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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of CMC TELECOM AND INTERNET, INC., for temporary and permanent licenses to provide basic local exchange service throughout the State of Michigan in the zone and exchange areas served by AT&T Michigan, Frontier North, Inc., Frontier Midstates, Inc. Case No. U-18483 Volume 1

EVIDENTIARY HEARING

Proceedings held in the above-entitled matter before Sharon L. Feldman, Administrative Law Judge with MAHS, at the Michigan Public Service Commission, 7109 West Saginaw, Lake Superior Room, Lansing, Michigan, on Tuesday, June 19, 2018, at 9:00 a.m.

APPEARANCES:

MICHAEL G. OLIVA, ESQ.
Loomis Law
124 West Allegan, Suite 700
Lansing, Michigan 48933
On behalf of CMC Telecom and Internet, Inc.

MARK R. ORTLIEB, ESQ.
AT&T Michigan
225 W. Randolph Street, Floor 25D
Chicago, Illinois 60606

On behalf of AT&T Michigan

HEATHER M.S. DURIAN,
Assistant Attorney General
7109 West Saginaw Highway, Floor 3
Lansing, Michigan 48917

On behalf of Mich Public Service Comm Staff

REPORTED BY: Marie T. Schroeder, CSR-2183

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1 Lansing, Michigan

2 Tuesday, June 19, 2018

3 9:00 a.m.

4 - - -

5 (Hearing commenced pursuant to due notice.)

6 JUDGE FELDMAN: On the record. Good
7 morning. We are opening a record in Michigan Public
8 Service Commission Case No. U-18483, entitled: In the
9 matter of the application of CMC Telecom and Internet,
10 Inc., for temporary and permanent licenses to provide
11 basic local exchange service throughout the State of
12 Michigan in the zone and exchange areas served by AT&T
13 Michigan, Frontier North, Inc., Frontier Midstates, Inc.

14 This is the time and place designated by
15 the Commission for an evidentiary hearing. For the
16 record, my name is Sharon Feldman. I'll be the presiding
17 officer. Can I ask the counsel present to place their
18 appearances on the record, please. Mr. Oliva, good
19 morning.

20 MR. OLIVA: Good morning, your Honor.
21 Michael Oliva with Loomis, Ewert, Parsley, Davis &
22 Gotting, P.C., on behalf of the Applicant, CMC Telecom
23 and Internet, Inc.

24 JUDGE FELDMAN: Thank you. Are you
25 finished?

1 MR. OLIVA: I'm done.

2 JUDGE FELDMAN: Ms. Durian.

3 MS. DURIAN: Good morning, your Honor.

4 Heather Durian on behalf of Michigan Public Service
5 Commission Staff.

6 JUDGE FELDMAN: Thank you. Mr. Ortlieb.

7 MR. ORTLIEB: Mark Ortlieb on behalf of
8 AT&T Michigan.

9 JUDGE FELDMAN: All right. Thank you.
10 Mr. Oliva, before we go any further, can tell me whether
11 the Company was able to comply with the Executive
12 Secretary's instructions regarding notice in this matter?

13 MR. OLIVA: Yes, your Honor. Notice of
14 hearing was duly served upon the governmental entities
15 and upon the telecommunications providers in the State
16 pursuant to the Commission's order, and proof of service
17 of the notice of hearing was filed with the Commission in
18 this docket on June 14.

19 JUDGE FELDMAN: All right. Ms. Durian,
20 does Staff have any concerns regarding notice?

21 MS. DURIAN: Staff notes that some of the
22 statutory references were not up to date, but the notice
23 otherwise complied.

24 JUDGE FELDMAN: All right. Mr. Oliva,
25 any response?

1 MR. OLIVA: No, your Honor.

2 JUDGE FELDMAN: All right. Were the
3 statutory references within the Michigan
4 Telecommunications Act?

5 MS. DURIAN: It was more the Practice and
6 Procedures. Staff doesn't see any deficiency that makes
7 the notice fail in any respect. Staff is just noting
8 that for the record.

9 JUDGE FELDMAN: All right. We have
10 testimony accompanying a second amended application.
11 Staff has filed testimony. There has been rebuttal
12 testimony filed. There's a petition to intervene that's
13 been filed by the Michigan Bell Telephone Company d/b/a
14 AT&T Michigan. There's a motion for protective order
15 that has been filed.

16 Have the counsel had an opportunity to
17 discuss how to proceed this morning?

18 MR. OLIVA: No, your Honor.

19 MR. ORTLIEB: We have not, your Honor. I
20 imagine that, for my part, I would appear this morning
21 and present my two motions. If they are granted, then I
22 would request some short recess to look at the
23 confidential information before proceeding with cross.

24 JUDGE FELDMAN: All right. Let's go off
25 the record and discuss how to proceed.

1 (At 9:05 a.m., discussion held off the record.)

2 - - -

3 JUDGE FELDMAN: On the record. It
4 appears that the first order of business is to take up
5 the AT&T Michigan petition to intervene. Mr. Ortlieb
6 filed a petition. At this point I haven't seen any
7 written argument opposing that petition, but Mr. Oliva
8 did inform me in our brief off-the-record discussion that
9 he did oppose intervention, so I believe it would be
10 appropriate for me to first turn to him. Mr. Oliva.

11 MR. OLIVA: Yes, your Honor. Our
12 position is that the Commission has generally not
13 permitted intervention in certificate applications under
14 the Michigan Telecommunications Act from competing
15 carriers, the incumbent carriers, on the basis that their
16 interests are not within the zone of interests to be
17 protected by the statute.

18 However, the Commission did some 22 years
19 ago, when Ameritech Communications applied for a CLEC
20 license under the MTA in its affiliate Michigan Bell
21 Telephone Company's service territory in the state, and
22 that would have been in Case No. U-11053, the Commission
23 did, reversing the Administrative Law Judge in the case,
24 permit petitions for leave to intervene from incumbent
25 carriers in that case, but citing in the case what they

1 viewed as a unique circumstance of first impression of
2 the applicant in that case, being the first instance in
3 which an incumbent carrier was -- had established a CLEC
4 to provide service in the same territory as itself, and
5 there were concerns over whether that actually served the
6 competitive interests that were to be served under the
7 MTA. The Commission in granting that intervention, those
8 interventions, however, said that the issues that could
9 be raised by the intervenors were to be confined to the
10 narrow question of: Did the applicant possess the
11 requisite financial, technical, and managerial expertise
12 and competence to have a license?

13 JUDGE FELDMAN: Isn't that what AT&T is
14 proposing to do here? Isn't that essentially the issue
15 that it's raising in its petition?

16 MR. OLIVA: Well, they say that's the
17 issue. But essentially what they are then asking the
18 Commission to do in this case is to condition any license
19 that it grants on further conditions that really relate
20 to the contractual arrangements that they may or may not
21 have with the applicant in the event that it's granted a
22 license.

23 JUDGE FELDMAN: Should I judge the
24 petition by the relief that's being sought or by the
25 interests that are being asserted?

1 MR. OLIVA: Well, the relief, it seems to
2 me that your Honor should look beyond the interests that
3 are being asserted and look to the relief that's being
4 sought because that is what's really the interest being
5 expressed by the proposed intervention in this case.

6 JUDGE FELDMAN: But the conditional
7 license, as I understand our petition and if you read it
8 differently you can let me know, is something that
9 they're asking for in the alternative.

10 MR. OLIVA: I would agree with that.

11 JUDGE FELDMAN: O.K. Anything further
12 before I turn to Mr. Ortlieb?

13 MR. OLIVA: No, your Honor.

14 JUDGE FELDMAN: All right. And first,
15 Ms. Durian, does Staff take a position on the
16 intervention?

17 MS. DURIAN: Staff does not oppose
18 intervention.

19 JUDGE FELDMAN: All right. Thank you.
20 Mr. Ortlieb.

21 MR. ORTLIEB: Two things, your Honor.
22 First of all, AT&T does meet the Commission's two-part
23 test in that it has or will suffer an injury from the
24 granting of a license. I say that in the context of
25 history, AT&T Michigan has a unique interest in this

1 proceeding because of our prior track record with CMC
2 Telecom. Admittedly they are different corporations.
3 That is just part of what this hearing is about. But
4 there are enough similarities to provide AT&T a
5 legitimate basis that some of the past conduct would be
6 repeated.

7 Secondly, our interests certainly fall
8 within the zone of interest protected by the statute, the
9 portion of the MTA that governs the granting of a
10 certificate. One of the criteria beyond technical,
11 managerial, and financial expertise is public interests.
12 I think the Commission has a leeway under that factor to
13 take into account the impact that a new entrant will have
14 and whether it will be able to financially meet its
15 obligations to other carriers.

16 Now just a few comments to Mr. Oliva's
17 discussion. AT&T acknowledges that this is a rare
18 occurrence for it to intervene in an application
19 proceeding. We normally stay very far away from these
20 for obvious reasons. Our interests here do not concern
21 competition or fear of another competitor or loss of
22 market share. I think the Commission can understand how
23 far the industry has evolved in the last 22 years. I
24 don't think people are really fighting over POTS lines
25 anymore. You know, the issue is more Time Warner,

1 Mobile, completely different industry.

2 So our interest here really has nothing
3 to do with competition. It has to do with the fact that
4 we are required to deal with every new entrant under
5 Sections 251 and 252 of Federal law. We are required to
6 enter into a contractual arrangement to sell them
7 services, and we feel it's vitally important to make sure
8 that we're fairly compensated for those services.

9 JUDGE FELDMAN: Mr. Oliva.

10 MR. OLIVA: Nothing further, your Honor.

11 JUDGE FELDMAN: All right. I'm going to
12 grant intervention on a permissive basis. I believe that
13 it is speculative to conclude that were the Commission to
14 grant this license there would be specific harm to AT&T.
15 But nonetheless, based on the interests that you do exert
16 and based on your experiences with the one potentially
17 related company, I believe that permissive intervention
18 is appropriate to enable the Commission to have as
19 complete a record as possible under the circumstances
20 presented here.

21 That having been said, what do we need to
22 do in order to make the most productive use of our
23 hearing time this morning? Mr. Ortlieb, I believe that
24 you indicated in our earlier off-the-record discussion
25 that you would not be seeking to present the testimony of

1 AT&T, any AT&T specific witness.

2 MR. ORTLIEB: That is correct, your
3 Honor.

4 JUDGE FELDMAN: All right. So what is it
5 that you would be interested in procedurally in this
6 matter?

7 MR. ORTLIEB: Number one, the ability to
8 cross-examine witnesses today. And number two, with
9 respect to my second motion for protective order, the
10 ability to see the information that has been filed on a
11 confidential basis.

12 JUDGE FELDMAN: All right. Is it
13 possible if I allow the counsel an opportunity to confer,
14 that you can reach some agreement on an appropriate
15 protective order so that Mr. Ortlieb can see the
16 confidential information?

17 MR. OLIVA: I believe so, your Honor. I
18 have no objection to the form of protective order that
19 Mr. Ortlieb proposed in his motion.

20 JUDGE FELDMAN: All right. Ms. Durian?

21 MS. DURIAN: Staff has no objection and
22 believes this would be a productive plan.

23 JUDGE FELDMAN: All right. Let's go off
24 the record.

25 (At 9:16 a.m., a brief recess was taken.)

1 JUDGE FELDMAN: Back on the record.

2 Mr. Ortlieb, in the absence of any
3 objection, I will grant your motion for a protective
4 order. That's acceptable, Mr. Oliva?

5 MR. OLIVA: Yes, your Honor.

6 JUDGE FELDMAN: Ms. Durian?

7 MS. DURIAN: Yes, your Honor.

8 JUDGE FELDMAN: And it's my understanding
9 that with my indication that the paper copy or e-file
10 copy of that protective order will be forthcoming from my
11 office as time permits, that will enable the parties to
12 proceed this morning? Everybody is nodding.

13 MR. OLIVA: Yes, your Honor.

14 MR. ORTLIEB: Yes, your Honor.

15 MS. DURIAN: Yes, your Honor.

16 JUDGE FELDMAN: All right. So I have
17 made that indication. Let's go off the record then to
18 allow Mr. Ortlieb an opportunity to look at the material.
19 And I also would like you, Mr. Oliva, while we're off the
20 record to give me an indication of how we're going to be
21 marking the Company's exhibits.

22 MR. OLIVA: O.K.

23 JUDGE FELDMAN: All right. Off the
24 record.

25 (At 9:20 a.m., a 15-minute recess was taken.)

1 (Documents were marked for identification by the
2 Court Reporter as Exhibits CTI-1 through CTI-3 and
3 CONFIDENTIAL CTI-4 through CTI-16.)

4 - - -

5 JUDGE FELDMAN: Back on the record. It's
6 my understanding that all counsel are ready to proceed.
7 So Mr. Oliva, without further ado you may proceed when
8 you are ready.

9 MR. OLIVA: Thank you, your Honor. The
10 Applicant calls as its first witness Krista K. Crocker.

11 K R I S T A K. C R O C K E R
12 was called as a witness on behalf of CMC Telecom and
13 Internet, Inc., and, having been duly sworn to testify
14 the truth, was examined and testified as follows:

15 COURT REPORTER: And please keep your
16 voice up.

17 THE WITNESS: Sorry.

18 JUDGE FELDMAN: We don't have microphones
19 in this room but they are re-doing the systems in here
20 and we will in the future have microphones. So if you
21 can just bear with us.

22 THE WITNESS: O.K.

23 JUDGE FELDMAN: Thank you.

24 MR. OLIVA: May I approach the witness,
25 your Honor?

1 JUDGE FELDMAN: Yes. Has the witness
2 been sworn?

3 COURT REPORTER: Yes.

4 DIRECT EXAMINATION

5 BY MR. OLIVA:

6 Q Could you please state your name and business address for
7 the record, please.

8 A I am Krista Crocker. 107 West Michigan Avenue,
9 Kalamazoo, Michigan 49007.

10 Q Ms. Crocker, I am handing you two documents, the first of
11 which is entitled Rebuttal Testimony of Krista K.
12 Crocker. Excuse me. I'm sorry, the first of which is
13 called First Amended Direct Testimony of Krista K.
14 Crocker on behalf of CMC Telecom Internet, Inc.,
15 consisting of a cover page and five additional pages of
16 questions and answers. Is this the amended direct
17 testimony that you caused to be filed with the Commission
18 on April 18, 2018 in this case?

19 A Yes.

20 Q And in the testimony, in the testimony that you filed on
21 April 18, this referred to four exhibits, and they were
22 marked exhibits A-1 through A-4. These are now marked as
23 CTI-1 through CTI-4; is that correct?

24 A Yes.

25 Q Other than that, do you have any changes in your direct

1 testimony?

2 A No.

3 Q I've also handed you a document entitled Rebuttal
4 Testimony of Krista K. Crocker on behalf of CMC Telecom
5 and Internet, Inc., consisting of a cover page and 13
6 additional pages of questions and answers. Is this the
7 rebuttal testimony that you caused to be filed in this
8 case on June 14, 2018?

9 A Yes.

10 Q And if I were to ask you the same questions that are set
11 forth in your direct testimony and your rebuttal
12 testimony, would you answer them in the same way today?

13 A Yes.

14 Q Now in your rebuttal testimony you refer to Exhibits R-2,
15 R-3, R-4, R-5, R-6, R-7, and R-8. Those have been
16 renumbered as Exhibits CTI-6, CTI-7, CTI-8, CTI-9,
17 CTI-10, CTI-11, and CTI-12. Is that correct?

18 A Yes.

19 Q And other than that change, would you have any changes in
20 your rebuttal testimony?

21 A No.

22 Q The exhibits referred to in your direct testimony, which
23 are now CTI-1, CTI-2, CTI-3, and CTI-4, were those
24 prepared by you or under your direction and supervision?

25 A Yes.

1 Q And in your rebuttal testimony, rebuttal exhibits now
2 marked CTI-6, CTI-7, CTI-8, CTI-9, CTI-10, CTI-11, and
3 CTI-12, were those prepared under your direction and
4 supervision?

