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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of
Liquid Web, Inc., for a temporary and
permanent license to provide basic
local exchange service in all the zone
exchange areas in Michigan presently
served by Michigan Bell Telephone
Company, d/b/a AT&T.

Case No. U-15961
Volume No. 1

EVIDENTIARY HEARING

Proceedings held in the above-entitled
matter before Barbara A. Stump, J.D., Administrative
Law Judge with SOAHR, at the Michigan Public Service
Commission, 6545 Mercantile Way, Room A, Lansing,
Michigan, on Tuesday, June 30, 2009, at 9:00 a.m.

APPEARANCES:

MICHAEL G. OLIVA, ESQ.
Loomis, Ewert, Parsley, Davis & Gotting
124 West Allegan Street, Suite 700
Lansing, Michigan 48933

On behalf of Liquid Web, Inc.

STEPHEN D. HUGHEY,
Assistant Attorney General
6545 Mercantile Way, Suite 15
Lansing, Michigan 48911

On behalf of Michigan Public Service
Commission Staff

- - -

REPORTED BY: Marie T. Schroeder, CSR-2183

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I N D E X

WITNESS:

PAGE

CHRIS STRANDT

Testimony bound in

5

E X H I B I T S

Number	Description	Mrkd	Ofrd	Recd
LW-1	Articles of Incorporation	3	4	13
LW-2	Confidential Financial Statements	3	4	13
LW-3	Small and Minority Owned Business Participation Plan	3	4	13

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Lansing, Michigan

Tuesday, June 30, 2009

9:00 a.m.

- - -

(Hearing commenced pursuant to due notice.)

(Documents were marked for identification by the
Court Reporter as Exhibits LW-1, LW-2, and LW-3.)

JUDGE STUMP: We're on the record in the
matter of the application of Liquid Web, Incorporated,
for a temporary and permanent license to provide basic
local exchange service in all the zone and exchange areas
in Michigan presently served by Michigan Bell Telephone
Company d/b/a AT&T, Case No. U-15961.

This is the time scheduled for an
evidentiary hearing. Could I have appearances, please.

MR. OLIVA: Good morning, your Honor.
Michael G. Oliva, Loomis, Ewert, Parsley, Davis & Gotting
on behalf of the applicant, Liquid Web, Inc.

JUDGE STUMP: Thank you.

MR. HUGHEY: Stephen Hughey on behalf of
commission staff.

JUDGE STUMP: Thank you. Would you like
to proceed, Mr. Oliva.

MR. OLIVA: Yes, your Honor. Given that
there have been no interventions in this case, we

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1 discussed with the staff having our witness present an
2 affidavit rather than be present for cross-examination,
3 and staff has agreed. Therefore, I would ask that we
4 have bound into the record the prefiled testimony of
5 Mr. Chris Strandt, together with his affidavit dated
6 June 29, 2009.

7 JUDGE STUMP: Did he have any exhibits?

8 MR. OLIVA: Yes, your Honor. The court
9 reporter has marked as exhibits in this case Exhibit
10 LW-1, which is a copy of the Articles of Incorporation of
11 Liquid Web, Inc., Confidential Exhibit LW-2 under seal
12 which are financial reports of Liquid Web, Inc., and
13 Exhibit LW-3, which is the small and minority owned
14 telecommunication business participation plan for Liquid
15 Web, Inc.

16 JUDGE STUMP: All right. The testimony
17 will be bound in the record.

18 - - -

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

In the matter of the Application of)
LIQUID WEB, INC. for a temporary)
and permanent license to provide basic local)
exchange service in all the zone and)
exchange areas in Michigan presently)
served by Michigan Bell Telephone)
Company d/b/a AT&T.)
_____)

Case No. U- 15961

TESTIMONY OF CHRIS STRANDT
ON BEHALF OF LIQUID WEB, INC.

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

A. My name is Chris Strandt. My business address is Liquid Web, Inc. 4210 S. Creyts Rd., Lansing, MI, 48917. My business telephone number is (800) 580-4985.

