr., Executive Director*



Before the  
Michigan Public Service Commission  
Lansing, MI 48909

In the Matter of

Attorney General's Notice of Appearance and Intervention and Request  
for Hearing on Primary Basic Local Exchange Increases

Case No. U-14731

## **COMMENTS OF MICHIGAN CONSUMER FEDERATION**

Richard D. Gamber Jr  
Executive Director  
Michigan Consumer Federation  
4990 Northwind Drive, Suite 225  
East Lansing, MI 48823  
517 324 9930  
mcf@acd.net

Michigan Consumer Federation ("MCF") is a nonprofit, nonpartisan membership organization that represents consumer interests in legislative and regulatory matters. It has over 10,000 members throughout Michigan, including many in the service territories of AT&T Michigan and Verizon, the state's largest providers of local telephone service.

2005 PA 235 significantly altered the regulation of rates for basic local service, eliminating regulation of unlimited local calling plans as well as a mandated 400 call plan. The fewest number of calls with rate regulation was 50 prior to passage of the new act.

With passage of 2005 PA 235, "primary basic local exchange service," defined in Section 101 (y), became the only regulated rate, allowing provision of no fewer than 100 outgoing calls a month with at least 12,000 outgoing minutes per month.

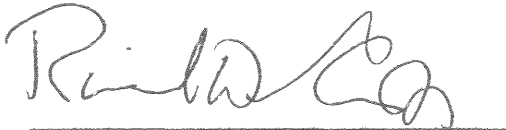
The Michigan Legislature was quite specific in detailing the rates to be allowed for primary basic local exchange service. Section 304(1) states that they "may not exceed the rates for the lowest cost calling plan that includes a limited number of outgoing calls of the provider in place before the rates are set under this subsection."

We see no vagueness or ambiguity in that wording. The plain reading of the statute makes it clear that the Michigan Legislature did not intend to authorize a rate increase. If that in-and-of-itself is not a clear statement of intent, one need only look to the comments of Representative Mike Nofs, the primary sponsor of House Bill 5237, which became 2005 PA 235. Here is what he stated to MIRS regarding the passage of the act: "In addition, one of the biggest parts for me is that seniors will be able to get 100 calls for what they're now paying for 50."

Consequently, we are baffled by the fact that at least two providers have filed tariffs for the new "basic local exchange service" that exceed the rates charged for their previous lowest cost calling plan -- the 50 call plan. Absent a finding that these rates are "just and reasonable" as required under Section 304 (2)(d) of 2005 PA 235, we believe the statute clearly directs the commission to reject these new tariffs.

The Attorney General argues that the commission may not delegate to staff a finding that a rate is "just and reasonable." We concur. We also support his contention that the commission must hold a public hearing to allow all interested parties to participate.

Respectfully submitted,



Richard D. Gamber Jr.  
Executive Director  
Michigan Consumer Federation

March 30, 2006

**VERIZON North Inc.**  
Tariff M.P.S.C. No. 1R

1st Revised Sheet 1  
Canceling Original Sheet 1

**VERIZON NORTH INC.**

(formerly GTE North, Incorporated)

**SCHEDULE OF RATES, CHARGES AND  
REGULATIONS GOVERNING**

**BASIC TELEPHONE SERVICE**

Applying in the Exchanges of this Company,  
in Michigan.

**BASIC TELEPHONE SERVICE**  
**GENERAL**

**LOCAL EXCHANGE RATES**

**BASIC EXCHANGE SERVICE TYPE II**

| Rate Groups                                | 1     | 2     | 3      | 4       | 5       |
|--------------------------------------------|-------|-------|--------|---------|---------|
| Main                                       | 1     | 1,501 | 6,001  | 30,001  |         |
| Terminal                                   | thru  | thru  | thru   | thru    | Over    |
| Counts                                     | 1,500 | 6,000 | 30,000 | 180,000 | 180,000 |
| <b><u>Residence Rates:</u><sup>2</sup></b> |       |       |        |         |         |
| Key (A) <sup>1</sup>                       | 15.90 | 15.90 | 15.90  | 15.90   | 15.90   |

One-Party Value Pak-100 (B) <sup>1, 3, 4, 5</sup> 17.98 (I) 17.98 (I) 17.98 (I) 17.98 (I) 17.98 (I)

- (A) Local message unit at \$.04 applies per originating completed call within the Local Calling Area.
- (B) Local message unit per-call charge of \$.04 applies per originating completed call within the Local Calling Area. Value Pak-100 allows for no fewer than 100 outgoing voice calls per month and a total of up to 12,000 outgoing minutes per month and unlimited incoming calls.

**TERMINATION LIABILITY AGREEMENT:**

In the event Service is terminated by the customer prior to completion of the initial term commitment period, the customer shall be liable for payment of termination liability charges as set forth in Tariff M.P.S.C. No. 7R, GENERAL REGULATIONS, TERMINATION LIABILITY.

The rate for Rotary Service on individual line services is \$4.60 per line, per month, plus the basic service rate as shown.

The availability of Exchange Telephone Service within a particular exchange is limited to the classes and grades of service indicated in schedules found in Sheets 3.2 - 3.12 following.

All calls to 911 emergency service; calls to the Telephone Company Business Office, Directory Assistance, and Repair Service; and operator completed calls will be exempt from Message unit charges.

- <sup>1</sup> Basic Exchange Service does not include the provision of a station.
- <sup>2</sup> Residence Key rates on Sheet 3 of this tariff apply to the dormitory portion of local residence service provided to colleges and universities in Type II exchanges.
- <sup>3</sup> Residential service with Touch Call Service.
- <sup>4</sup> One-Party Value Pak-100 is the Primary Basic Local Exchange offering per M.P.S.C. order U-14731.
- <sup>5</sup> Value Pak-100 is available to qualified customers with disabilities, and authorized volunteers of non-profit organizations, or volunteers of chartered veterans organizations without normal message unit charges.
- \* One-Party Unlimited service and One-Party Econo Pak service have been deregulated and are available for subscription upon request.
- \* Some material now appearing on this sheet previously appeared on Sheet 3.1.

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Muskegon, Michigan