5 A Yes.

6 MR. OLIVA: Your Honor, at this time I
7 would move that the direct testimony and rebuttal
8 testimony of Ms. Crocker be bound into the record, and
9 that Exhibits A-1, A-2, A-3 -- I'm sorry. CTI-1, CTI-2,
10 CTI-3, CTI-4, CTI-6, CTI-7, CTI-8, CTI-9, CTI-10, CTI-11,
11 and CTI-12 be admitted into evidence.

12 JUDGE FELDMAN: All right. Let me first
13 ask for the record if there are any objections to binding
14 in Ms. Crocker's prefiled direct or rebuttal testimony
15 with the revised exhibit references as explained by
16 Mr. Oliva and the witness?

17 Hearing no objections, the prefiled First
18 Amended Direct Testimony of Krista K. Crocker and the
19 prefiled Rebuttal Testimony of Krista K. Crocker as
20 revised will be bound into the record. We will take up
21 the exhibits at the conclusion of cross-examination.

22 But just for clarity of the record,
23 Mr. Oliva, it's my understanding that of those exhibits
24 that you mentioned, that Exhibits CTI-4 and CTI-6 through
25 CTI-12 are designated as confidential exhibits?

1 MR. OLIVA: That is correct, your Honor.

2 JUDGE FELDMAN: All right.

3 (Testimony bound in.)

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

FIRST AMENDED

DIRECT TESTIMONY OF KRISTA K. CROCKER

ON BEHALF OF CMC TELECOM AND INTERNET, INC.

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

2 A. My name is Krista K. Crocker. My business address is 107 W Michigan Ave, 4th
3 Floor, Kalamazoo, MI 49007. My business telephone number is (213) 206-5069.

4 **Q. What is your position with CMC Telecom and Internet, Inc.?**

5 A. I am the President of CMC Telecom and Internet, Inc. ("CMCTI"), and Member of
6 its parent, NRC Runoff, LLC.

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

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

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

15 A. Yes, I am sponsoring Exhibits CTI-1 through CTI-4.

16 **Q. Please describe the authority that CMCTI seeks from the Commission.**

17 A. CMCTI seeks authority to offer basic local exchange service in all the service areas
18 in which Michigan Bell Telephone Company, d/b/a AT&T Michigan ("AT&T"),
19 Frontier North Inc. and Frontier Midstates Inc. (collectively, "Frontier") are the
20 incumbent local exchange carriers.

21 **Q. Is CMCTI legally authorized to do business in Michigan?**

22 A. Yes. CMCTI's Articles of Incorporation are attached as **Exhibit CTI-1**.

23

1 **Q. Please describe your background in the telecommunications industry.**

2 A. I have over 25 years' experience in the telecommunications industry including
3 regulatory compliance, marketing, wholesale long distance and
4 telecommunications management.

5 **Q. Please describe CMCTI and the types of services that it will provide in**
6 **Michigan.**

7 A. CMCTI is a Michigan Corporation, incorporated on May 5, 2017, with its
8 headquarters in Kalamazoo, MI. CMCTI is a wholly-owned subsidiary of NRC
9 RUNOFF, LLC ("NRC Runoff") a Michigan Limited Liability Company. CMCTI
10 seeks authority to provide basic local exchange service in all the zone and
11 exchange areas in which AT&T and Frontier are the incumbent carriers. Attached
12 as Exhibit CTI-2 is a list of CMCTI's officers. Brief biographies of key personnel is
13 attached as Exhibit CTI-3. Based on my vast array of experience, I believe that
14 CMCTI will have no problem providing these services and competing in the
15 telecommunications market. Initially CMCTI intends to provide the same access
16 and exchange services currently provided in Michigan by CMC Telecom, Inc.
17 whose assets NRC Runoff purchased, as more fully described below.

18 **Q. Is CMCTI requesting a temporary license to begin providing services?**

19 A. Yes.

20 **Q. Please explain CMCTI's reasons for requesting a temporary license.**

21 A. As noted in the Application, on September 25, 2017, CMCTI's parent NRC Runoff
22 entered into an Asset Purchase Agreement with CMC Telecom, Inc. ("CMC") to
23 acquire the assets of that entity. CMC Telecom, filed a Voluntary Petition for

1 Reorganization under Chapter 11 of the Bankruptcy Code, *Re CMC Telecom, Inc.* Case
2 No. 15-50082 (Bankruptcy Court, ED Mich) and requested approval of the Bankruptcy
3 Court for the sale. However, prior to the provision of service in Michigan, the
4 Commission's issuance of a license must occur. Rapid deployment of service is
5 essential to the company's venture, and so CMCTI would like to commence
6 providing service as soon as possible. In order to do so, CMCTI must begin
7 negotiating interconnection agreements with AT&T and Frontier, and must
8 complete the installation of any facilities CMCTI needs in order to offer regulated
9 basic local exchange service. CMCTI needs a temporary license to begin
10 undertaking these initiatives.

11 **Q. Does CMCTI have adequate access to the capital necessary to provide**
12 **service in Michigan?**

13 **A.** Yes, CMCTI possesses the financial qualifications required of applicants for
14 licenses. CMCTI has access to the financing necessary to fulfill any obligations it
15 may undertake with respect to the operation and maintenance of the services
16 specified in this Application. Confidential **Exhibit CTI-4** contains a Profit and Loss
17 for CMCTI's affiliate which demonstrates that it has adequate capital available to
18 provide CLEC service in Michigan. CMCTI's affiliate will provide funding for funding
19 for CMCTI's operations in Michigan. Because CMCTI's affiliate is a privately held
20 company and its financial statements are not public information, I am requesting
21 confidential treatment of this exhibit pursuant to § 210 of the Michigan
22 Telecommunications Act ("MTA").

1 **Q. If authorized to provide local exchange services, will CMCTI abide by the**
2 **rules regulations, policies, and orders of the Commission, and the laws of**
3 **Michigan, in its provision of services?**

4 A. Yes.

5 **Q. Please describe the public interest benefits associated with CMCTI's**
6 **proposed offering of local services in Michigan.**

7 A. The Commission has stated on numerous occasions that promoting competition in
8 the provision of telecommunication services is in the public interest, and the MTA
9 was designed to promote increased competition in the telecommunications
10 market. The grant of CMCTI's Application will further the public interest by
11 expanding the availability to Michigan consumers of technologically advanced
12 telecommunication facilities and services. CMCTI's services benefit the public
13 directly, through the use of high-quality and reliable services, and indirectly,
14 because the presence of CMCTI in the market expands the market and will
15 increase the incentives for other telecommunications providers to operate more
16 efficiently, offer more innovative services, reduce their prices, and improve their
17 quality of service. Enhanced competition in telecommunications services will also
18 likely stimulate economic development in Michigan. Approval of CMCTI's
19 Application is, therefore, in the public interest because it will enhance the service
20 options available to users of telecommunication services in Michigan.
21 Furthermore, CMCTI will use state-of-the-art equipment in providing all of its
22 services. AT&T and Frontier should not be the only providers serving customers in
23 CMCTI's proposed service area.

1 **Q. Will CMCTI's pricing methods benefit the public interest?**

2 **A.** Yes. CMCTI will implement pricing plans that are competitive with AT&T and
3 Frontier.

4 **Q. Does CMCTI intend to provide service within one year of the date of receiving**
5 **its license?**

6 **A.** Yes, we intend to offer service within one year of the date a license is granted by
7 the Commission. As noted in the Application, on September 25, 2017, CMCTI's
8 parent NRC Runoff entered into an Asset Purchase Agreement with CMC
9 Telecom, Inc. ("CMC") to acquire the assets of that entity. CMC Telecom, filed a
10 Voluntary Petition for Reorganization under Chapter 11 of the Bankruptcy Code, *Re CMC*
11 *Telecom, Inc.* Case No. 15-50082 (Bankruptcy Court, ED Mich) and requested approval
12 of the Bankruptcy Court for the sale. However, prior to the provision of service in
13 Michigan, the Commission's issuance of a license, successful negotiation of
14 interconnection agreements with AT&T and Frontier, and the filing of a final tariff
15 with the Commission all must occur.

16 **Q. Is CMCTI prepared to file tariffs prior to providing service?**

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

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

22 **A.** Yes.

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

REBUTTAL TESTIMONY OF KRISTA K. CROCKER
ON BEHALF OF CMC TELECOM AND INTERNET, INC.

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

2 A. My name is Krista K. Crocker. My business address is 107 W Michigan Ave, 4th
3 Floor, Kalamazoo, MI 49007. My business telephone number is (269) 744-7477.

4 **Q. What is your position with CMC Telecom and Internet, Inc.?**

5 A. I am the President of CMC Telecom and Internet, Inc. ("CMCTI"), and Member of
6 its parent, NRC Runoff, LLC.

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

8 A. The purpose of my Rebuttal Testimony is to address issues raise by Staff, describe
9 the services that CMCTI proposes to offer in Michigan, and to review issues related
10 to CMCTI's request for a license to provide such services. My testimony specifically
11 addresses CMCTI's managerial, technical, and financial competence to provide
12 telecommunications services for which authority is requested, and its compliance
13 with the rules and policies of this Commission.

14 **Q. Does Applicant possess sufficient technical, financial, and managerial
15 resources, and abilities to provide basic local exchange service within its
16 proposed service area?**

17 A. Yes. The Applicant possesses sufficient technical, financial, and managerial
18 resources and abilities to provide basic local exchange service within the
19 geographic area of the license Application.

20 **Q. Are you familiar with the testimony of Shatina S. Clinton, Julie E. Ginevan,
21 and Barry Harmon filed in this matter?**

22 A. Yes.

1 **Q. What did Staff consider in making the determination that the Applicant does**
2 **not possess sufficient technical, financial and managerial qualifications and**
3 **that granting a basic local exchange license to CMCTI would be contrary to**
4 **public interest?**

5 A. Staff admittedly did not have complete information from the Applicant and “could
6 not assess whether the company possessed sufficient financial resources to
7 provide basic local exchange service at the time the application was filed because
8 the application was not complete.” Testimony Shatina Clinton pg. 4.
9 Staff identifies a number of delays in communication with the law firm originally
10 handling this Application which directly impact Staff Testimony. Prior to receiving
11 Staff Testimony, I replaced the law firm with Loomis, Ewert, Parsley, Davis and
12 Gotting, P.C. I have been advised that the delays impacting this Application by the
13 law firm relate to dealing with the Bankruptcy Court, third party vendors, early start
14 up capitalization issues, and other personal issues unrelated to the Applicant or
15 this Application. In my opinion, excepting the lack of the actual information, delays
16 in the handling of an Application by a law firm is not indicative of technical, financial,
17 or managerial qualifications to receive a license to provide basic local exchange
18 services, or to maintain the a license once approved. Without regard to my position
19 on this issue, I apologize for the delays as such delays have clearly complicated
20 this matter, and could have been avoided through better communication by the law
21 firm.

22 .

1 **Q. Do you believe Applicant possesses the financial resources to provide basic**
2 **local exchange service within the proposed licensed area of the Application?**

3 A. Yes, Applicant will draw upon multiple Third Party Affiliates and utilize positive cash
4 flow from the assets purchased to support the roughly 150 basic local exchange
5 end user customers in Michigan. As demonstrated by the Confidential Exhibits
6 filed in the Rebuttal Testimony of Patrick D. Crocker, and the testimony of Denny
7 Dornbush, the CMC Telecom, Inc. assets maintain positive cash flow; combining
8 this asset with resources of Third Party Affiliate companies to insure proper
9 capitalization, fuel growth and provide new products and services to the public over
10 the next two years. Confidential Exhibit CTI-6, includes a diagram outlining the
11 relationship between Applicant and Third Party Affiliates.

12 In support of the Application, Applicant provides interim financial statements for
13 the period ending December 31, 2017 and the period ending March 31, 2018 as
14 Confidential Exhibit CTI-7. Applicant's interim Income Statement and Balance
15 Sheet provide evidence that Applicant will maintain positive cash flow and will
16 continue from the date of approval of this Application by supporting the CMC
17 Telecom, Inc. assets purchased. This positive cash flow excludes amounts
18 currently due and owing Applicant from the Bankruptcy Estate. See Confidential
19 Exhibit CTI-8.

20 Applicant's projections contemplate the use of Third Party Affiliates in transition, or
21 in case of need, or in planned growth. Applicant's plans contemplate a marketing
22 initiative in the end of 2018. Applicant's plan includes a fourth quarter marketing
23 initiative relying upon advances during this period from a Third Party Affiliate, and

1 other independent agents engaged by the Applicant's Vice President of Sales and
2 Marketing, Hal Babcock. See Rebuttal Testimony of Hal Babcock.

3 Applicant provides Third Affiliate Financial Support information in Confidential
4 Exhibits CTI-9 through CTI-12. Third Party Affiliate capital sources available for
5 Applicant's use over the next two years are outlined in Confidential Exhibit CTI-9.
6 Additional Third Party Affiliate financial support information is provided in
7 Confidential Exhibits CTI-10, CTI-11, and CTI-12. Applicant clearly establishes
8 financial ability to provide the services contemplated herein.

9 **Q. Do you believe Applicant possesses the managerial resources to provide**
10 **basic local exchange service within the proposed licensed area of the**
11 **Application?**

12 A. Yes. In addition to myself, Applicant's current management team includes: Robert
13 E. Mocas, Chairman of the Board; James Grabowski, Treasurer/Senior Vice
14 President; Hal Babcock, Vice President of Sales; and Patrick D. Crocker,
15 Secretary/General Counsel. I also rely upon financial input from Denny Dornbush.
16 Copies of the resumes of Robert E. Mocas appear as Confidential Exhibit CTI-15.
17 In the Testimony, Staff expressed concerns over qualifications of the officers of the
18 company.

19 First, Staff express concerns over the relationship between Applicant and CMC
20 Telecom, Inc. In particular, Staff focuses on the hiring of CMC Telecom, Inc.
21 customer, network and technical support employees by Applicant. In order to
22 properly support the specific needs of the CMC Telecom, Inc. customer base
23 acquired, Applicant hired all customer, network and technical support employees

1 from CMC Telecom, Inc. Applicant did not engage Craig Champagne or any of
2 the other CMC Telecom, Inc. executives to manage Applicant. The move to hire
3 certain CMC Telecom, Inc. staff members insures that Applicant will meet the
4 unique needs of the purchased customers, as well as a seamless transition to the
5 new provider. The Staff improperly associates the non-compliance issues relating
6 to CMC Telecom, Inc. to this Applicant and the hiring of network and customer
7 support representatives. Importantly, Applicant management team noticeably
8 excludes the CMC Telecom, Inc. management team in its entirety. In fact,
9 Applicant's management team includes telecommunications executives with years
10 of experience in operating phone companies in Michigan and throughout the
11 United States. Simply retaining Craig Champagne as a consultant should not
12 discount the years of experience of Applicant's management team. This
13 Applicant's managerial experience far exceeds that of the CMC Telecom, Inc.
14 management, and many other companies licensed to provide basic local exchange
15 services in Michigan, and establish that Applicant currently possesses sufficient
16 qualifications under Section 302(1) of the MTA to provide basic local exchange
17 service in the geographic territory it has requested to serve. Moreover, Applicant's
18 engagement of Mr. Champagne in the capacity as consultant insures that the
19 customers will remain customers of Applicant at least through the engagement of
20 Mr. Champagne.

21 Second, Staff expressed concerns with James Grabowski. As set forth in the
22 description of background and experience submitted in support of this Application,
23 Mr. Grabowski has been actively engaged in the telecommunications space since

1 1991, owning local and long distance companies, and acting as an agent. Notably,
2 in 2005, Mr. Grabowski held ownership and served as Vice President of IBFA
3 Acquisition Company, LLC, (dba The Farm Bureau Connection). IBFA Acquisition
4 Company, LLC provided local exchange services in eleven states and long
5 distance services in forty one states, including Michigan, until the sale of the
6 company in 2008. Mr. Grabowski also held ownership and served as Vice
7 president of Cost Plus Communications, LLC, a local and long distance wholesale
8 services provider in numerous states. Mr. Grabowski's background and
9 experience is further strengthened by over twenty five years serving as a
10 telecommunications consultant.

