

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
Peninsula Fiber Network, LLC for the) Case No. U-14829
issuance of a temporary and permanent) Evidentiary Hearing
license to provide basic local exchange)
service.)
_____)

VOLUME 1

Proceedings held in the above-entitled matter
before Mark C. Cummins, Administrative Law Judge, at the
Michigan Public Service Commission, 6545 Mercantile Way,
Lansing, Michigan on Tuesday, May 23, 2006 at 9:00 a.m.

APPEARANCES:

On behalf of Peninsula Fiber Network, LLC:

Mr. Michael C. Rampe (P58189)
Miller, Canfield, Paddock and Stone
One Michigan Avenue, Suite 900
Lansing, MI 48933
(517) 483-4941

On behalf of the Commission Staff:

Mr. Thomas E. McClear (P25585)
Assistant Attorney General
6545 Mercantile Way, Suite 15
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

James P. Brogan III (Testimony bound-in) 6

EXHIBITS

None

Lansing, Michigan

Tuesday, May 23, 2006

At approximately 9:02 a.m.

- - -

JUDGE CUMMINS: This is the time and place set for an Evidentiary Hearing in Case No. U-14829 in the matter of Peninsula Fiber Network, LLC for license to provide basic local exchange service in all upper peninsula zones and exchange areas served by AT&T Michigan.

I'm Mark Cummins the Administrative Law Judge assigned to this matter. Could I have appearances of counsel starting with the company please?

MR. RAMPE: Good morning your Honor, Michael C. Rampe of Miller Canfield Paddock and Stone on behalf of the Applicant, Peninsula Fiber Network.

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

JUDGE CUMMINS: Thank you very much. Mr. Rampe could you just briefly address the status of the Notice of Hearing in this matter?

MR. RAMPE: Yes, your Honor. In a letter dated April 24, 2006 the Commission's Executive Secretary directed the company to issue notice of it's application and to state in the notice that any interventions would be due on May

1 19th. And, of course to also advise of today's hearing.

2 On May 5, 2006 the company issued a Notice of
3 Hearing to all Michigan counties located in the U.P. as well
4 as to the Michigan Attorney General and all registered
5 telecom providers. A Proof of Mailing was filed with the
6 Commission on May 5th.

7 JUDGE CUMMINS: Very well. Any concerns with
8 regard to notice in this matter, Mr. McClear?

9 MR. MCCLEAR: We've looked it over your Honor and
10 have no objections.

11 JUDGE CUMMINS: I guess I should note for the
12 record, I believe that all of the information has been
13 uploaded on the Commission's website at this point?

14 MR. RAMPE: Yes.

15 JUDGE CUMMINS: With that being the case you may
16 proceed Mr. Rampe.

17 MR. RAMPE: Your Honor, I have brought with me
18 today the Affidavit of James P. Brogan III, along with Mr.
19 Brogan's prefiled testimony and exhibits.

20 Mr. Brogan's Affidavit attests that if he were here
21 today you would be sponsoring into the record his testimony
22 and his exhibits as they were prefiled, with the only
23 exception that the testimony has been revised with regard to
24 pages 7 and 8. Those revisions were filed with the
25 Commission on May 15th. Pages 7 and 8 were revised after I

1 had had some discussion with the Commission's Staff. So, the
2 testimony as being offered for binding today is as it was
3 revised on May 15th. So, pages 1 through 6 are as originally
4 filed, pages 7 and 8 are as filed on May 15th.

5 So, with that said, your Honor, I'm requesting that
6 pursuant to the Affidavit the testimony be bound into the
7 record and the exhibits as they have been marked by the Court
8 Reporter be admitted into evidence, and that Exhibit A-2
9 receive confidential treatment.

10 JUDGE CUMMINS: Very well. There were no changes
11 to the exhibits, correct?

12 MR. RAMPE: Correct.

13 JUDGE CUMMINS: Any objection to binding in the
14 testimony, Mr. McClear?

15 MR. MCCLEAR: None, your Honor.

16 JUDGE CUMMINS: The testimony of Mr. Brogan will be
17 bound into the record. This is the revised testimony, with
18 amended pages 7 and 8.

