

## STATE OF MICHIGAN

## BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of )  
Southwest Michigan Communications, Inc.) Case No. U-14804  
for the issuance of a temporary and ) Prehearing  
permanent license to provide basic )  
local exchange service. )

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## VOLUME 1

Proceedings held in the above-entitled matter  
before Mark D. Eyster, Administrative Law Judge, at the  
Michigan Public Service Commission, 6545 Mercantile Way,  
Lansing, Michigan on Tuesday, May 9, 2006 at 9:00 a.m.

## APPEARANCES:

On behalf of Southwest Michigan Communications, Inc.:

Mr. Michael C. Rampe (P58189)  
Miller, Canfield, Paddock and Stone  
One Michigan Avenue, Suite 900  
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(517) 483-4941

On behalf of the Commission Staff:

Mr. Thomas E. McClear (P25585)  
Assistant Attorney General  
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Lansing, MI 48911  
(517) 241-6680

Reported by:

Lorea Spicer, CSR 7172  
Certified Shorthand Reporter  
(313) 963-5410

I N D E X

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WITNESSES

EXAMINER

TYPE

None

EXHIBITS

None

Lansing, Michigan

Tuesday, May 9, 2006

At approximately 9:00 a.m.

- - -

JUDGE EYSTER: We're on the record in Case No. U-14804. This is an application by Southwest Michigan Communications, Inc. to provide basic local exchange service for -- well, I'm not going to go through the entire territory. This hearing is being held in front of Administrative Law Judge, Mark D. Eyster. Today is the date and time set for an evidentiary hearing and today's date is May 9th. Could I have the appearances of counsel please.

MR. RAMPE: Good morning, your Honor, Michael Rampe of Miller Canfield Paddock and Stone on behalf of the Applicant, Southwest Michigan Communications, Inc.

MR. MCCLEAR: Good morning, your Honor, Thomas E. McClear, on behalf of the Staff of the Michigan Public Service Commission.

JUDGE EYSTER: Mr. Rampe.

MR. RAMPE: Thank you, your Honor. Well, I thought I would start first by addressing the issue of notice. On April 17th of 2006 the Commission's Executive Secretary directed the company to issue notice of it's application and notice of today's hearing and to state in the notice that today's hearing would be taking place, and then to

1 interventions, if any, would be due on May 5th. On April 21,  
2 2006 the company issued a Notice of Hearing to all Michigan  
3 counties, the Michigan Attorney General and all registered  
4 telecommunication providers and filed proof of service with  
5 the Commission on May 4th.

6 JUDGE EYSTER: Mr. McClear, any concerns about the  
7 service?

8 MR. MCCLEAR: No, your Honor. Staff was provided a  
9 copy and has examined it. We have no concerns.

10 JUDGE EYSTER: Mr. Rampe?

11 MR. RAMPE: Okay, your Honor. I have with me this  
12 morning the Affidavit of Joe Snyder, who is the General  
13 Manager of the Applicant, along with Mr. Snyder's prefiled  
14 testimony and exhibits. Mr. Snyder's Affidavit attests that  
15 if he were here today you would be sponsoring into the record  
16 his testimony and his exhibits as they were prefiled, with  
17 the only change being that Exhibit JS-2, which has been  
18 marked now Exhibit A-2 is being sponsored as it was filed in  
19 it's revised form on April 4th. Just to clarify, Exhibit A-2  
20 was revised and filed on April 4th in order to add a page  
21 four to that exhibit. As filed originally the exhibit  
22 consisted of three pages, but after some discussions with  
23 Staff we revised the exhibit to add a fourth page.

24 I am requesting this morning that pursuant to Mr.  
25 Snyder's Affidavit that the testimony be bound into the

1 record and that the exhibits as they have been marked by the  
2 court reporter be admitted into evidence. The Applicant is  
3 requesting confidential treatment of Exhibit A-2.

4 For the record, I would just state that just to  
5 clarify what the exhibits are, what was prefiled as Exhibit  
6 JS-2 has been marked by the court reporter as Exhibit A. Let  
7 me start over again. What was filed as Exhibit JS-1 and  
8 marked by the court reporter as Exhibit A-1 is the company's  
9 Articles of Incorporation. What was filed as confidential  
10 Exhibit JS-2 is marked as Exhibit A-2, consisting of the  
11 Applicant's financial information. What was filed as Exhibit  
12 JS-3 and marked now as Exhibit A-3 contains biographical  
13 information of key employees of the company. And finally,  
14 prefiled Exhibit JS-4 has been marked as Exhibit A-4 and  
15 consists of the company's small and minority own business  
16 participation plan.