11 Staff's issue concerning Mr. Grabowski is baseless. In fact, I specifically hired Mr.
12 Grabowski because of his background in handling the financial piece of the
13 acquisition of a large American Farm Bureau customer base, the running of the
14 long distance and local telephone company, and ultimate sale of the company and
15 Farm Bureau Connection customer base. Unlike this Applicant which will serve
16 only limited markets within Michigan, the American Farm Bureau customer base
17 acquisition involved a customer base embedded in states throughout the Midwest.
18 Mr. Grabowski organized IBFA Acquisition Company, LLC in 2005 for the purpose
19 of purchasing the American Farm Bureau Farm Bureau Connection customer
20 base. Under Mr. Grabowski's leadership, IBFA Acquisition Company, LLC secured
21 local certification in 11 states and long distance certification in 42 jurisdictions. For
22 several years Mr. Grabowski successfully operated the local and long distance
23 company, maintaining local and long distance certifications in all licensed states

1 including the State of Michigan from the purchase of the assets, to the sale of the
2 company in 2008. Mr. Grabowski sold IBFA Acquisition Company, LLC to a
3 publicly traded corporation in 2008. See notice to Michigan Public Service
4 Commission attached as Confidential Exhibit CTI-13. At the time of sale, IBFA was
5 in good standing with the State of Michigan and throughout the United States.
6 Staff incorrectly associates the revocation of the IBFA Acquisition Company, LLC's
7 license in 2016 with Mr. Grabowski. In fact, all the licensing issues identified by
8 staff due to several years of non-compliance occur seven (7) years after the sale
9 of the company; criticism of Mr. Grabowski's background and experience fails for
10 the same reasons with Cost Plus Communications, LLC. Staff Member Ginevan
11 specifically incorrectly suggests that the compliance issues Cost Plus
12 Communications, LLC and IBFA Acquisition Company, LLC dba The Farm Bureau
13 Connection involved Mr. Grabowski. As stated above this is untrue. Further, both
14 companies maintained compliance for all years under the control of Mr. Grabowski.
15 My company Nationwide Regulatory Compliance handled the nationwide
16 regulatory compliance filings for Mr. Grabowski's two companies. This compliance
17 support ended when Mr. Grabowski entered into sales transactions.

18 **Q. Is Craig Champagne a shareholder, officer or involved with CMC Telecom**
19 **and Internet, Inc. final management decisions?**

20 **A.** No, Craig Champagne is not a shareholder, officer, or involved with final
21 management decisions of Applicant. As confirmed by Staff, Applicant disclosed
22 engaging Mr. Craig Champagne to consult with the company on an ongoing basis
23 to insure customer retentions and a smooth transition to Applicant. Applicant is

1 not relying upon Mr. Champagne's technical, financial, or managerial abilities to
2 support this Application or the former CMC Telecom, Inc. customer base. In short,
3 CMC Telecom, Inc. officers and legacy compliance issues associated with CMC
4 Telecom, Inc. have nothing to do with this Applicant or Application.

5 **Q. What is your position with NRC Runoff, LLC?**

6 A. I am sole member and currently President. I understand Applicant's attorneys
7 created confusion with Staff, and later appear to resolve the issues concerning my
8 position with NRC Runoff, LLC. The Staff at the law firm appears to inadvertently
9 submitted information indicating that my husband, Patrick D. Crocker, currently
10 served in the capacity as President. At one time since organizing the company,
11 Patrick D. Crocker did serve as President; that is not the case currently. I
12 organized the company Nationwide Regulatory Compliance, LLC, now known as,
13 NRC Runoff, LLC, in the State of Michigan on November 2, 2005 (I remember the
14 date as it was my father-in-law's birthday). NRC Runoff, LLC is a limited liability
15 company in good standing. Subject to Warrants issued to Third Party Affiliates,
16 NRC Runoff, LLC owns 100% of the issued shares of Applicant. The NRC Runoff,
17 LLC provided nationwide ongoing regulatory compliance from 2005-2014 for over
18 100 public and private telephone companies throughout the United States and
19 Canada under the name Nationwide Regulatory Compliance, LLC. Providing
20 inconsistent information concerning my husband's title with NRC Runoff, LLC is
21 simply an administrative oversight by the law firm and should in no way serve to
22 diminish my years of successfully managing and running companies in the
23 telecommunications space. As indicated in the description of background and

1 experience submitted with this Application, my background includes long history
2 of success in telecommunications and compliance matters, reaching back over 20
3 years.

4 **Q. What was your role with VoIP Telecom, LLC?**

5 I formed VoIP Telecom, LLC to enter the non-regulated VoIP market. I obtained
6 the basic exchange service license from the State of Michigan to offer access to
7 traditional landline service to non-regulated VoIP customers requiring traditional
8 local land lines for such things as alarms. VoIP never operated in any state. On
9 November 4, 2011, VoIP Telecom, LLC surrendered the basic local exchange
10 license issued by this Commission by notice as confirmed by Staff. The
11 Commission did not revoke the VoIP Telecom, LLC license. I strongly disagree
12 with Ms. Ginevan grouping VoIP Telecom, LLC's regulatory history in any way with
13 CMC Telecom, Inc. and this Application. Importantly, the only relationship
14 between VoIP Telecom, LLC and CMC Telecom, Inc. or CMC Telecom, Inc. and
15 this Applicant is this Application. There simply is no comparison between the CMC
16 Telecom, Inc. history of non-compliance, and my handling of the VoIP Telecom,
17 LLC unwinding and dissolution. Importantly, neither VoIP Telecom, LLC nor the
18 Applicant have been involved with CMC Telecom, Inc.'s struggle to maintain
19 compliance with the Commission. Further, none of the employees hired by
20 Applicant from CMC Telecom, Inc. have anything to do with maintaining ongoing
21 compliance with this Commission. In addition to Management, I engaged
22 Nationwide Regulatory Compliance to support Michigan compliance obligations
23 immediately upon approval of this Application.

1 **Q. Did Applicant have any involvement in the handling of the CMC Telecom, Inc.**
2 **ITSP registration?**

3 A. No, Applicant did not have any involvement in the preparation and filing of the CMC
4 Telecom, Inc. ITSP Registration. Notice of the obligation of CMC Telecom, Inc.
5 to file the ITSP Registration arose on or about January 4, 2018 in an email from
6 staff member, Shatina Clinton posing additional questions with regard to the
7 CMCTI Application. While in bankruptcy, a number of compliance items
8 apparently did not receive timely attention by CMC Telecom, Inc. Staff states that
9 the ITSP Registration for CMC Telecom, Inc. lacked information for several months
10 and this in some way negatively impacts Applicant's managerial ability. I do not
11 agree, Applicant has nothing to do with the handling of the CMC Telecom, Inc.
12 compliance obligations. Applicant's initial law firm in this matter, acting on behalf
13 of NRC Runoff, LLC, received the task to clean up certain CMC Telecom, Inc.
14 compliance items, handled this matter. I have familiarized myself with the facts
15 giving rise to this issue. It appears that on January 12, 2018, the law firm staff
16 submitted an ITSP registration on behalf of CMC Telecom, Inc. identifying the
17 company as a Competitive Local Exchange Carrier and Toll Reseller. Thereafter,
18 on January 12, 2018, in email in response to Staff Member, Shatina Clinton's email
19 of January 4, 2018 with additional questions, the law firm indicated the following:
20 "We filed the ITSP on behalf of CMC Telecom, Inc. The ITSP has been updated to
21 reflect that CMC currently provides Competitive Local Exchange Services, Toll
22 Reseller Services, and Voice Over Internet ("VoIP") Services. CMC does not

1 provide Competitive Access Provider ("CAP") Services. CAP Services are not
2 included on the updated ITSP."

3 Ms. Clinton's email of January 19, 2018 with the law firm staff comments included
4 reference to the ITSP filing as follows:

5 "If CMC no longer offers CAP services, please file a signed letter in the MPSC's
6 CommTariff mailbox (commtariff@michigan.gov) indicating the company's
7 intention to cancel the tariff and the date it wishes to cancel it and indicating that
8 they are not providing those services to any customers so there will be no impact
9 on existing customers.

10 The ITSP administrator has reviewed CMC's ITSP registration. Could you please
11 add an additional contact and email address for the company, as previous attempts
12 to reach Mr. Champagne have been unsuccessful? Once this has been amended
13 and CMC has submitted the signed letter regarding its intention to cancel the CAP
14 tariff, the registration will be reviewed and approved."

15 On January 25, 2018, the firm submitted notification on behalf of CMC Telecom,
16 Inc. to commtariff@michigan.gov that CMC Telecom, Inc. is not providing
17 Competitive Access Services ("CAP"), has no customers and requested to
18 withdraw the Company's CAP Services tariff effective immediately. On January
19 29, 2018 a Commission file stamped copy of the letter was received stamped with
20 a receipt date of January 29, 2018. A copy of the stamped withdrawal of CAP
21 Services was provided to Staff on February 12, 2018 along with the First Amended
22 Application. On February 27, 2018 Staff issued additional comments requesting
23 the ITSP Registration of CMC Telecom, Inc. be amended to include the name,

1 email, phone number, and mailing address for at least one other staff member for
2 CMC Telecom, Inc. On April 18, 2018 the ITSP Registration was submitted again
3 to include Hal Babcock as an additional contact. Hal Babcock has been engaged
4 by Applicant to run sales and marketing, and oversee customer and technical
5 support. From my experience, the filing of the ITSP registration is typically a thirty
6 minute job. I am certain the searching given to any matters involving Craig
7 Champagne impacted the conclusion of this filing.

8 **Q. Are Third Party Affiliate companies providing financial backing to**
9 **supplement the positive cash flow CMCTI in good standing?**

10 A. Yes. See Confidential Exhibit CTI-14.

11 **Q. Staff Member Shatina S. Clinton expresses concerns over CMCTI retaining**
12 **almost all of the CMC Telecom, Inc. employees. Should the Commission or**
13 **Staff have concerns over this move to engage the former employees of CMC**
14 **Telecom, Inc., or the history of non-compliance by CMC Telecom, Inc.?**

15 A. No, neither Staff nor the Commission should have concerns with the hiring of the
16 non-management employees of CMC Telecom, Inc. As stated above, in order to
17 properly support the specific needs of the CMC Telecom, Inc. customer base
18 acquired, Applicant hired non-management employees from CMC Telecom, Inc.
19 This move insures Applicant meets the unique needs of the purchased customer
20 base, as well as a seamless transition to the new provider. The Staff improperly
21 associates the non-compliance issues relating to CMC Telecom, Inc. to this
22 Applicant and the hiring of such network and customer support representatives.
23 Importantly, Applicant management team noticeably excludes the CMC Telecom,

1 Inc. management team in its entirety. In fact, Applicant's management team
2 includes telecommunications executives with years of experience in operating
3 phone companies in Michigan and throughout the United States. Simply retaining
4 Craig Champagne as a consultant should not discount the years of experience of
5 Applicant's management team. Applicant's engagement of Mr. Champagne in the
6 capacity as consultant ensures that the customers will remain customers of
7 Applicant at least through the engagement of Mr. Champagne.

8 **Q. Does you have further comments?**

9 A. Yes, the handling of this Application by the law firm should not ultimately be "fatal"
10 to this Application as averred by Staff; nor should Staff or this Commission paint
11 this Applicant with the stain of CMC Telecom, Inc. or Craig Champagne. As the
12 record reflects, prior to receiving the Staff Testimony in this matter, I hired a new
13 law firm to properly handle this Application. This new law firm will substantiate my
14 position that the Applicant maintains the technical, financial and managerial ability
15 to receive a license to provide basic local exchange service within Michigan.

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

17 A. Yes.

18

1 JUDGE FELDMAN: Who has cross-examination
2 for Ms. Crocker?

3 MS. DURIAN: Your Honor, I should state
4 that Staff has generally waived cross of the witnesses
5 and agreed with the Applicant that Staff could stipulate
6 and bind in their testimony and exhibits. However, Staff
7 reserves the right just to ask any followup questions.
8 Otherwise Staff has no cross at all today.

9 JUDGE FELDMAN: All right. Mr. Ortlieb.

10 MR. ORTLIEB: AT&T does have some cross,
11 your Honor.

12 JUDGE FELDMAN: All right. You may
13 proceed when you are ready.

14 MR. ORTLIEB: Thank you.

15 CROSS-EXAMINATION

16 BY MR. ORTLIEB:

17 Q Good morning, Ms. Crocker.

18 A Good morning.

19 Q My name is Mark Ortlieb. I am an attorney for AT&T
20 Michigan. Let me direct you to your testimony at page 3,
21 this is your rebuttal testimony. Page 3, line 11, where
22 you say: Prior to receiving Staff Testimony, I replaced
23 the law firm with Loomis, Ewert, Parsley, Davis. When
24 you say you replaced the law firm, what law firm are you
25 referring to?

1 A The one that I replaced?

2 Q Yes.

3 A Crocker and Crocker.

4 Q I see. And you have some association with that law firm,
5 correct?

6 A I do. Patrick Crocker is my husband.

7 Q Thank you. And you're familiar with the bankruptcy of
8 CMC Telecom?

9 A Yes.

10 Q What has been your involvement in that bankruptcy
11 proceeding?

12 A My company, NRC Runoff, purchased the customer base from
13 the bankruptcy court, the customer base of CMC Telecom.

14 Q Has that purchase been completed?

15 A I believe so. We have a managing agreement with the
16 bankruptcy court. That may have to be referred to Mr.
17 Crocker, where we are in that process.

18 Q And that's quite all right by the way. If someone else,
19 if another witness today has --

20 A O.K.

21 Q -- has expertise in an area, you can refer to them,
22 that's fine.

23 A Thank you.

24 Q But your understanding is that your company, NRC Runoff,
25 is managing certain accounts in the bankruptcy estate

1 proceeding, CMC Telecom?

2 A Correct.

3 Q And is that, the income from that management arrangement,
4 is that part of the income that's reported as an asset of
5 CTI?

6 A As income, yes.

7 Q So I'm just trying to understand. Perhaps you can just
8 explain to me, which entity is it that has this
9 relationship with the bankruptcy estate?

10 A As I understand it, the NRC Runoff purchased the customer
11 base from the bankruptcy court. But CMC Telecom and
12 Internet is managing the actual customer base. Does
13 that --

14 Q Yes, that's my question. And so when there is income
15 from that management arrangement, which company does that
16 go to?

17 A CMC Telecom and Internet.

18 Q And maybe we could agree on a shorthand here.

19 A I know.

20 Q -- now referring to that company as CTI, if --

21 A Oh. I'm so sorry.

22 Q If that --

23 JUDGE FELDMAN: O.K.

24 A Can I say applicant?

25 JUDGE FELDMAN: Just a friendly caution

1 at this point. I can't have you both talking over each
2 other because our court reporter can't get it down. So
3 you need to be extra careful, both of you, to make sure
4 the other is finished talking before you speak. Even if
5 you know with a hundred percent certainty exactly where
6 the question is going or where the answer is going, you
7 just have to wait. Thank you very much.

8 Mr. Ortlieb, can I just ask you to state
9 a question for the record and we'll go from there.

10 Q (By Mr. Ortlieb): O.K. So how would you like to refer
11 today to CMCTI?

12 A We can do CMCTI.

13 Q Very good.

14 MR. OLIVA: I'd just note, we would have
15 used CMCTI to mark the exhibits except the Commission
16 confines us to three letters.

17 JUDGE FELDMAN: I appreciate the three
18 letter designation. That's perfectly appropriate.

19 MR. OLIVA: And given the situation, we
20 didn't want to use CMC.

21 MS. DURIAN: Right.

22 Q (By Mr. Ortlieb): So which entity owns the customer
23 base?

24 A CMCTI.

25 Q And do you know what CMCTI paid to acquire that?

1 A Well, it was NRC Runoff. CMCTI is held by NRC Runoff.
2 That's at this point all NRC Runoff is, is just a parent
3 company of CMCTI. So there wasn't an acquisition. I
4 think it's just -- again I think that may have to go to
5 Mr. Crocker and the corporate functioning of these two
6 companies, how they're -- I apologize not knowing the
7 legal setup between these two entities.