Q. What is your position with Liquid Web?

A. I am Liquid Web's Director of Infrastructure.

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

A. The purpose of my testimony is to describe the services that Liquid Web proposes to offer in Michigan, and to review issues related to Liquid Web's request for a license to provide such services. My testimony specifically addresses Liquid Web's managerial, technical, and financial competence to provide telecommunications services for which authority is requested, and its compliance with the rules and policies of this Commission.

Q. Are you sponsoring any exhibits?

A. Yes, I am sponsoring Exhibits LW-1 through LW-3.

Q. Please describe the authority that Liquid Web seeks from the Commission.

A. Liquid Web seeks authority to offer basic local exchange service in all the service areas in which Michigan Bell Telephone Company, now known as AT&T, is the incumbent local exchange carrier.

Q. Is Liquid Web legally authorized to do business in Michigan?

A. Yes. Liquid Web is a Michigan corporation. A copy of Liquid Web's Articles of Incorporation are attached as Exhibit LW-1.

Q. Please describe your background in the telecommunication industry.

A. After joining Liquid Web, I became responsible in part for its networks (both data and voice). This involves coordination with other Internet providers and exchange carriers, which include AT&T, to provision and maintain the connectivity that Liquid Web relies on as an Internet web hosting company. This requires knowledge of various facets of telecom technology and procedures. Prior to Liquid Web, I worked as a NOC Technician at Merit Network, Inc, another Internet service provider.

Q. Please describe the types of services that Liquid Web will provide in Michigan.

A. Liquid Web seeks authority to provide basic local exchange service in all the zone and exchange areas in which AT&T is the incumbent carrier. Based on my vast array of experience, I believe that Liquid Web will have no problem providing these services and competing in the telecommunications market.

Liquid Web intends to provide all forms of facilities-based and resold local exchange services to business and residential customers in Michigan these include:

- OC-3 through OC-192
- DS-3

- DS-1
- Connectivity and access to Telco Central Offices
- Transport services
- Point to Presence – Access at Waypoint termination panels
- Customer location – Termination at customer’s location
- 24/7 maintenance
- Long-haul fiber
- Metro ring fiber

Q. Is Liquid Web requesting a temporary license to begin providing services?

A. Yes.

Q. Please explain Liquid Web's reasons for requesting a temporary license.

A. Rapid deployment of service is essential to the company's venture, and so Liquid Web would like to commence providing service as soon as possible. In order to do so, Liquid Web must begin negotiating interconnection agreements with AT&T, and to complete the installation of any facilities Liquid Web needs in order to offer regulated basic local exchange service. Liquid Web needs a temporary license to begin undertaking these initiatives.

Q. Does Liquid Web have adequate access to the capital necessary to provide service in Michigan?

A. Yes, Liquid Web possesses the financial qualifications required of applicants for licenses. Liquid Web has access to the financing necessary to fulfill any obligations it may undertake with respect to the operation and maintenance of the services specified in this Application. Confidential Exhibit LW-2 contains a balance sheet for Liquid Web which demonstrates that it has adequate capital available to provide CLEC service in Michigan. Confidential Exhibit LW-2 also shows that Liquid Web has a substantial line of credit available for capitalization purposes. Because Liquid Web is a privately held company and its financial statements are not public information, I am requesting confidential treatment of this exhibit pursuant to § 210 of the Michigan Telecommunications Act (“MTA”).

Q. If authorized to provide local exchange services, will Liquid Web abide by the rules regulations, policies, and orders of the Commission, and the laws of Michigan, in its provision of services?

A. Yes.

Q. Please describe the public interest benefits associated with Liquid Web's proposed offering of local services in Michigan.