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the Application of	)	
PENINSULA FIBER NETWORK, LLC	)	
for the issuance of a temporary and	)	Case No. U-14829
permanent license to provide basic local	)	
<u>exchange service.</u>	)	

TESTIMONY OF JAMES P. BROGAN III
ON BEHALF OF PENINSULA FIBER NETWORK, LLC

1 **Q. Please state your name and business address.**

2 A. My full name is James Patrick Brogan III. I am known as Jay Brogan. My
3 business address is 108 W. Superior Street, Munising, Michigan 49862.

4
5 **Q. What is your position with Peninsula Fiber Network, LLC (PFN)?**

6 A. I am the Secretary of PFN.
7

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

9 A. The purpose of my testimony is to provide support for PFN's Application to
10 provide basic local exchange services in the Amasa, Bark River, Bergland,
11 Bessemer, Big Bay, Brevort, Calumet, Champion, Channing, Cornell, Crystal
12 Falls, Curtis, Engadine, Escanaba, Gladstone, Gwinn, Hermansville, Houghton,
13 Iron Mountain, Iron River, Ironwood, Ishpeming, Keweenaw, Lake Linden,
14 Mackinac Island, Marquette, Michigamme, Menominee, Negaunee, Newberry,
15 Norway, Perkins, Powers, Rapid River, Republic, Rock, Sault Ste. Marie,
16 Stephenson, St. Ignace, Trout Lake, Wakefield, and Watersmeet exchanges.
17 All of these exchanges are located in the Upper Peninsula, and AT&T
18 Michigan is the incumbent local exchange carrier in each exchange. My
19 testimony specifically addresses PFN's managerial, technical, and financial
20 competence to provide telecommunications services for which authority is
21 requested, and its compliance with the rules and policies of this Commission.

22
23 **Q. Are you sponsoring any exhibits?**

1 A. Yes, I am sponsoring Exhibits A-__ (JPB-1) through A-__ (JPB-4).

2
3 **Q. Were these exhibits prepared by you or at your direction?**

4 A. Yes.

5
6 **Q. Please describe the authority that PFN seeks from the Commission.**

7 A. PFN seeks temporary and permanent authority to provide basic local
8 exchange service in the exchanges I identified above.

9
10 **Q. Is PFN legally authorized to do business in Michigan?**

11 A. Yes. PFN is registered through the Michigan Department of Consumer and
12 Industry Services as a limited liability company. Exhibit A-__ (JPB-1)
13 consists of PFN's Articles of Organization, along with an amendment to PFN's
14 Articles of Organization that changed "Peninsular" to "Peninsula" in the name
15 of the company.

16
17 **Q. Please discuss your educational background.**

18 A. I graduated from Lake Superior State University in 1989 with a Bachelors
19 degree in Business. I also have an Associates Degree from Lake Superior
20 State University in Computer Engineering Technology.

21
22 **Q. Please explain your professional experience.**

1 A. Since 1985, I have held various positions with Ontonagon County Telephone
2 Company and Hiawatha Communications Inc. (HCI). In 1985, I became
3 Combination Man for Ontonagon County Telephone Company (OCTC). In
4 1989, I was promoted to Assistant Operations Manager for OCTC. In 1999, I
5 accepted the position of Director of Strategic Planning for HCI. From 2002 to
6 the present, I have been employed as the Vice President and Chief Operating
7 Officer of HCI. Also, I have worked on various projects for the independent
8 telephone industry. I am currently on the Board of Directors of the
9 Telecommunications Association of Michigan (TAM), and I am the Chairman
10 of the TAM Small Company Committee and the TAM Foundation, and I am a
11 member of the Ad-Hoc Legislative Task Force, and the TAM Executive
12 Committee. I am also the president of the Munising Rotary Club, and a
13 member of the Munising Memorial Hospital Board of Trustees.

14
15 **Q. Please describe the types of services that PFN will offer in Michigan.**

16 A. PFN would provide basic local exchange service, among other services, in the
17 exchanges I identified above.

18
19 **Q. When will PFN commence providing service within the requested**
20 **service areas?**

21 A. PFN intends to provide service within 1 year from the date the license is
22 granted.

1
2
3 **Q. Please explain PFN's reasons for requesting a temporary license.**

4 A. PFN needs a temporary license in order to commence providing service as
5 soon as possible and to begin negotiating interconnection agreements.
6 Accordingly, PFN is requesting issuance of a temporary license so that it may
7 make all necessary preparations.
8

9 **Q. Does PFN have adequate capital to provide the proposed services in**
10 **Michigan?**