8 Q Not a problem. Can you explain to me the customer base
9 that was acquired? Can you describe what that is?

10 A What kind of explanation are you looking for?

11 Q Well, are these -- I'm sorry. I'm at the point of
12 clarification. We're talking about two separate things
13 and I want to make sure the record is clear.

14 A O.K.

15 Q On the one hand we're talking about a management
16 arrangement with the bankruptcy court. And whether that
17 is NRC Runoff or CMCTI, let's put that aside for the
18 moment. Can you tell me what compensation arrangement
19 there is with the bankruptcy court to manage customers?

20 A Aside from -- When this customer base was first built
21 after the purchase from the bankruptcy court, those first
22 billings to the customer base went to a lock box that the
23 bankruptcy court still is in possession of. So aside
24 from those original billings, it has been going to a lock
25 box under CMCTI. And that's where -- Is that what you're

1 asking me?

2 Q Yes.

3 A For the income.

4 JUDGE FELDMAN: What do you mean by a
5 lock box?

6 A Where the payments get sent, and then the bank sends them
7 to CMCTI.

8 Q (By Mr. Ortlieb): What was -- what did NRC Runoff or
9 CMCTI pay the bankruptcy estate to acquire the customer
10 base?

11 A I believe it was about \$60,000.

12 Q And the customer base is referred to in the testimony as
13 150 customers. Is that accurate?

14 A I know that it's under two hundred, so I believe it's
15 really close.

16 Q Is it your understanding that a list of those customers
17 is provided somewhere in the confidential filings?

18 A I don't believe I have seen a list of the customers. I
19 don't know.

20 Q In addition to the customer base, did NRC Runoff or CMCTI
21 acquire physical network facilities?

22 A No.

23 Q Does it have plans to acquire physical network
24 facilities?

25 A No.

1 Q What physical network facilities will CMCTI use to
2 provide basic local exchange service?

3 A I think that question should maybe go to Hal Babcock as
4 we get into the carrier question. I know it won't be
5 AT&T.

6 Q To your knowledge, will CMCTI purchase telecommunications
7 services on a wholesale basis and use those services to
8 provide retail telecommunications services?

9 A I believe so.

10 Q Do you know which wholesale vendors CMCTI plans to deal
11 with?

12 A No.

13 Q But you don't believe it's going to be AT&T?

14 A I know it won't be.

15 Q Now with respect to Craig Champagne, you understand that
16 he was the president and prior owner of CMC Telecom?

17 A Uh-huh.

18 Q Did you know, have you known Craig Champagne prior to
19 your involvement in this bankruptcy matter?

20 A I have met him say five or six times over the course of
21 25 years.

22 Q How is it that Mr. Champagne -- and Mr. Champagne is
23 involved with CMCTI?

24 A Not in any sort of managerial sense. The Applicant
25 retained him to see a seamless transition with the

1 customer base, to retain the customer base, because there
2 isn't an agreement, a purchase agreement with the
3 Applicant and Mr. Champagne. It was the bankruptcy
4 court. So honestly, to protect the customer base, we
5 have an agreement with him to consult as need be on the
6 base and the specific needs and, you know. In some ways
7 to keep him from stealing the customer base. I mean, you
8 know, because we have no agreement with him as far as the
9 purchase.

10 Q Well, as you say, he's been involved in the business
11 about 25 years, correct?

12 A Uh-huh.

13 COURT REPORTER: I'm sorry?

14 A Yes.

15 Q And he has a good relationship with his former customers?

16 A He seems to. I can't speak to that.

17 Q But I thought you said a moment ago that's why you retain
18 him.

19 A Well --

20 JUDGE FELDMAN: O.K. Mr. Ortlieb, your
21 question is? Would you just fully state it for the
22 record? And then we'll let the witness wait until you
23 have completed your question before she answers.

24 Q (By Mr. Ortlieb): Is the reason you retained
25 Mr. Champagne the fact that he had a very good

1 relationship with his former customers over the past 25
2 years?

3 A One assumes that when someone is in business for 25
4 years, that they have a fairly good relationship with
5 their customers. And like I said also, to safeguard my
6 customer base from him, and him, if he does have this
7 good relationship, stealing them away. It's somewhat of
8 a protection for me.

9 Q Right. And if I could refer to page 6 of your rebuttal
10 testimony, beginning on line 17. Are you with me?

11 A Yes.

12 Q You say there, don't you, that the engagement of Mr.
13 Champagne in this capacity as consultant will ensure that
14 the customers will remain customers of Applicant at least
15 through the engagement of Mr. Champagne.

16 My question is: What is the length of
17 the engagement with Mr. Champagne that you had in mind in
18 your testimony?

19 A I think until we establish ourselves as the new carrier,
20 as they develop a relationship with the Applicant as
21 opposed to the relationship that they had with Mr.
22 Champagne. I believe it's not specified. I would have
23 to see, and I don't believe I have it, the agreement.
24 But it's not for a specified period of time.

25 Q Now you raised the idea of an agreement with Mr.

1 Champagne. That was going to be my next question. So
2 what is the terms under which his services are being
3 retained by CMCTI?

4 A He is being paid -- that's what you're looking for?
5 \$5,000 a month under a consulting agreement.

6 Q And there is a written agreement?

7 A I believe so. That would be a question for Mr. Crocker.

8 Q And what services does Mr. Champagne perform? On his end
9 of the bargain, what do you get for the five thousand?

10 A I have not spoken to him in years. So at this point his
11 job has been pretty easy as far as his agreement. Like I
12 said, it's just if there are questions about specific
13 customers, if a customer is uncomfortable, that he can be
14 referred to as, you know, a consultant. Like I said,
15 mostly so that he cannot find a way to take the customer
16 base, because I have no purchase agreement with him.

17 Q Now do any of his -- what other responsibilities does he
18 have for CMCTI?

19 A Absolutely zero.

20 Q Do any of his responsibilities require him to be
21 physically present --

22 A No.

23 Q -- in Michigan?

24 A No.

25 Q Do you understand that Mr. Champagne is subject to an

1 arrest warrant out of Livingston County?

2 A I am not.

3 Q If you knew that there was a bench warrant out for his
4 arrest, would that in any way impact his ability to
5 perform services for CMCTI?

6 A Are you asking would he be able to answer questions that
7 I may have? I don't quite understand. Or is it because
8 of his situation that he shouldn't be asked? I guess
9 that's what I'm asking you. It sounds like --

10 Q Well, my question relates to just his physical ability to
11 perform the work and his availability to perform the
12 work?

13 A I don't believe it would make a difference. I am -- I do
14 not know his legal situation at all.

15 Q But if he were incarcerated, for example, I assume that--

16 MR. OLIVA: That calls for speculation on
17 the part of the witness. If and when arrested, if he
18 were convicted, if they were incarcerated, what would
19 happen? I don't think that's an appropriate question.

20 MR. ORTLIEB: I'll withdraw the question.

21 JUDGE FELDMAN: Thank you.

22 MR. ORTLIEB: I think we can explore that
23 in brief.

24 Q (By Mr. Ortlieb): Referring now to the amended
25 application, second amended application. Do you have

1 that in front of you?

2 A I don't think I do.

3 Q What I am going to refer to is the --

4 MR. OLIVA: May I approach the witness,
5 your Honor?

6 JUDGE FELDMAN: Let's go off the record.

7 (Brief discussion held off the record.)

8 - - -

9 JUDGE FELDMAN: All right. Back on the
10 record. Mr. Ortlieb, I believe the witness has been
11 given the document you asked her about.

12 MR. ORTLIEB: Thank you, your Honor.

13 Q (By Mr. Ortlieb): Ms. Crocker, do you see before you the
14 resume of Craig Champagne attached to the Applicant's
15 second amended application?

16 A Yes.

17 Q And do you see in the first paragraph where it says Craig
18 Champagne was responsible for the overall success of CMC
19 Telecom?

20 A Yes.

21 Q Is it your understanding that CMC Telecom, under the
22 leadership of Craig Champagne, filed for bankruptcy on
23 two separate occasions?

24 A I am only aware of the one occasion, the second.

25 Q The most recent?

1 A Correct.

2 Q With respect to that bankruptcy, is it your understanding
3 that the, the documentation filed with the bankruptcy
4 court, that the liabilities exceeded the assets by about
5 \$3 million?

6 A I do not know that.

7 Q And is it your understanding that AT&T was one of the
8 scheduled debtors in that bankruptcy proceeding?

9 A I became slightly aware of that when I asked why AT&T was
10 coming to the hearing. So I've got a very brief --

11 Q Do you have a rough understanding --

12 JUDGE FELDMAN: O.K. I've got to caution
13 you one more time. Please, wait until the witness is
14 finished speaking. Mr. Ortlieb, your question.

15 Q (By Mr. Ortlieb): Do you have a rough understanding of
16 the size or the amount of the AT&T debt in that
17 bankruptcy?

18 A I do not.

19 Q In the second paragraph of that resume it said that CMC
20 provides voice and data services to several types of
21 businesses, including schools. Do you see that?

22 A Uh-huh, yes.

23 Q Were you aware that at least two Michigan school
24 districts also had claims in bankruptcy in excess of
25 \$150,000?

1 A I was not aware of that.

2 Q Who prepared that resume of Craig Champagne?

3 A I don't know. I think that should be directed to Pat
4 Crocker as well.

5 Q I want to refer you back to your rebuttal testimony now.
6 On page 14, line 11. Actually beginning on line 10 you
7 say: Nor should Staff or this Commission paint this
8 Applicant with the stain of CMC Telecom. What do you
9 mean by that word "stain"?

10 A Well, clearly the staff has concerns about Mr. Champagne
11 and the way he conducted his business. That was clear
12 through the documents that I went through. And because I
13 have no -- he is not part of this team, he is not part of
14 the management, he and I have almost zero relationship.
15 He's a very passing acquaintance, that was the point,
16 that his transgressions should not be reflected on me.

17 Q Assuming that AT&T Michigan has a concern with Craig
18 Champagne's involvement, are there any assurances you
19 could give AT&T Michigan about Mr. Champagne's
20 involvement?

21 A Other than to say that he is not and will not at any
22 point be involved in the management, in the marketing, in
23 the strategy, in the business plan, and physically
24 involved in any way with the Applicant.

25 MR. ORTLIEB: Just one moment, let me

1 check something. I have no further questions, your
2 Honor.

3 JUDGE FELDMAN: All right. Thank you,
4 Ms. Ortlieb. Any redirect, Mr. Oliva?

5 MR. OLIVA: No, your Honor.

6 MS. DURIAN: Staff has one followup
7 question, if I may.

8 JUDGE FELDMAN: Certainly.

9 CROSS-EXAMINATION

10 BY MS. DURIAN:

11 Q Are you aware of any plans to sell the customer base to
12 Mr. Champagne or sell the company?

13 A No. Oh, no. Actually I'm aware that there are no plans
14 to do that at all.

15 MS. DURIAN: That is all Staff has.

16 JUDGE FELDMAN: Mr. Oliva.

17 MR. OLIVA: No, no redirect, your Honor.

18 JUDGE FELDMAN: All right. Then let me
19 ask for the record if there are any objections to the
20 admission into evidence of Exhibits C-1 through C-4 or --
21 I'm sorry, CTI-1 through CTI-4 or CTI-6 through CTI-12.

22 MR. ORTLIEB: Not from AT&T.

23 JUDGE FELDMAN: Hearing no objections
24 those exhibits are admitted. All right. Thank you very
25 much for your testimony this morning, Ms. Crocker. You

1 may step down at your leisure.

2 (The witness was excused.)

3 JUDGE FELDMAN: Let's go off the record.

4 (Brief in-place recess.)

5 P A T R I C K D. C R O C K E R

6 was called as a witness on behalf of CMC Telecom and
7 Internet, Inc., and having been duly sworn to testify the
8 truth, was examined and testified as follows:

9 - - -

10 JUDGE FELDMAN: On the record.

11 Mr. Oliva, Mr. Crocker has been sworn. You may proceed
12 when you are ready.

13 MR. OLIVA: Thank you, your Honor.

14 DIRECT EXAMINATION

15 BY MR. OLIVA:

16 Q Would you state your name and business address for the
17 record, please.

18 A Yes. Patrick David Crocker, 107 West Michigan Avenue,
19 4th floor, Kalamazoo, Michigan 49007.

20 Q Mr. Crocker, you have before you a document that I've
21 handed you entitled Rebuttal of Patrick D. Crocker on
22 behalf of CMC Telecom Internet Inc., consisting of a
23 cover page and 13 additional pages of questions and
24 answers. Is that the rebuttal testimony that you caused
25 to be filed in this case on June 12, 2018?

1 A Yes.

2 Q And in your rebuttal testimony as filed you identified a
3 number of exhibits, the first of which was originally
4 marked as R-1. That has been remarked as CTI-5; is that
5 correct?

6 A Yes.

7 Q And you also in your testimony referred to exhibits, in
8 your original testimony, to Exhibits R-2 through R-11.
9 Those have been remarked CTI-6 through CTI-15. Is that
10 correct?

11 A That is correct.

12 Q And was your testimony and the exhibits referred to in
13 your testimony prepared by you or under your direction
14 and supervision?

15 A Yes.

16 Q And if I were to ask you the questions set forth in your
17 rebuttal testimony today, would you answer them in the
18 same way?

19 A Yes, I would.

20 Q Exhibit CTI-15 includes some resumes that have been
21 marked as confidential. Are those in fact confidential
22 or could they be publicly read?

23 A Whose resumes are they?

24 Q This is Robert Mocas and Dennis Dornbush.

25 A Oh, they're not confidential.

1 Q In your confidential Exhibit CTI-11, the cover page of
2 which -- well, let me back up. Your confidential Exhibit
3 CTI-11 relates to some financial information for Easton
4 Telecom Services, L.L.C. Is that correct?

5 A That is correct.

6 Q And on the cover page of that you refer to warrants that
7 Easton held to purchase stock of CMCTI?

8 A That is correct.

9 Q Can you tell me have those warrants been exercised or
10 not?

11 A Yes, they have.

12 Q And that was since you filed your rebuttal testimony?

13 A Yes.

14 Q Other than that, do you have any changes to your prefiled
15 rebuttal testimony?

16 A No.

17 MR. OLIVA: Your Honor, at this time I
18 would move that the rebuttal testimony of Mr. Crocker be
19 bound into the record. Your Honor has previously ruled
20 on Exhibits CTI-6 through 12. We would move that
21 Exhibits CTI-5, CTI-13, CTI-14, and CTI-15 be admitted
22 into evidence. CTI-5, CTI-13, and CTI-14 are
23 confidential exhibits. CTI-15 was marked confidential
24 but can be a public exhibit.

25 JUDGE FELDMAN: All right. Very good.

1 Let me ask for the record if there are objections to
2 binding in the prefiled rebuttal testimony of Patrick D.
3 Crocker, with the revised exhibit references as explained
4 by Mr. Oliva and the witness?

5 MR. ORTLIEB: No objection.

6 MS. DURIAN: No objection.

7 JUDGE FELDMAN: Thank you, Ms. Durian.

8 Hearing no objection, the prefiled rebuttal testimony of
9 Patrick D. Crocker as revised will be bound into the
10 record.

11 (Testimony bound in.)
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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

REBUTTAL TESTIMONY OF PATRICK D. CROCKER
ON BEHALF OF CMC TELECOM AND INTERNET, INC.

1 **Q. Please state your name, position with Applicant and business address.**

2 A. My name is Patrick D. Crocker. I serve as Secretary and General Counsel for
3 CMC Telecom and Internet, Inc. ("CMCTI" or "Applicant"). My business address
4 is 107 W Michigan Avenue, 4th Floor, Kalamazoo, MI 49007.

5 **Q. Please state your educational background.**

6 A. I am a graduate of the University of Michigan, and the University of Detroit, School
7 of Law.

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

9 A. My testimony demonstrates that CMCTI possesses sufficient technical, financial
10 and managerial resources and abilities to provide basic local exchange service
11 within its proposed license area.

