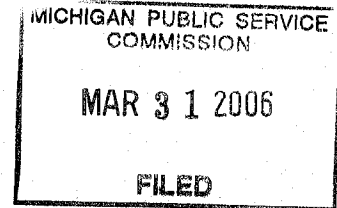




# Michigan Consumer Federation

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*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**

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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,



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Richard D. Gamber Jr.  
Executive Director  
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March 30, 2006