A. The Commission has stated on numerous occasions that promoting competition in the provision of telecommunication services is in the public interest, and the MTA was designed to promote increased competition in the telecommunications market. The grant of Liquid Web's Application will further the public interest by expanding the availability to Michigan

consumers of technologically advanced telecommunication facilities and services. Liquid Web's services benefit the public directly, through the use of high-quality and reliable services, and indirectly, because the presence of Liquid Web in the market expands the market and will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. Approval of Liquid Web's Application is, therefore, in the public interest because it will enhance the service options available to users of telecommunication services in Michigan. Furthermore, Liquid Web will use state-of-the-art equipment in providing all of its services. SBC should not be the only provider serving customers in Liquid Web's proposed service area.

Q. Will Liquid Web's pricing methods benefit the public interest?

A. Yes. Liquid Web will implement pricing plans that are competitive with AT&T.

Q. Is Liquid Web prepared to file tariffs prior to providing service?

A. Yes. On the Commission's granting of a license to Liquid Web, and the completion of negotiations with the incumbent carriers, Liquid Web will promptly file a tariff that complies with all Commission rules and regulations and lists the rates, terms, and conditions of service.

Q. Does Liquid Web intend to provide service within one year of the date of receiving its license?

A. Yes, we intend to offer service within one year of the date a license is granted by the Commission. We will need to first successfully negotiate interconnection agreements with AT&T and install necessary facilities.

Q. Does Liquid Web have a Small and Minority-Owned Business Participation Plan?

A. Yes. Liquid Web's Small and Minority-owned Business Participation Plan is attached as Exhibit LW-3.

Q. Does this conclude your testimony?

A. Yes.

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Company d/b/a AT&T.)
_____)

Case No. U- 15961

Affidavit of Chris Strandt

I, Chris Strandt, having been duly sworn, state that if I am called as a witness in this matter I am competent to testify based on my personal knowledge as follows:

- 1. I am the Director of Infrastructure for Liquid Web, Inc.
2. I am duly authorized by Liquid Web to file this affidavit.
3. The answers contained in my pre-filed direct testimony in this matter, for

which I am the sponsor, are true and accurate.

Dated: June 29, 2009

Chris Strandt
Chris Strandt

Subscribed and sworn to before me
this 29th day of June, 2009

Karen M. Culton
Notary Public

KAREN M. CULTON
NOTARY PUBLIC, STATE OF MICHIGAN
COUNTY OF INGHAM
My Commission Expires July 28, 2012
Acting in the County of Ingham

1 JUDGE STUMP: Are there any objections to
2 the admission of the exhibits?

3 MR. HUGHEY: No, your Honor.

4 JUDGE STUMP: Exhibits LW-1, -2, and -3
5 are admitted into evidence.

6 MR. OLIVA: I should have covered
7 earlier, your Honor. Notice of this proceeding was
8 served on all of the Michigan county clerks and upon the
9 attorney general and upon all of the regulated telephone
10 companies licensed in the State of Michigan, and proof of
11 that service was filed with the Commission on June 5,
12 2009.

13 JUDGE STUMP: Thank you.

14 MR. OLIVA: That would conclude the
15 applicant's presentation.

16 JUDGE STUMP: Thank you. Do the parties
17 waive Section 81 of the APA?

18 MR. HUGHEY: Yes, your Honor.

19 MR. OLIVA: Yes.

20 JUDGE STUMP: All right. Thank you.
21 I'll transmit this to the Commission. This hearing is
22 concluded.

23 MR. OLIVA: Thank you, your Honor.

24 (At 9:02 a.m., the hearing was concluded.)

25 - - -

C E R T I F I C A T E

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2 I, Marie T. Schroeder, do hereby certify
3 that I reported in stenotype the proceedings had in the
4 above-entitled matter, that being Case No. U-15961,
5 before Barbara A. Stump, J.D., Administrative Law Judge
6 with SOAHR, at the Michigan Public Service Commission,
7 6545 Mercantile Way, Lansing, Michigan, on Tuesday, June
8 30, 2009; and do further certify that the foregoing
9 transcript, consisting of 14 pages, constitutes a true
10 and correct transcript of my stenotype notes.
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12
13

14 Marie T. Schroeder, CSR-2183
15 33231 Grand River Avenue
16 Farmington, Michigan 48336
17

18 Dated: July 6, 2009
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