12 **Q. Please state your professional experience.**

13 A. After graduating from Law School, I joined the firm of Early, Lennon, Peters &
14 Crocker ("Early Lennon"). A week after receiving my license to practice law, my
15 first telecommunications client engaged me to organize the company, handle the
16 capitalization, obtain state and federal certification, handle vendor contracts and
17 other general items impacting the regulated telecommunications business. Since
18 that time, I have represented over 300 public and private telephone companies in
19 regulatory and compliance matters throughout the United States. Confidential
20 Exhibit CTI-5 includes a sampling of the clients. My first telecommunications client
21 remains a client to this day, along with a number of other clients retaining my legal
22 and compliance services since the 1990s. In 2008, I left Early Lennon and formed
23 Crocker & Crocker, with David Crocker and Blake Crocker.

1 **Q. What are your principal responsibilities with the Applicant?**

2 A. I serve as Secretary and General Counsel for the Applicant.

3 **Q. Does Applicant possess sufficient technical, financial, and managerial**
4 **resources, and abilities to provide basic local exchange service within its**
5 **proposed service area?**

6 A. Yes. The Applicant possesses sufficient technical, financial, and managerial
7 resources and abilities to provide basic local exchange service within the
8 geographic area of the license Application.

9 **Q. Are you familiar with the testimony of Shatina S. Clinton filed in this matter?**

10 A. Yes, in short, Ms. Clinton stated that the Staff does not believe that Applicant
11 currently possesses sufficient qualifications under Section 302(1) of the MTA to
12 provide basic local exchange service in the geographic territory it has requested
13 to serve, and believes that it would be contrary to the public interest to grant CMCTI
14 a license at this time. Ms. Clinton states that CMCTI possesses neither
15 qualifications, both of which are conditions for licensure. Ms. Clinton admits not
16 having all information to consider in support of this Application.

17 **Q. What did Staff consider in making the determination that the Applicant does**
18 **not possess sufficient technical, financial and managerial qualifications?**

19 A. Staff admittedly did not have complete information from the Applicant and “could
20 not assess whether the company possessed sufficient financial resources to
21 provide basic local exchange service at the time the application was filed because
22 the application was not complete.” Testimony Shatina Clinton pg. 4.

1 Staff correctly identifies a number of delays in communication with the law firm
2 originally handling this Application. The delays by the law firm relate to dealing
3 with the Bankruptcy Court, third party vendors, early start up capitalization issues,
4 and other personal issues unrelated to the Applicant or this Application. Excepting
5 the lack of the actual information, delays in the handling of an Application by a law
6 firm is not indicative of technical, financial, or managerial qualifications to receive
7 a license to provide basic local exchange services, or to maintain the a license
8 once approved. Notwithstanding, I apologize for the delays as such delays have
9 clearly complicated this matter, and could have been avoided through better
10 communication by the law firm.

11 **Q. Do you believe Applicant possesses the financial resources to provide basic**
12 **local exchange service within the proposed licensed area of the Application?**

13 A. Yes, Applicant will draw upon multiple Third Party Affiliates and utilize positive cash
14 flow from the assets purchased in providing service to end users in Michigan. As
15 demonstrated by the Confidential Exhibits, and the testimony of Denny Dornbush,
16 CMC Telecom, Inc. assets maintain positive cash flow; combining this asset with
17 resources of Third Party Affiliate companies to insure proper capitalization, fuel
18 growth, and provide new products and services to the public over the next two
19 years. Confidential Exhibit CTI-6, includes a diagram outlining the relationship
20 between Applicant and Third Party Affiliates.

21 In support of the Application, Applicant provides interim financial statements for
22 the period ending December 31, 2017 and the period ending March 31, 2018 as
23 Confidential Exhibit CTI-7. Applicant's interim Income Statement and Balance

1 Sheet provide evidence that Applicant will maintain positive cash flow and will
2 continue from the date of approval of this Application by supporting the CMC
3 Telecom, Inc. assets purchased. This positive cash flow excludes amounts
4 currently due and owing Applicant from the Bankruptcy Estate. See Confidential
5 Exhibit CTI-8.

6 Applicant's projections contemplate the use of Third Party Affiliates in transition, or
7 in case of need, or in planned growth. Applicant's plan includes a fourth quarter
8 marketing initiative relying upon advances during this period from a Third Party
9 Affiliate, and other independent agents engaged by the Applicant's Vice President
10 of Sales and Marketing, Hal Babcock. Third Party Affiliate capital sources
11 available for Applicant's use over the next two years appear as a summary in
12 Confidential Exhibit CTI-9. Additional Third Party Affiliate financial support
13 information is provided in Confidential Exhibits CTI-10, CTI-11 and CTI-12.
14 Applicant clearly establishes financial ability to provide the services contemplated
15 herein.

16 **Q. Do you believe Applicant possesses the managerial resources to provide**
17 **basic local exchange service within the proposed licensed area of the**
18 **Application?**

19 A. Yes. However, Staff expressed concerns over qualifications of the officers of the
20 company.

21 First, Staff express concerns over the relationship between Applicant and CMC
22 Telecom, Inc. In particular, Staff focuses on the hiring of CMC Telecom, Inc.
23 customer, network and technical support employees by Applicant. In order to

1 properly support the specific needs of the CMC Telecom, Inc. customer base
2 acquired, Applicant hired customer, network and technical support employees
3 from CMC Telecom, Inc. Applicant did not engage Craig Champagne or any of
4 the other CMC Telecom, Inc. executives to manage Applicant. The move to hire
5 certain CMC Telecom, Inc. staff members insures that Applicant will meet the
6 unique needs of the purchased customers, as well as a seamless transition to the
7 new provider. The Staff improperly associates the non-compliance issues relating
8 to CMC Telecom, Inc. to this Applicant and the hiring of network, technical, and
9 customer support representatives. Importantly, Applicant management team
10 noticeably excludes the CMC Telecom, Inc. management team in its entirety.
11 Importantly, Applicant's management team includes telecommunications
12 executives with years of experience in operating phone companies in Michigan
13 and throughout the United States. Simply retaining Craig Champagne as a
14 consultant should not discount the years of experience of Applicant's management
15 team. This Applicant's managerial experience far exceeds that of the CMC
16 Telecom, Inc. management, along with numerous other carriers licensed by the
17 Commission to provide basic local exchange service, and demonstrates Applicant
18 currently possesses sufficient qualifications under Section 302(1) of the MTA to
19 provide basic local exchange service in the geographic territory it has requested
20 to serve. Moreover, Applicant's engagement of Mr. Champagne in the capacity as
21 consultant insures that the customers will remain customers of Applicant at least
22 through the engagement of Mr. Champagne.

1 Second, Staff expressed concerns with James Grabowski. As set forth in the
2 description of background and experience submitted in support of this Application,
3 Mr. Grabowski has been actively engaged in the telecommunications space since
4 1991, owning local and long distance companies, and acting as a
5 telecommunications agent. Notably, in 2005, Mr. Grabowski held ownership and
6 served as Vice President of IBFA Acquisition Company, LLC, (dba The Farm
7 Bureau Connection). IBFA Acquisition Company, LLC provided local exchange
8 services in eleven states and long distance services in forty one states, including
9 Michigan, until the sale of the company in 2008. Mr. Grabowski also held
10 ownership and served as Vice president of Cost Plus Communications, LLC, a
11 local and long distance wholesale services provider in numerous states. Mr.
12 Grabowski's background and experience is further strengthened by over twenty
13 five years serving as a telecommunications consultant.

14 Staff's issue concerning Mr. Grabowski is baseless. In fact, Applicant specifically
15 hired Mr. Grabowski because of his background in handling the financial piece of
16 the acquisition of a large American Farm Bureau customer base, the running of
17 the long distance and local telephone company, and ultimate sale of the company
18 and Farm Bureau Connection customer base. Unlike this Applicant which will serve
19 only limited markets within Michigan, the American Farm Bureau customer base
20 acquisition involved a customer base embedded in states throughout the Midwest.
21 Mr. Grabowski organized IBFA Acquisition Company, LLC in 2005 for the purpose
22 of purchasing the American Farm Bureau Farm Bureau Connection customer
23 base. Under Mr. Grabowski's leadership, IBFA Acquisition Company, LLC secured

1 local certification in 11 states and long distance certification in 42 jurisdictions. For
2 several years Mr. Grabowski successfully operated the local and long distance
3 company, maintaining local and long distance certifications in all licensed states
4 including the State of Michigan from the purchase of the assets, to the sale of the
5 company in 2008. Mr. Grabowski sold IBFA Acquisition Company, LLC to a
6 publicly traded corporation in 2008. See notice to Michigan Public Service
7 Commission attached as Confidential Exhibit CTI-13. At the time of sale, IBFA was
8 in good standing with the State of Michigan and throughout the United States.
9 Staff incorrectly associates the revocation of the IBFA Acquisition Company, LLC's
10 license in 2016 with Mr. Grabowski. In fact, all the licensing issues identified by
11 staff due to several years of non-compliance occur seven (7) years after the sale
12 of the company; criticism of Mr. Grabowski's background and experience fails for
13 the same reasons with Cost Plus Communications, LLC. Separately, Ms. Ginevan
14 specifically criticizes my association with Cost Plus Communications, LLC and
15 IBFA Acquisition Company, LLC dba The Farm Bureau Connection. My
16 involvement with both companies ended with the transaction for sale by Mr.
17 Grabowski. As evidenced by the Limited Liability Statement filed with the
18 Department of Licensing and Regulatory Affairs by the successor compliance
19 service or law firm, my involvement serving even as resident agent for Cost Plus
20 Communications, LLC ended by 2010; signifying the change over. We maintained
21 these two companies in compliance for all years under the control of Mr.
22 Grabowski.

1 **Q. Is Craig Champagne a shareholder, officer or involved with CMC Telecom**
2 **and Internet, Inc. final management decisions?**

3 **A.** No, Craig Champagne is not a shareholder, officer, or involved with final
4 management decisions of Applicant. As confirmed by Staff, Applicant disclosed
5 engaging Mr. Craig Champagne to consult with the company on an ongoing basis
6 to insure customer retentions and a smooth transition to Applicant. Applicant is
7 not relying upon Mr. Champagne's technical, financial, or managerial abilities to
8 support this Application or the former CMC Telecom, Inc. customer base. In short,
9 CMC Telecom, Inc. officers and legacy compliance issues associated with CMC
10 Telecom, Inc. have nothing to do with this Applicant or Application. For these
11 reasons, Applicant did not include Mr. Champagne's resume with the Amended
12 Application filed on or about February 13, 2018. Without regard to the limited role
13 Mr. Champagne plays as a consultant, Staff requested a copy of Mr. Champagne's
14 resume, and the law firm submitted the resume, in direct response to this request.

15 **Q. Did Staff have an issue understanding Krista Crocker's position with NRC**
16 **Runoff, LLC?**

17 **A.** Yes, Applicant's attorneys created confusion, and later appear to resolve the issue
18 of Krista Crocker's position with NRC Runoff, LLC. Organized in 2005, NRC
19 Runoff, LLC is a limited liability company in good standing; Krista Crocker owns
20 100% of the membership interests in NRC Runoff, LLC; subject to exercising of
21 warrants by Third Party Affiliates, NRC Runoff, LLC owns 100% of the issued
22 shares of Applicant. Krista Crocker is President of NRC Runoff, LLC. The First
23 Amended Application inadvertently includes incorrect information, which has been

1 corrected as of this even date. NRC Runoff, LLC, formerly known as Nationwide
2 Regulatory Compliance, provided ongoing compliance from 2005-2014 for over
3 100 public and private telephone companies throughout the United States and
4 Canada. Providing inconsistent information concerning Krista Crocker's title with
5 NRC Runoff, LLC is simply an administrative oversight by the law firm and should
6 in no way serve to diminish Mrs. Crocker's years of managerial success. As
7 indicated in the description of background and experience submitted with this
8 Application, Mrs. Crocker's background includes long history of success in
9 telecommunications and compliance matters, reaching back over 20 years.

10 **Q. What was Krista Crocker's involvement with VoIP Telecom, LLC?**

11 Krista Crocker owned VoIP Telecom, LLC. VoIP never operated in any state. On
12 November 4, 2011, VoIP Telecom, LLC surrendered the basic local exchange
13 license issued by this Commission by notice as confirmed by Staff. The
14 Commission did not revoke the VoIP Telecom, LLC license. Ms. Ginevan groups
15 VoIP Telecom, LLC with CMC Telecom, Inc., and this Application; however, there
16 simply is no comparison between the CMC Telecom, Inc. history of non-
17 compliance, and the handling by Mrs. Crocker of the VoIP Telecom, LLC
18 unwinding and dissolution. Importantly, neither VoIP Telecom, LLC nor the
19 Applicant have been involved with CMC Telecom, Inc.'s struggle to maintain
20 compliance with the Commission. Further, none of the employees hired by
21 Applicant from CMC Telecom, Inc. have anything to do with maintaining ongoing
22 compliance with this Commission. In addition to Management, Applicant engaged

1 Nationwide Regulatory Compliance to support Michigan compliance obligations
2 immediately upon approval of this Application.

3 **Q. Did Applicant have any involvement in the handling of the CMC Telecom, Inc.**
4 **ITSP registration?**

5 A. No, Applicant did not have any involvement in the preparation and filing of the CMC
6 Telecom, Inc. ITSP Registration. Notice of the obligation of CMC Telecom, Inc.
7 to file the ITSP Registration arose on or about January 4, 2018 in an email from
8 Staff Member, Shatina Clinton, posing additional questions with regard to the
9 CMCTI Application. While in bankruptcy, a number of compliance items did not
10 receive timely attention by CMC Telecom, Inc. Staff states that the ITSP
11 Registration for CMC Telecom, Inc. lacked information for several months and this
12 in some way negatively impacts Applicant's managerial ability. We do not agree.
13 Applicant has nothing to do with the handling of the CMC Telecom, Inc. compliance
14 obligations. Applicant's law firm, acting on behalf of NRC Runoff, LLC to clean up
15 certain CMC Telecom, Inc. compliance items, handled this matter.

16 On January 12, 2018, the law firm submitted an ITSP Registration on behalf of
17 CMC Telecom, Inc., identifying the company as a Competitive Local Exchange
18 Carrier and Toll Reseller.

19 On January 12, 2018, in email in response to Staff Member, Shatina Clinton's
20 email of January 4, 2018 with additional questions, I indicated the following: "We
21 filed the ITSP on behalf of CMC Telecom, Inc. The ITSP has been updated to
22 reflect that CMC currently provides Competitive Local Exchange Services, Toll
23 Reseller Services, and Voice Over Internet ("VoIP") Services. CMC does not

1 provide Competitive Access Provider ("CAP") Services. CAP Services are not
2 included on the updated ITSP."

3 Ms. Clinton's email of January 19, 2018 with staff comments included reference to
4 the ITSP filing as follows:

5 "If CMC no longer offers CAP services, please file a signed letter in the MPSC's
6 CommTariff mailbox (commtariff@michigan.gov) indicating the company's
7 intention to cancel the tariff and the date it wishes to cancel it and indicating that
8 they are not providing those services to any customers so there will be no impact
9 on existing customers.

10 The ITSP administrator has reviewed CMC's ITSP registration. Could you please
11 add an additional contact and email address for the company, as previous attempts
12 to reach Mr. Champagne have been unsuccessful? Once this has been amended
13 and CMC has submitted the signed letter regarding its intention to cancel the CAP
14 tariff, the registration will be reviewed and approved."

15 On January 25, 2018 the law firm submitted notification on behalf of CMC Telecom,
16 Inc. to commtariff@michigan.gov that CMC Telecom, Inc. is not providing
17 Competitive Access Services ("CAP"), has no customers and requested to
18 withdraw the Company's CAP Services tariff effective immediately. On January
19 29, 2018, a Commission file stamped copy of the letter was received stamped with
20 a receipt date of January 29, 2018.

21 The law firm submitted a copy of the stamped withdrawal of CAP Services to Staff
22 on February 12, 2018 along with the First Amended Application.