11 A. Yes. PFN possesses the financial qualifications required of applicants for the
12 license requested herein. PFN has access to the capital necessary to fulfill
13 any obligations it may undertake with respect to the operation and
14 maintenance of the services specified in this Application. Confidential Exhibit
15 A-__ (JPB-2) is a copy of PFN's balance sheet.
16

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

19 A. Yes. Exhibit A-__ (JPB-3) consists of biographical information on myself, Mr.
20 Paul W. Stark (our President), and Dennis Dyer (our Treasurer). As the
21 exhibit shows, PFN will have the benefit of highly experienced personnel, all
22 of whom are already involved successfully operating Baraga Telephone
23 Company, Chippewa County Telephone Company, Hiawatha Telephone

1 Company, Midway Telephone Company, and Ontonagon County Telephone
2 Company. Thus, PFN is technically qualified to provide local exchange service
3 in the state of Michigan.
4

5 **Q. If the Commission grants the requested license, will PFN 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. PFN plans to offer high-quality telecommunication services. PFN will
9 implement the procedures necessary to prevent any prohibited practices and
10 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 PFN'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 PFN's Application will further the public
21 interest by expanding the availability to Michigan consumers of
22 technologically advanced telecommunication facilities and services. PFN's
23 services will benefit the public directly, through the use of the high-quality

1 and reliable services, and indirectly, because PFN's presence will expand the
2 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 PFN prepared to file tariffs prior to providing service?**

9 A. Yes. Prior to the provisioning of regulated local exchange service, PFN will
10 file a tariff resembling the Tariffs 1R and 31R of Baraga Telephone Company
11 and Hiawatha Telephone Company, which have been previously approved by
12 the Commission, subject to modification to reflect that only Primary Basic
13 Local Exchange Service is price regulated by the Commission. Tariffs 1R and
14 31R of Baraga Telephone Company¹ and Hiawatha Telephone Company² are
15 incorporated by reference.

16
17 **Q. Does PFN have a Small and Minority-Owned Business Participation**
18 **Plan?**

¹ Baraga Telephone Company's Tariff 1R may be viewed online at:
<http://www.mcco-cpa.com/documents/baragaPDFs/Baraga-1-complete.pdf>

Baraga Telephone Company's Tariff 31R may be viewed online at:
<http://www.mcco-cpa.com/documents/baragaPDFs/Baraga-31-complete.pdf>

² Hiawatha Telephone Company's Tariff 1R may be viewed online at:
<http://www.mcco-cpa.com/documents/hiawathaPDFs/Hiawatha-1-complete.pdf>

Hiawatha Telephone Company's Tariff 31R may be viewed online at:
<http://www.mcco-cpa.com/documents/hiawathaPDFs/Hiawatha-31-complete.pdf>

1 A. Yes. PFN's Small and Minority-owned Business Participation Plan is attached
2 as Exhibit A-__ (JPB-4).
3

4 **Q. Does this conclude your testimony?**

5 A. Yes.

1 JUDGE CUMMINS: Any objection to the receipt of
2 Exhibits A-1 through A-4?

3 MR. MCCLEAR: None, your Honor.

4 JUDGE CUMMINS: Very well. Exhibits A-1 through
5 A-4 are also received into evidence. And, as requested by
6 the Applicant Exhibit A-2 will be given confidential
7 treatment.

8 Anything further Mr. Rampe?

9 MR. RAMPE: The Applicant is willing to stipulate
10 to waiver of Section 81 of the APA.

11 JUDGE CUMMINS: Very well.

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

13 JUDGE CUMMINS: With that being the case, since it
14 is unopposed, I will forward this matter to the Commission
15 for it's consideration. Is there anything else we need to
16 address today? Hearing none the record is closed.

17 (Proceedings concluded at 9:07 a.m.)
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C E R T I F I C A T E

STATE OF MICHIGAN)

COUNTY OF INGHAM)

I certify that this transcript, consisting of 15
pages, is a complete, true and correct transcript of the
proceedings and testimony taken in this case on May 23, 2006.

6-6-06

Date

? Lorea A.
Spicer

Signature
Not Verified

Digitally signed
by Lorea A.
Spicer
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Lorea A. Spicer, CSR 7172
New Century Court Reporting
1131 First National Building
Detroit Michigan 48226