17 JUDGE EYSTER: Any objections to the motion Mr.  
18 McClear?

19 MR. MCCLEAR: None, your Honor.

20 JUDGE EYSTER: The prefiled testimony will be bound  
21 into the record.

22 ---  
23  
24  
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**STATE OF MICHIGAN**  
**BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**

In the Matter of the Application of )  
**SOUTHWEST MICHIGAN** )  
**COMMUNICATIONS, INC.** )  
for the issuance of a temporary and )  
permanent license to provide basic local )  
exchange service. )  
\_\_\_\_\_ )

Case No. U-14804

**TESTIMONY OF JOE SNYDER**  
**ON BEHALF OF SOUTHWEST MICHIGAN COMMUNICATIONS, INC.**

1     **Q.    Please state your name, business address and telephone number.**

2     A.    My name is Joe Snyder. My business address is 101 W. Kalamazoo Street,  
3            Bloomingdale, Michigan, 49026. My business telephone number is 269-521-  
4            7300.

5

6     **Q.    What is your position with Southwest Michigan Communications,**  
7            **Inc. (SWMC)?**

8     A.    I am the General Manager of SWMC.

9

10    **Q.    What is the purpose of your testimony in this proceeding?**

11    A.    The purpose of my testimony is to provide support for SWMC's Application to  
12            provide basic local exchange services in the Adamsville, Allegan, Bangor,  
13            Cassopolis, Constantine, Covert, Decatur, Dowagiac, Edwardsburg, Fennville,  
14            Ganges, Gobles, Grand Junction, Hamilton, Hartford, Lawton, Marcellus,  
15            Mattawan, Paw Paw, Saugatuck, Sister Lakes, Schoolcraft, South Haven,  
16            Three Rivers, Union, Vandalia, and White Pigeon exchanges currently served  
17            by Verizon North Inc., and the Bridgman, Baroda, Glenn, Lacota, Lawrence,  
18            Pullman, and Sawyer exchanges currently served by Contel of the South, Inc.,  
19            d/b/a Verizon North Systems. My testimony specifically addresses SWMC's  
20            managerial, technical, and financial competence to provide  
21            telecommunications services for which authority is requested, and its  
22            compliance with the rules and policies of this Commission.

23

1     **Q.    Are you sponsoring any exhibits?**

2     A.    Yes, I am sponsoring Exhibits A-\_\_ (JS-1) through A-\_\_ (JS-4).

3

4     **Q.    Were these exhibits prepared by you or at your direction?**

5     A.    Yes.

6

7     **Q.    Please describe the authority that SWMC seeks from the**  
8           **Commission.**

9     A.    SWMC seeks temporary and permanent authority to provide basic local  
10          exchange service in the exchanges I identified above.

11

12    **Q.    Is SWMC legally authorized to do business in Michigan?**

13    A.    Yes. SWMC is registered through the Michigan Department of Consumer and  
14          Industry Services as a corporation. Exhibit A-\_\_ (JS-1) consists of SWMC's  
15          Articles of Incorporation.

16

17    **Q.    Please describe your professional experience.**

18    A.    I began my career in telecommunications in 1986 after I graduated with my  
19          Bachelor's Degree in Accounting from Truman State University. I was  
20          originally hired as the company accountant for Citizens Mutual Telephone  
21          Company in Bloomfield, Iowa, where my responsibilities included oversight of  
22          payroll, accounts payable, RUS loan documents, budget preparation, and all  
23          financial statements for the company.

1 In 1987, I was promoted to office manager and took on the additional  
2 responsibilities of management oversight of the customer service department,  
3 management-level customer contact, the customer billing systems, customer  
4 provisioning, and new product development. Under my direction the  
5 company successfully introduced the new products of cellular service, long  
6 distance resale, prepaid calling cards, voice mail, caller identification, and  
7 digital subscriber line service. I worked at Citizens Mutual Telephone  
8 Company until 2002, at which time I accepted the position of Operations  
9 Manager for Bloomingdale Telephone Company. I have since been promoted  
10 to General Manager of Bloomingdale Telephone Company.

11  
12 **Q. Please describe the types of services that SWMC will offer in**  
13 **Michigan.**

14 A. SWMC would provide basic local exchange service, among other services, in  
15 the exchanges I identified above.

16  
17 **Q. When will SWMC commence providing service within the requested**  
18 **service areas?**

19 A. SWMC intends to begin providing service no later than one year from receipt  
20 of its license.

21  
22 **Q. Please explain SWMC's reasons for requesting a temporary license.**

1 A. SWMC needs a temporary license in order to commence providing service as  
2 soon as possible and to begin negotiating interconnection agreements.  
3 Accordingly, SWMC is requesting issuance of a temporary license so that it  
4 may make all necessary preparations.