1 On February 27, 2018 Staff issued additional comments requesting the ITSP
2 Registration of CMC Telecom, Inc. be amended to include the name, email, phone
3 number, and mailing address for at least one other staff member for CMC Telecom,
4 Inc.

5 On April 18, 2018, the law firm submitted the ITSP Registration again to include
6 Hal Babcock as an additional contact.

7 **Q. Are the affiliate companies providing financial backing to CMCTI in good**
8 **standing?**

9 A. Yes. See Confidential Exhibit CTI-14

10 **Q. Staff Member Shatina S. Clinton expresses concerns over CMCTI retaining**
11 **almost all of the CMC Telecom, Inc. employees. Should the Commission or**
12 **Staff have concerns over this move to engage the former employees of CMC**
13 **Telecom, Inc., or the history of non-compliance by CMC Telecom, Inc.?**

14 A. No, neither Staff nor the Commission should be concerned with the hiring of the
15 non-management employees of CMC Telecom, Inc. As stated above, in order to
16 properly support the specific needs of the CMC Telecom, Inc. customer base
17 acquired, Applicant hired non-management employees from CMC Telecom, Inc.
18 This move insures Applicant meets the unique needs of the purchased customer
19 base, as well as a seamless transition to the new provider. The Staff improperly
20 associates the non-compliance issues relating to CMC Telecom, Inc. to this
21 Applicant and the hiring of such network and customer support representatives.
22 Importantly, Applicant management team noticeably excludes the CMC Telecom,
23 Inc. management team in its entirety. In fact, Applicant's management team

1 includes telecommunications executives with years of experience in operating
2 phone companies in Michigan and throughout the United States. Simply retaining
3 Craig Champagne as a consultant should not discount the years of experience of
4 Applicant's management team. Applicant's engagement of Mr. Champagne in the
5 capacity as consultant ensures that the customers will remain customers of
6 Applicant at least through the engagement of Mr. Champagne.

7 **Q. Does you have further comments?**

8 A. Yes, the handling of this Application by the law firm should not ultimately be "fatal"
9 to this Application as averred by Staff; nor should Staff or this Commission paint
10 this Applicant with the stain of CMC Telecom, Inc. or Craig Champagne.

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

12 A. Yes.

1 JUDGE FELDMAN: Who was cross-examination
2 at this point for Mr. Crocker? Mr. --

3 MR. ORTLIEB: AT&T has some questions.

4 JUDGE FELDMAN: Mr. Ortlieb, I believe
5 that you have cross.

6 MR. ORTLIEB: Yes. Thank you, your
7 Honor.

8 CROSS-EXAMINATION

9 BY MR. ORTLIEB:

10 Q Good morning, Mr. Crocker.

11 A Good morning.

12 Q As I stated with your wife, if I get into an area with
13 you that you wish to defer to a later witness, please
14 feel comfortable to share that.

15 A Sure.

16 Q I want to start with some of the same questions I had
17 asked your wife about the bankruptcy proceeding. Can you
18 explain what, what relationship CMCTI has to the
19 bankruptcy estate of CMC Telecom? In other words, what
20 assets has it purchased, what managerial relationships
21 does it have?

22 A So NRC Runoff purchased the assets out of bankruptcy
23 court, subject to the approval of a public utilities
24 commission, the Public Service Commission. During the
25 interim, until the final closing, we're operating under a

1 management agreement with a specific formula for
2 compensation. The actual assets -- so the management
3 agreement is with NRC Runoff, and the asset/purchase
4 agreement was assigned to CMC Telecom and Internet.
5 Because CMC Telecom and Internet approached the Public
6 Service Commission in order to get the authorization to
7 provide basic local exchange services, which was part of
8 what the customer base included.

9 Q You referred a moment ago to assets that were purchased
10 from the bankruptcy. What are the assets?

11 A Simply customer, customers.

12 Q And just for further clarification, is that the list of
13 150 customers, roughly, that you refer to in your
14 testimony?

15 A Yes.

16 Q And there is also a confidential Exhibit CTI-5, an
17 exhibit to your rebuttal testimony. It's a list of
18 customers. Is this the list of 150 customers? I can
19 show you that or your counsel can show you.

20 A Sure. Can you show me what --

21 Q I can --

22 JUDGE FELDMAN: While you're doing that,
23 let me just please ask the witness and counsel to make
24 sure you're not speaking over the top of one another.

25

1 (Document handed to the witness.)

2 A Oh, no. These are in excess of 350 companies that I've
3 represented in the last 28 years, because my professional
4 background is questioned as part of the process.

5 Q (By Mr. Ortlieb): Thank you for that clarification. Is
6 there, in the Applicant's submission, a list of those 150
7 customers?

8 A No.

9 Q What services are provided to those 150 customers?

10 A To the 150? All forms of services, local, long distance,
11 internet, nonregulated services. If you want further
12 information about that, you can direct that question to
13 Hal Babcock. He's in charge of sales and marketing.

14 Q When does CMCTI expect to acquire that customer base
15 fully and finally from the bankruptcy trustee?

16 A Well, you know, as soon as we get approval from the
17 Public Service Commission and file our 214, within 30
18 days after receiving approval from the Public Service
19 Commission.

20 Q Is CMCTI providing any services today?

21 MR. OLIVA: Objection. Question is vague
22 as to whom.

23 MR. ORTLIEB: I'll refine it.

24 Q (By Mr. Ortlieb): Any telecommunication services to
25 anybody.

1 A CMC, the Applicant is, you know, simply acting under the
2 authority of its -- that has been given it under the
3 management agreement. It doesn't provide service to
4 regulated end users in the State of Michigan right now.

5 Q How about on an unregulated basis?

6 A Unregulated? No.

7 That's not a part of this proceeding
8 though, is it? No.

9 Q What network facilities, if any, will the Applicant own?

10 A None.

11 Q And how will the Applicant provision basic local exchange
12 services?

13 A You will have to direct that question to the head of
14 sales and marketing who is also overseeing that piece.

15 Q Are you aware of any -- I will ask those questions of Mr.
16 Babcock, but are you aware of any agreements that the
17 Applicant has with other telecommunications providers to
18 provide service?

19 A The Applicant? Yes, I'm aware.

20 Q And who are the other parties to that arrangement?

21 A As my competitor you're asking me who are the other
22 parties to my --

23 Q Well --

24 JUDGE FELDMAN: Wait, wait. We can't
25 descend into both of you talking at once on some of kind

1 of a --

2 MR. ORTLIEB: Let me -- I can rephrase
3 that, if it helps.

4 MR. OLIVA: It might.

5 Q (By Mr. Ortlieb): I don't know need to know the identify
6 of your customers. My question is whether there is
7 another wholesale supplier other than AT&T Michigan with
8 whom Applicant is doing business.

9 A Everybody but AT&T. You can direct that question to Hal
10 Babcock if you want.

11 Q And your wife previously said that Applicant has no
12 intention of purchasing any wholesale services from AT&T
13 Michigan. Is that also your understanding?

14 A There's no chance. Yes.

15 Q Will there be any physical interconnection arrangement
16 with AT&T Michigan?

17 A You'll have to direct that to the technical person who is
18 also sales and marketing, Hal Babcock.

19 Q You were in the room when I spoke with your wife about
20 the involvement of Craig Champagne with the Applicant.
21 Are there any clarifications or corrections you would
22 like to make to what she said?

23 A No. I think she's accurate.

24 Q Do you have an understanding of how long the Applicant
25 intends to maintain this consulting relationship with Mr.

1 Champagne?

2 A I thought her answer, you know, she answered that fairly
3 well.

4 Q She left it open-ended?

5 A Yes.

6 Q Do you have any more definite idea?

7 A It's speculation.

8 JUDGE FELDMAN: But there's no term for
9 the specific contract, there's no termination date?

10 A It's month to month.

11 JUDGE FELDMAN: So it's terminable?

12 A Yes.

13 JUDGE FELDMAN: At a given -- with a
14 given notice?

15 A Yes.

16 JUDGE FELDMAN: O.K. Thank you.

17 Q (By Mr. Ortlieb): And Mr. Crocker, on page 14 of your
18 rebuttal testimony -- Do you have that in front of you?

19 A Sure.

20 Q On line 6 you also use the term the stain of CMC Telecom
21 or Craig Champagne. As I asked your wife, what do you
22 mean when you use that term, the stain and association
23 with CMC Telecom or Craig Champagne?

24 A Well, you're a good example. You're sitting here and
25 challenging a simple application because Craig Champagne

1 is involved, right? That's why you're here. You're not
2 here to dispute our technical, planning, or managerial
3 ability. You're because this has something to do with
4 Craig Champagne. But it doesn't.

5 Q Anything else you meant by that term?

6 A What do you mean by that?

7 Q Well, in answer to my question, I asked you what you
8 meant by the term the stain. It's your choice of words.

9 A It's my choice --

10 Q On the one hand --

11 JUDGE FELDMAN: O.K. All right. All
12 right. Let me just, let me just ask you, Mr. Crocker,
13 what you meant, if you could describe for the record what
14 you meant in using the phrase "the stain"?

15 A He has got a reputation, which has been discussed by the
16 Staff, having nothing to do with us. It's discussed by
17 AT&T, questioned around it. It's got nothing to do with
18 us and this Applicant. So it's a reputation that we
19 are -- you know, it shouldn't be a cloud over this new
20 operation, you know.

21 JUDGE FELDMAN: Anything further, Mr.
22 Ortlieb?

23 MR. ORTLIEB: No. I'm all set. Thank
24 you very much.

25 JUDGE FELDMAN: All right. Thank you.

1 THE WITNESS: Thank you, your Honor.

2 JUDGE FELDMAN: Hold on, Mr. Crocker.

3 MS. DURIAN: I have one followup,
4 actually two followup on questions just within the scope
5 of what you were already asked.

6 CROSS-EXAMINATION

7 BY MS. DURIAN:

8 Q Are you still operating as an attorney in this case?

9 A I'm not handling the application. My wife replaced our
10 law firm with Mr. Loomis' firm.

11 Q Also I did want to follow up. You indicated that your
12 wife did a good job describing the stain of
13 Mr. Champagne. But I want to follow up on that and ask,
14 would you characterize your knowledge about
15 Mr. Champagne's background as being the same as your
16 wife's? Your wife testified that she wasn't aware of any
17 felony, had only seen him five times in the past year. I
18 was wondering if you have more of an understanding of
19 this reputation that you describe?

20 A That's -- I can't give an answer to that. It's
21 privileged. It's confidential. It goes outside the
22 scope of this proceeding.

23 Q What --

24 A I'm Mr. Champagne's attorney, so I represent Craig
25 Champagne. He needs a lawyer, sometimes I represent him.

1 I have in the past. You're aware of it.

2 Q Without revealing any privileged information that you can
3 not reveal here, outside of that do you have any
4 understanding of his reputation with regards to the
5 felony? Outside of representing him, is there any other
6 understanding? Are you aware of that?

7 A That was not the stain that I would be referring to in
8 the testimony at the Public Service Commission. I was
9 not referring to that at all.

10 MS. DURIAN: That's all I have.

11 JUDGE FELDMAN: O.K. Ms. Durian, you
12 refer to the felony. Do you believe that that's clear on
13 the record what you're referring to?

14 MS. DURIAN: O.K. I may not have stated
15 that correctly.

16 Q (By Ms. Durian): Are you aware of any felony that
17 Mr. Champagne may have committed?

18 MR. OLIVA: Objection.

19 JUDGE FELDMAN: O.K. But you did ask him
20 not to --

21 Q (By Ms. Durian): Without revealing anything that would
22 be confidential as his attorney, are you aware of him
23 having that background, having a felony in his
24 background?

25 MR. OLIVA: Excuse us. I object to the

1 question. I mean there's -- is the question: Has he
2 been convicted of a felony? Earlier there were questions
3 about whether there was an arrest warrant for him. Are
4 we talking about the same thing or two different things?
5 What is it?

6 JUDGE FELDMAN: Ms. Durian.

7 Q (By Ms. Durian): Outside of privilege, are you aware of
8 Mr. Champagne being convicted of a felony?

9 A What's that have to do with my application here? My
10 awareness of --

11 Q Are you objecting?

12 JUDGE FELDMAN: O.K. Hold on. Mr.
13 Crocker.

14 THE WITNESS: Yes?

15 JUDGE FELDMAN: Mr. Oliva is, as counsel
16 for the Applicant, in charge of objections here. And you
17 can't ask Ms. Durian questions. She is the one that is
18 asking the questions. If you believe that the answer is
19 privileged, if you have a relevant concern, if you would
20 like time to talk to Mr. Oliva, I can give you that time
21 and opportunity to talk to him. And so --

22 MR. OLIVA: Let me avail myself of that
23 offer, your Honor.

24 JUDGE FELDMAN: All right. Let's go off
25 the record.

1 (At 10:28 a.m., brief discussion off the record.)

2 JUDGE FELDMAN: Back on the record.

3 MR. OLIVA: Your Honor, I will object. I
4 understand the question to be: Is Mr. Crocker aware
5 whether or not Mr. Champagne has ever been convicted of a
6 felony? I understand that to be the question. I will
7 object to the question on the grounds of relevance. But
8 if your Honor denies my objection, Mr. Crocker will
9 answer.

10 JUDGE FELDMAN: All right. Ms. Durian,
11 do you have any response?

12 MS. DURIAN: I'm willing to forgo this
13 question and to ask a question that might be more, even
14 more to the point in this case, I think, along similar
15 lines.

16 JUDGE FELDMAN: All right. We'll take it
17 question by question. Mr. Crocker, you may wait to
18 answer to give your attorney the opportunity to object if
19 he so chooses.

20 THE WITNESS: Yes.

21 JUDGE FELDMAN: Ms. Durian.

22 Q (By Ms. Durian): Following up on whether or not
23 Mr. Champagne's background is relevant in this case, I
24 have the question of: Are you -- Do you have any plans
25 to sell the business to Mr. Champagne?

1 A Absolutely not.

2 MS. DURIAN: That's all I have.

3 JUDGE FELDMAN: All right. Mr. Oliva,
4 any redirect?

5 MR. OLIVA: No, your Honor.

6 JUDGE FELDMAN: All right. Thank you
7 very much, Mr. Crocker, for your testimony this morning.
8 You may step down at your leisure.

9 THE WITNESS: Thank you.

10 (The witness was excused.)

11 JUDGE FELDMAN: Let me ask for the record
12 if there are any objections to the admission into
13 evidence of Exhibits CTI-5 or CTI-13, CTI-14, or CTI-15,
14 noting that CTI-5, CTI-13, and CTI-14 have been
15 designated as confidential exhibits.

16 MR. ORTLIEB: No objection.

17 JUDGE FELDMAN: Hearing no objection,
18 Exhibits CTI-5, CTI-13, CTI-14, and CTI-15 are admitted
19 into evidence.

20 Let's go off the record and take a
21 morning break.

22 (At 10:33 a.m., a ten-minute recess was taken.)

23 - - -

24 JUDGE FELDMAN: On the record.

25 MR. OLIVA: Applicant calls Hal Babcock.

1 H A L B A B C O C K

2 was called as a witness on behalf of CMC Telecom and
3 Internet, Inc., and, having been duly sworn to testify
4 the truth, was examined and testified as follows:

5 JUDGE FELDMAN: Good morning, Mr.

6 Babcock.

7 DIRECT EXAMINATION

8 BY MR. OLIVA:

9 Q Would you state your full name and business address for
10 the record, please.

11 A Halmut Ernst Babcock. Business address is 107 West
12 Michigan Avenue, 4th floor, Kalamazoo, Michigan 49007.

13 Q All right. Mr. Babcock, I'm handing you a document
14 entitled the Rebuttal Testimony of Hal Babcock on behalf
15 of CMC Telecom Internet, Inc., which consists of a cover
16 page and four additional pages of questions and answers.
17 Did you cause this rebuttal testimony to be filed with
18 the Commission in this case on or June 12, 2018?

19 A I did.

20 Q And was this document prepared by you or under your
21 direction and supervision?

22 A Absolutely.

23 Q If I were to ask you the questions set forth in this
24 document this morning, would you answer them the same way
25 today?

1 A I would.

2 Q All right. Do you have any changes or corrections to
3 your testimony?

4 A None.

5 MR. OLIVA: Thank you. Your Honor, at
6 this time I would move that the rebuttal testimony Hal
7 Babcock be bound into the record.

8 JUDGE FELDMAN: Let me ask for the record
9 if there are any objections to binding in the rebuttal
10 testimony, prefiled rebuttal testimony of Mr. Babcock?

11 MR. ORTLIEB: No objection.

12 JUDGE FELDMAN: Hearing no objections,
13 the prefiled rebuttal testimony of Hal Babcock will be
14 bound into the record.

15 (Testimony bound in.)

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

REBUTTAL TESTIMONY OF HAL BABCOCK

ON BEHALF OF CMC TELECOM AND INTERNET, INC.

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

2 A. My name is Hal Babcock. I am Vice President of Sales for CMC Telecom and
3 Internet, Inc. ("CMCTI"). My business address is 107 W Michigan Avenue, 4th
4 Floor, Kalamazoo, Michigan, 49007.

5 **Q. Please state your educational background.**

6 A. I have a degree in Engineering from Kellogg Community College in Battle Creek,
7 Michigan and a degree from Western Michigan University in Kalamazoo, Michigan
8 with majors in Chemistry and Physics.

9 **Q. What is the purpose of your testimony?**

10 A. The purpose of my testimony is to show that CMCTI possesses sufficient technical
11 and managerial resources and abilities to provide basic local exchange service
12 within its proposed license area.

13 **Q. Please state your professional experience.**

14 A. I have a diverse background in telecommunications encompassing more than thirty
15 two (32) years. I am currently the managing member of Gull Lake Associates LLC.
16 I provide consulting services for all activities related to telecommunications and
17 other interests. I was employed by ITS Communications Inc. ("ITS") in Kalamazoo,
18 Michigan acting as Business Development Manager from 1986-2004 and as a
19 Sales Consultant from 2004 to 2011. I managed sales and consulting services for
20 data communications products to a national customer base including key Fortune
21 500 clients. I worked with long distance carriers, equipment resellers, LEC master
22 agents and technology companies to build a portfolio of new and innovative
23 products. I developed new supplier relationships and incorporated those products

1 into ITS sales offerings. I established strategic marketing and sales initiatives. I
2 attended industry trade shows and conducted educational presentations. I
3 developed a new ITS division for telecom network sales/switchless reseller. I
4 established relationships with carriers and providers for Internet, point-to-point
5 data circuits and MPLS networks. I developed marketing strategies, trained sales
6 staff and currently provide independent sales and consulting services.

7 While at ITS I served as the Onsite Client Manager/Consultant for the Kellogg
8 Company in Battle Creek, Michigan for twelve (12) years. At Kellogg I coordinated
9 data/communication services with Kellogg's Telecom/Data Group for system
10 installations. I conducted research, analysis, compatibility, and feasibility studies,
11 and recommendations for a variety of communications products. I planned,
12 coordinated and oversaw phone system moves, programming, ordering, PBX and
13 Centrex updates and changes, and fiber-optics resulting in a growth of annual
14 revenue to over \$5 million. I also served as the onsite Client Manager/Consultant
15 for three (3) years at Steelcase/Herman Miller. I coordinated the sales, service,
16 installation and maintenance of cabling projects and IT equipment for onsite and
17 remote projects. I oversaw the installation of IT cabling for building updates and a
18 conversion of warehouse to offices. I planned, coordinated and installed new
19 products including video servers, integration of software, hardware and voice-data
20 cabling. I established an excellent relationship with the R&D Engineering staff.

21 **Q. What is your position and job duties with CMC Telecom and Internet, Inc.?**

22 A. I am the Vice President of Sales for CMC Telecom and Internet. I am responsible
23 for sales, marketing and network development. My responsibilities also include

1 managing and overseeing the CMCTI personnel including: Marzine Wood, Senior
2 Technology Engineer; Sheri Waits, Provisioning Manager; Rhoni Hamel, Director
3 of IT and Accounts Receivable Manager; and Debora G. Marrocco, Manager of
4 Customer Service. Ms. Wood is responsible for network operations and
5 troubleshooting customer and network issues. Ms. Waits' duties include
6 provisioning ordering customer circuits, toll free services, and customer care where
7 resolution is required. Ms. Hamel in addition to responsibility for maintaining the
8 integrity and security of a multiple serve company network is responsible for billing,
9 payment, and collections. Ms. Marrocco is responsible for customer care as
10 primary contact for customer orders and account changes, reviewing and
11 composing new customer order summaries.

12 **Q. Do you believe CMC Telecom and Internet, Inc. possesses sufficient**
13 **technical and managerial resources and abilities to provide basic local**
14 **exchange service within the proposed licensed area of the Application?**

15 A. Yes. The depth in management and support staff demonstrates without doubt
16 CMC Telecom and Internet, Inc. possesses sufficient technical and managerial
17 resources and abilities to provide basic local exchange services in the proposed
18 licensed areas of the Application.

19 **Q. Please describe the public interest benefits associated with CMCTI's**
20 **proposed offering of local services in Michigan.**

21 A. The Commission has stated on numerous occasions that promoting competition in
22 the provision of telecommunication services is in the public interest, and the MTA
23 was designed to promote increased competition in the telecommunications

1 market. The grant of CMCTI's Application will further the public interest by
2 expanding the availability to Michigan consumers of technologically advanced
3 telecommunication facilities and services. CMCTI's services benefit the public
4 directly, through the use of high-quality and reliable services, and indirectly,
5 because the presence of CMCTI in the market expands the market and will
6 increase the incentives for other telecommunications providers to operate more
7 efficiently, offer more innovative services, reduce their prices, and improve their
8 quality of service. Enhanced competition in telecommunications services will also
9 likely stimulate economic development in Michigan. Approval of CMCTI's
10 Application is, therefore, in the public interest because it will enhance the service
11 options available to users of telecommunication services in Michigan.
12 Furthermore, CMCTI will use state-of-the-art equipment in providing all of its
13 services. AT&T and Frontier should not be the only providers serving customers in
14 CMCTI's proposed service area.

15 **Q. Have you had any contact or communication with Craig Champagne or any**
16 **of the other management team involved with CMC Telecom, Inc. in the past**
17 **five years?**

18 A. No.

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

20 A. Yes.

1 JUDGE FELDMAN: And Mr. Ortlieb, do you
2 have cross-examination of this witness?

3 MR. ORTLIEB: Yes, I do. Thank you, your
4 Honor.

5 CROSS-EXAMINATION

6 BY MR. ORTLIEB:

7 Q Mr. Babcock, has the Applicant begun operation?

8 A The only operations that I'm aware of today are the stuff
9 that's through the bankruptcy court.

10 Q And do you know when that began?

11 A I don't know the dates of the bankruptcy, no. I'm fairly
12 new with CMC Telecom and Internet.

13 Q What will be your responsibilities with the Applicant?

14 A We will be developing our plan to move forward as a
15 company and as a switchless reseller. So we'll be
16 basically buying from other CLECs or other telecom
17 providers and selling them to customers.

18 Q And you have anticipated some of my questions but I'll
19 ask you anyway. Does the Applicant have now or does it
20 intend to acquire physical telecommunications facilities?

21 A None whatsoever.

22 Q So you described it as a switchless reseller?

23 A Absolutely.

24 Q Does the Applicant intend to purchase telecommunication
25 services on a wholesale basis and then resell them to

1 retail?

2 A Yes. That's correct.

3 Q And does Applicant intend to purchase any of those
4 wholesale services from AT&T Michigan?

5 A None, none at all.

6 Q I take it there are other telecommunications providers on
7 a wholesale basis that Applicant is going to deal with?

8 A Absolutely.

9 Q Now with respect to, I think, is it a fair
10 characterization to say that what we have been talking
11 about so far is the resale world?

12 A Correct.

13 Q Now there is also another component of carrier-to-carrier
14 relationships, and that's been called interconnection.
15 Are you familiar with interconnection --

16 A I am absolutely familiar with interconnection. I have
17 been in the telecom business for 32 years.

18 Q Do you anticipate there would be any need for Applicant
19 to interconnect its network physically to the network
20 of --

21 A We don't have a network so --

22 JUDGE FELDMAN: O.K. I'm sorry to be --

23 THE WITNESS: I'm sorry.

24 JUDGE FELDMAN: -- like a school teacher
25 here.

1 THE WITNESS: You're right.

2 JUDGE FELDMAN: Both of you have to wait.
3 Mr. Ortlieb, would you re-ask your question, please. And
4 then give Mr. Babcock the opportunity to answer.

5 MR. ORTLIEB: Yes. I'm going to rephrase
6 the question.

7 JUDGE FELDMAN: All right.

8 Q (By Mr. Ortlieb): Given that Applicant has no physical
9 network, is it correct to say that there will be no need
10 for Applicant to physically interconnect with the network
11 of AT&T Michigan?

12 A That is correct.

13 Q And similarly, given that Applicant has no physical
14 network, would it be correct to say that Applicant would
15 have no reason to purchase unbundled network elements
16 from AT&T Michigan?

17 A That would be correct as well.

18 Q Does Applicant intend to enter into an interconnection
19 agreement under 251/252 with AT&T Michigan?

20 A No.

21 Q How long have you been -- let me start the again. Are
22 you an employee of Applicant?

23 A Yes.

24 Q How long have you been employed?

25 A Two months.

1 Q Do you have an employment contract? And what I'm getting
2 at here is the duration.

3 A I'm an at-will employee.

4 Q The business plans you have just described in terms of
5 the network and the interconnection agreements or lack
6 thereof, I take it you're talking about the Applicant's
7 intentions as we sit here today, correct?

8 A Uh-huh.

9 Q You have to answer out loud.

10 A Yes.

11 Q Can you frame that for me in terms of a business plan
12 down the road for how many years you think that might be
13 the case?

14 A Well, forever would be my plan. But obviously going
15 forward we're going to become more involved in -- Our
16 basic plan is to get more involved in rural broadband.
17 There is a big need to get out to the rural areas and
18 provide better services to those rural areas. We'll be
19 utilizing a lot of the new infrastructure that's been put
20 into the State of Michigan in the last four or five
21 years. There's a lot of new fiber, there's a lot of new
22 providers. Those people are out there where we would be
23 now be able to get customers, where in the past we may
24 not have been able to. So that's our plan. We would be
25 selling from off those networks, basically, as a

1 wholesale customer.

2 Q Part of your responsibilities relate to sales and
3 marketing, correct?

4 A That is correct.

5 Q And you heard the discussion today in the hearing room
6 concerning Mr. Craig Champagne, correct?

7 A (Nodding).

8 Q You have to answer out loud.

9 A Yes.

10 Q He has been retained by Applicant to perform a sales
11 function. Correct?

12 A I wouldn't call it a sales function, no. I think he's
13 more of a consultant.

14 Q Are there any of his activities on behalf of Applicant
15 that fall under your supervision?

16 A None.

17 Q Have you had any interaction with Mr. Champagne?

18 A None.

19 MR. ORTLIEB: I have no further
20 questions, your Honor.

21 JUDGE FELDMAN: All right. Thank you,
22 Mr. Ortlieb.

23 MS. DURIAN: I have a few followup
24 questions.

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CROSS-EXAMINATION

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BY MS. DURIAN:

Q Were you asked to supply a resume?

A Oh yes, absolutely. You mean to CMC Telecom and Internet?

Q Do you know if your resume is part of -- is an exhibit in this record?

A I don't believe it is.

Q Is there a reason why it is not?

A I think it's just part of the textual part of this document that I have got here. It's not my resume, but it's my experience list, if that's what you're talking about.

Q You indicated in your testimony that you're not acquainted with Mr. Champagne. Is that correct?

A No. He said do I have any interaction with Mr. Champagne and I said no. I -- you're asking me a different question.

Q Do you know Mr. Champagne?

A I know of Mr. Champagne. I've been in the telecom business for 32 years in the State of Michigan, so.

Q Were you the authorized agent of CMC?

A Authorized agent? No. When you say CMC, you mean old CMC?

Q Yes.

1 A No.

2 Q On the ITSP registration?

3 A ITSP? No. When you say me, is that me meaning
4 personally, by the way? I'm trying to figure out what
5 the question really was.

6 Q May I refer you to Exhibit S-8.

7 JUDGE FELDMAN: Let's go off the record
8 so the witness can get a copy of that exhibit, proposed
9 exhibit.

10 (Brief discussion off the record.)

11 JUDGE FELDMAN: Back on the record.

12 Ms. Durian.

13 Q (By Ms. Durian): If this is the ITSP registration for
14 the old CMC, are you aware of being listed as an
15 authorized agent for the old CMC?

16 A No, I was not.

17 JUDGE FELDMAN: Do you recognize this
18 document, Exhibit S-8? Do you know what it is?

19 A I saw that document, but I didn't realize what it meant,
20 I guess. I didn't know it was old CMC.

21 Q (By Ms. Durian): O.K. You indicated that Craig
22 Champagne is a consultant. Just, I'm truly trying to
23 understand what you mean by consultant.

24 A That would be a question for Krista Crocker, the
25 president of CMC Telecom and Internet, not me.

1 Q So you're not aware of what Mr. Champagne does for the
2 company. Is that correct?

3 A Well, I have been told that we're using him as a
4 consultant.

5 MS. DURIAN: That's all I have.

6 JUDGE FELDMAN: Mr. Oliva, redirect?

7 MR. OLIVA: I may have a question.

8 JUDGE FELDMAN: O.K. Do we need to go
9 off the record for you to take a short recess? Let's go
10 off the record. We'll take an in-place recess for a
11 couple minutes.

12 (At 10:59 a.m., a brief in-place recess was taken.)

13 JUDGE FELDMAN: Back on the record. Mr.
14 Oliva.

15 MR. OLIVA: No redirect, your Honor.

16 JUDGE FELDMAN: All right. Thank you
17 very much for your testimony this morning, Mr. Babcock.
18 You may step down when you are ready.

19 (The witness was excused.)

20 MR. OLIVA: Next I would call Dennis
21 Dornbush.

22 D E N N I S D O R N B U S H
23 was called as a witness on behalf of CMC Telecom and
24 Internet, Inc., and, having been duly sworn to testify
25 the truth, was examined and testified as follows:

DIRECT EXAMINATION

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BY MR. OLIVA:

Q Good morning. Would you please state your name full name and business address for the record?

A Dennis C. Dornbush, 16188 Woodcrest Drive, Spring Lake, Michigan 49456.

Q Mr. Dornbush, I'm handing you a document entitled Rebuttal Testimony of Dennis C. Dornbush on behalf of CMC Telecom and Internet, Inc., consisting of a cover page and five additional pages of questions and answers. Is this the rebuttal testimony that you caused to be filed in this case on or about June 12, 2018?

A Yes.

Q And was this document prepared by you or under your direction and supervision?

A Yes.

Q If I were to ask you the questions set forth in this document, would you answer them in the same way?

A Yes.

Q Do you have any changes or corrections to your testimony?

A No.

MR. OLIVA: I think that covers everything. Your Honor, at this time I would move that the rebuttal testimony of Mr. Dornbush be bound into the record.

1 JUDGE FELDMAN: Let me ask for the record
2 if there are any objections?

3 MR. ORTLIEB: No objections.

4 JUDGE FELDMAN: All right. The prefiled
5 rebuttal testimony of Dennis C. Dornbush will be bound
6 into the record.

7 (Testimony bound in.)

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STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

REBUTTAL TESTIMONY OF DENNIS C. DORNBUSH
ON BEHALF OF CMC TELECOM AND INTERNET, INC.

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

2 A. My name is Dennis C. Dornbush. I am A Business Profitability Consultant to CMC
3 Telecom and Internet, Inc. ("CMCTI"). My business address is 16188 Woodcrest
4 Drive, Spring Lake, Michigan 49456.

5 **Q. Please state your educational background.**

6 A. I have a BBA degree from Western Michigan University. I received my CPA license
7 in June 1971.

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

9 A. The purpose of my testimony is to show that CMCTI possesses sufficient financial
10 resources and abilities to provide basic local exchange services within its proposed
11 license area.