5

6 **Q. Does SWMC have adequate capital to provide the proposed services**  
7 **in Michigan?**

8 A. Yes. SWMC possesses the financial qualifications required of applicants for  
9 the license requested herein. SWMC has access to the capital necessary to  
10 fulfill any obligations it may undertake with respect to the operation and  
11 maintenance of the services specified in this Application. Confidential Exhibit  
12 A-\_\_ (JS-2) provides more detail in this regard. I must add that SWMC is a  
13 wholly-owned subsidiary of Bloomingdale Telephone Company, which will  
14 provide financial backing to SWMC.

15

16 **Q. Does SWMC have sufficient managerial and technical resources to**  
17 **provide the proposed services?**

18 A. Yes. Exhibit A-\_\_ (JS-3) consists of biographical information on myself, Mr.  
19 Robert Remington (our President), and Daniel Key (our plant manager). As  
20 the exhibit shows, SWMC will have the benefit of highly experienced  
21 personnel, all of whom are already involved in Bloomingdale Telephone  
22 Company's operations. Additionally, SWMC will have the benefit of other  
23 experienced individuals who are also employees of Bloomingdale Telephone

1 Company, which has been successfully providing telecommunications services  
2 and products since 1908. Thus, SWMC is technically qualified to provide local  
3 exchange and broadband services in the state of Michigan.  
4

5 **Q. If the Commission grants the requested license, will SWMC abide by**  
6 **the rules, regulations, policies, and orders of the Commission, and**  
7 **the laws of the state of Michigan, in its provision of services?**

8 A. Yes. SWMC plans to offer high-quality telecommunication services. SWMC  
9 will implement the procedures necessary to prevent any prohibited practices  
10 and will comply with the Commission's rules on quality of service and billing  
11 standards.  
12

13 **Q. Please describe the public interest benefits associated with SWMC's**  
14 **proposed offering of local services in Michigan.**

15 A. The Commission has determined that it is in the public interest to promote  
16 competition in the provision of telecommunication services. The law was  
17 designed to promote increased competition in the telecommunications  
18 market. Moreover, the Commission has already determined that the grant of  
19 applications for competing licenses to provide basic local exchange services is  
20 in the public interest. The grant of SWMC's Application will further the public  
21 interest by expanding the availability to Michigan consumers of  
22 technologically advanced telecommunication facilities and services. SWMC's  
23 services will benefit the public directly, through the use of the high-quality

1 and reliable services, and indirectly, because SWMC's presence will expand  
2 the market and will increase the incentives for other telecommunications  
3 providers to operate more efficiently, offer more innovative services, reduce  
4 their prices, and improve their quality of service. Grant of this Application is,  
5 therefore, in the public interest because it will enhance the service options  
6 available to Michigan citizens.

7  
8 **Q. Is SWMC prepared to file tariffs prior to providing service?**

9 A. Yes. SWMC will file a tariff similar in content to either the generic tariff  
10 exhibited on the Commission's website, or to Bloomingdale Telephone  
11 Company's tariff, prior to the provisioning of regulated local exchange service.

12  
13 **Q. Does SWMC have a Small and Minority-Owned Business**  
14 **Participation Plan?**

15 A. Yes. SWMC's Small and Minority-owned Business Participation Plan is  
16 attached as Exhibit A-\_\_ (JS-4).

17  
18 **Q. Does this conclude your testimony?**

19 A. Yes.

20 LALIB:139274.1\000000-00000 03/01/06

1 JUDGE EYSTER: The Proposed Exhibits A-1 through  
2 A-4 will be admitted into evidence and A-2 will be treated as  
3 confidential.

4 Anything else, Mr. Rampe?

5 MR. RAMPE: No. I would offer on behalf of the  
6 company to stipulate to a waiver of Section 81.

7 MR. MCCLEAR: We would so waive, your Honor.

8 JUDGE EYSTER: The parties have stipulated to a  
9 Section of 81. Anything else?

10 MR. RAMPE: I would only add your Honor that I did  
11 not receive any Notice of Intervention and I does not appear  
12 that anybody is here to intervention.

13 JUDGE EYSTER: It does not appear that way. Mr.  
14 McClear, anything else.

15 MR. MCCLEAR: Nothing, your Honor.

16 JUDGE EYSTER: We're off the record. Thank you  
17 very much.

## C E R T I F I C A T E

STATE OF MICHIGAN)

COUNTY OF INGHAM )

I certify that this transcript, consisting of 14  
pages, is a complete, true and correct transcript of the  
proceedings and testimony taken in this case on May 9, 2006.

5-22-06

Date

Signature  
Not Verified**Lorea A.  
Spicer**

Digitally signed by  
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