12 **Q. Please state your professional experience.**

13 A. I have extensive business experience. I have been an Independent Business
14 Consultant in my own company, Business Improvement Consulting LLC, from
15 November 2012 to the present. I have assisted various privately held client in the
16 areas of business planning, financing business growth, due diligence work for
17 potential buyers and sellers, computer systems selection and implementation,
18 strategic and succession planning, profit improvement initiatives, safety and
19 procedures manuals, analysis of financial performance, and temporary CFO and
20 President positions.

21 I have been a certified Mentor of the Grand Rapids Chapter of SCORE (Society of
22 Retired Executives) from November 1, 2012 to June 1, 2017. As a Score mentor,
23 I do voluntary business consulting for companies ranging from entrepreneur's who

1 want to explore business idea's to companies doing \$20,000,000 in annual
2 revenue. I have mentored/assisted over 150 clients on various business
3 issues/opportunities.

4 I was a Partner/CFO for Golf Cars+ in Plainwell, Michigan from March 1, 2013 until
5 October 31, 2014 and continue to be a consultant for this business. The company
6 was a bankrupt Yamaha golf car distributor servicing over 1,100 golf courses in
7 the state of Michigan and Indiana. I, along with two other semi-retired business
8 executive purchased the business from a bank. In that time, under new
9 management the Company was returned it to profitability, implemented a new
10 management information system, obtained \$10,000,000 of new financing,
11 reorganized the sales force resulting in doubling of sales volume to \$ 12,000,000
12 volume per year, taken it from the number 26 ranked (out of 26) Yamaha distributor
13 in North America to the number 3 ranked Yamaha distributor, stabilized the
14 customer base, repaired Yamaha reputation in the territory, and Set up new
15 dealer/distribution in these markets

16 I was the President and CFO of Sintel Inc. in Spring Lake, Michigan from
17 December 1986 until October 29, 2011. In 25 years, I Increased sales from
18 \$500,000 to \$30 million, obtained Caterpillar as a customer resulting in \$
19 18,000,000 in annual sales, negated and purchased over \$ 15,000,000 of new
20 equipment, negated and added 130,000 sq. ft. in building additions, did 4 major
21 IRB offerings to finance the growth. The Company was profitable for 298
22 consecutive months. I successfully managed this business for 25 years.

1 I was employed by Haworth, Inc. from December 1978 to December 1986. When
2 I joined Haworth sales were \$3,000,000. When I left sales were over
3 \$700,000,000. While at Haworth I held three positions: Controller from 1978-1979;
4 VP Finance/Corporate Secretary from 1979 to 1984; and VP Sales and Marketing
5 from 1984-1986. I financed the growth, keeping Haworth private through private
6 debt offering, IRB financing, and Lease purchase arrangements. I monitored cash
7 flow, margin management, a strict budgeting process. Financial planning and daily
8 management of the business. I Developed self-insurance programs for health and
9 workman's compensation saving the company over \$ 5,000,000 in 5 years. I
10 managed a finance department of approximately 75 people, managed a sales
11 department and sales force of 190 personnel. I was responsible for the
12 implementation of 4 major software systems including the following: Customer
13 Service/ Order entry system \$ 1,400,000 investment – 3 year development, fixed
14 assets system, budgeting and functional reporting system, and sales commission
15 and prospect tracking system.

16 I was employed as an audit manager at Seidman and Seidman (now BDO) CPA's
17 in Grand Rapids, Michigan from April 1970 to December 1978. As an audit
18 manager I performed tax and audit work for small and medium sized clients with
19 annual sales of \$100,000 to \$25,000,000. I represented the debtor in possession
20 in three cases. I acted as CFO for three clients for three to nine months. My client
21 list included Haworth, Herman Miller, Steelcase, Schelde Enterprises (Chain of ten
22 restaurants), Import Motors and Import Parts (\$100 million dollar VW distributor),

1 Butterworth Hospital, Care Corporation (a publicly held 40+ nursing homes
2 corporation) and more than 40 other smaller clients.

3 I have also actively used my business expertise in community service involvement.

4 I was on the Board of Trustees of the Grand Haven Community Foundation from
5 June 2000 through June 2014, also serving as Treasurer from 2004 to 2008. I
6 served as a Junior Achievement Adviser from 1970 – 1978. I was also employed
7 as a part time accounting professor at Davenport University from 1982 to 1988.

8 **Q. What is your position and job duties with CMC Telecom and Internet, Inc.?**

9 A. I am not employed by CMC Telecom and Internet, Inc. I was retained by CMC
10 Telecom and Internet, Inc. in my role as a Business Profitability Consultant.

11 **Q. Do you believe CMC Telecom and Internet, Inc. possesses sufficient**
12 **financial resources and abilities to provide basic local exchange services?**

13 CMC Telecom and Internet, Inc. had a net income of \$7,000 during its first year of
14 operations (year ended 2017) and had a positive cash flow. During the three month
15 period ended March 31, 2018 net income increased by approximately \$23,000 and
16 it also had an increase in cash flow of a similar amount. The projections for year
17 ended 2018 are for revenue of \$950,000, net income of \$90,000 and an increase
18 in cash flow of \$80,000.

19 In my opinion, having consulted with numerous start-up companies during my 48
20 year business career, CMC Telecom and Internet, Inc., if it continues to manage
21 its business as it has thru March 2018, has sufficient cash flow to fund its
22 operations at its projected business level. The \$400,000 of additional funding
23 guarantees provided by the Third Party Affiliates provide the resources to fund

1 additional growth, but are not necessary to fund CMC Telecom's operations at the
2 current projected 2018 levels.

3 I have reviewed the financial statements of the Easton Telecom Services, LLC and
4 Total Marketing Concepts, Inc. and in my opinion they have the financial resources
5 to provide the \$400,000 of financial support guarantees to CMC Telecom and
6 Internet, Inc.

7 **Q. Have you had any contact or communication with Craig Champagne or any**
8 **of the other management team involved with CMC Telecom, Inc. in the past**
9 **five years?**

10 A. No.

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

12 A. Yes.

1 JUDGE FELDMAN: Mr. Ortlieb, do you have
2 cross-examination for Mr. Dornbush?

3 MR. ORTLIEB: Just one or two questions,
4 your Honor. Thank you.

5 CROSS-EXAMINATION

6 BY MR. ORTLIEB:

7 Q Mr. Dornbush, when were you retained by the Applicant for
8 this proceeding?

9 A Approximately two weeks ago.

10 Q And what is the duration of your engagement?

11 A It's as long as they want me to do work for them.

12 Q Are you, are you being compensated on an hourly basis or
13 is it a month-to-month deal?

14 A Hourly basis.

15 Q Have you had any prior experience in the
16 telecommunications business?

17 A Yes. I have done business with a company called TMC,
18 Telemarketing Concepts, for the last 15 months. So I
19 have a fair amount of experience in the
20 telecommunications industry.

21 Q Do you have any professional experience with Craig
22 Champagne?

23 A No. I have no idea who he is.

24 MR. ORTLIEB: Thank you. No further
25 questions, your Honor.

1 JUDGE FELDMAN: All right. And just for
2 the record, Mr. Dornbush, this resume that is in Exhibit
3 CTI-15, this is your resume?

4 A Correct.

5 JUDGE FELDMAN: All right. Thank you.
6 Ms. Durian.

7 MS. DURIAN: No questions, your Honor.

8 JUDGE FELDMAN: All right. Mr. Oliva.

9 MR. OLIVA: No redirect, your Honor.

10 JUDGE FELDMAN: All right. Thank you,
11 Mr. Dornbush, for your testimony this morning. You may
12 step down at your leisure.

13 (The witness was excused.)

14 MR. OLIVA: And Applicant calls James
15 Grabowski.

16 J A M E S G R A B O W S K I
17 was called as a witness on behalf of CMC Telecom and
18 Internet, Inc., and, having been duly sworn to testify
19 the truth, was examined and testified as follows:

20 DIRECT EXAMINATION

21 BY MR. OLIVA:

22 Q Good morning. Could you please state your name and
23 business address for the record?

24 A Yes, James S. Grabowski, 107 West Michigan, Kalamazoo,
25 49007.

1 Q Mr. Grabowski, I'm handing you a document entitled
2 Rebuttal Testimony of James Grabowski on behalf of CMC
3 Telecom and Internet, Inc., which consists of a cover
4 page and five additional pages of questions and answers.
5 Was this document prepared by you or under your direction
6 and supervision?

7 A Yes.

8 Q All right. In your testimony you refer to an exhibit
9 which was marked R-12, has been remarked as Exhibit
10 CTI-16. Is that correct?

11 A Yes.

12 Q Other than that change, do you have any changes or
13 corrections to your testimony?

14 A I do not.

15 Q And your Exhibit CTI-16, that was also prepared under
16 your direction and supervision?

17 A Yes.

18 Q And that's a confidential exhibit, correct?

19 A Yes.

20 MR. OLIVA: Your Honor, at this time I
21 would move that the rebuttal testimony of Mr. Grabowski
22 be bound into the record and that Exhibit CTI-16 be
23 admitted into evidence.

24 JUDGE FELDMAN: Let me ask for the record
25 if there are any objections to binding in Mr. Grabowski's

1 testimony?

2 MR. ORTLIEB: No objection from AT&T.

3 JUDGE FELDMAN: All right. Hearing no
4 objection, the prefiled rebuttal testimony of James
5 Grabowski will be bound into the record. We will take up
6 Exhibit CTI-16 at the conclusion of cross-examination.

7 (Testimony bound in.)

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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Application of)	
CMC TELECOM AND INTERNET, INC)	
for Temporary and Permanent Licenses to)	
Provide Basic Local Exchange Service)	Case No. <u>U-18483</u>
Throughout the State of Michigan in the Zone)	
and exchange areas served by AT&T Michigan,)	
Frontier North Inc., Frontier Midstates Inc.)	

REBUTTAL TESTIMONY OF JAMES GRABOWSKI

ON BEHALF OF CMC TELECOM AND INTERNET, INC.

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

2 A. My name is James S. Grabowski. I am Senior Vice President and Treasurer of
3 CMC Telecom and Internet, Inc. My business address is 107 W Michigan Avenue,
4 4th Floor, Kalamazoo, Michigan, 49007.

5 **Q. Please state your educational background.**

6 A. I have a finance degree from the University of Illinois.

7 **Q. Please state your professional experience.**

8 A. I actively engaged in the telecommunications space since 1991, owning local and
9 long distance companies, and acting as an agent. In 1991, I served as the Vice
10 President and owner of Great Lakes Telecommunications which provided resold
11 long distance services. In 2005, I held ownership and served as Vice President of
12 IBFA Acquisition Company, LLC, (dba The Farm Bureau Connection), which
13 provided local exchange services in eleven states, and long distance services in
14 forty-one states, until the sale of the company in 2008. I also held ownership and
15 served as Vice president of Cost Plus Communications, LLC, a local and long
16 distance services wholesale provider in twelve states. I have also served as a
17 telecommunications consultant for over twenty five years. I played college football
18 at the University of Illinois and professionally in the National Football League (NFL)
19 for the Green Bay Packers and the Chicago Bears. I was an analyst on Illinois
20 football radio broadcasts for nearly 30 years, retiring after the 2006 season.

21 **Q. Do you believe CMC Telecom and Internet, Inc. possesses sufficient**
22 **technical, financial, and managerial resources and abilities to provide basic**
23 **local exchange service within the proposed licensed area of the Application?**

1 A. Yes. The depth in management, and access to financial resources through
2 ongoing operations and Third Party Affiliates demonstrates without doubt CMC
3 Telecom and Internet, Inc. possesses sufficient technical, financial, and
4 managerial resources and abilities to provide basic local exchange services in the
5 proposed licensed areas of the Application.

6 **Q. Are you familiar with the Direct Testimony of Julie E. Ginevan filed in this**
7 **case, and Ms. Ginevan's concerns over your history in the State of**
8 **Michigan?**

9 A. Yes, I have read this Testimony. Ms. Ginevan raises issue with my managerial
10 ability. Ms. Ginevan's position on my managerial ability is baseless. I was hired
11 because of my background in handling the financial piece of the acquisition of a
12 large American Farm Bureau customer base, the running of the company, and
13 ultimate sale of the Farm Bureaus Connection customer base. The American Farm
14 Bureau customer base acquisition involved a customer base embedded in states
15 throughout the Midwest. Ms. Ginevan specifically criticizes my association with
16 Cost Plus Communications, LLC and IBFA Acquisition Company, LLC dba The
17 Farm Bureau Connection. I organized IBFA Acquisition Company, LLC in 2005 for
18 the purpose of purchasing the American Farm Bureau Farm Bureau Connection
19 customer base. Under my leadership, IBFA Acquisition Company, LLC secured
20 local certification in 11 states and long distance certification in 42 jurisdictions. For
21 several years I successfully operated the local and long distance company,
22 maintaining local and long distance certifications in all licensed states including the
23 State of Michigan, from the purchase of the American Farm Bureau assets, to the

1 sale of the company in 2008. I sold IBFA Acquisition Company, LLC to a publicly
2 traded corporation in 2008. See notice to Michigan Public Service Commission
3 attached. At the time of sale, IBFA was in good standing with the State of Michigan
4 and throughout the United States.

5 **Q. Ms. Ginevan states that IBFA's license was revoked in 2016. Were you**
6 **involved with IBFA Acquisition Company, LLC at the time the Commission**
7 **revoked this license?**

8 A. No. The licensing issues identified by staff due to several years of non-compliance
9 occur seven (7) years after the sale of the company.

10 **Q. How did you maintain compliance with your licensing obligations in**
11 **Michigan, the Federal Communications Commission and throughout the**
12 **United States?**

13 A. I engaged Krista Crocker's nationally recognized compliance company,
14 Nationwide Regulatory Compliance, LLC (now known as NRC Runoff, LLC) to
15 handle the ongoing compliance of each company while under my control. As stated
16 above, each company maintained good standing through this relationship until the
17 sale of each. Please find compliance logs for IBFA Acquisition Company, LLC and
18 Cost Plus Communications, LLC detailing the support during my control over each
19 company attached as Confidential Exhibit CTI-16.

20 **Q. How would you compare the burdens of maintaining CMC Telecom and**
21 **Internet, Inc.'s compliance with your past experience with IBFA Acquisition**
22 **Company, LLC?**

1 A. Maintaining a licensed telephone company throughout the United States and the
2 Federal Communications requires far more attention than just Michigan and the
3 Federal Communications Commission as contemplated by the CMC Telecom and
4 Internet, Inc.'s business plan. We have engaged Nationwide Regulatory
5 Compliance to handle the ongoing compliance maintenance for CMC Telecom and
6 Internet, Inc. Nationwide Regulatory Compliance will create a similar log based
7 upon CMC Telecom and Internet's regulatory profile upon approval of this
8 Application.

9 **Q. Ms. Ginevan expressed concerns "about CMC Telecom, Inc.'s compliance**
10 **with its other regulatory obligations and Commission Orders as a provider**
11 **of basic local exchange service." Do you believe Ms. Ginevan's concerns**
12 **have merit?**

13 A. No. Using the hiring of non-management support employees of CMC Telecom,
14 Inc. by CMC Telecom and Internet, Inc., Ms. Ginevan wrongfully ties the history of
15 non-compliance and delayed Compliance with Commission Orders by CMC
16 Telecom, Inc. to this Applicant. In fact, neither Staff nor the Commission should be
17 concerned with the hiring of the non-management employees of CMC Telecom,
18 Inc. In order to properly support the specific needs of the CMC Telecom, Inc.
19 customer base acquired, CMC Telecom and Internet, Inc. hired as employees a
20 number of technical, network, and customer support representatives from CMC
21 Telecom, Inc. This move insured the unique needs of the purchased customers
22 would be met as well as a seamless transition to the new provider. The Staff
23 improperly associates the non-compliance issues relating to CMC Telecom, Inc.

1 to this Applicant and the hiring of network, technical, and customer support
2 representatives. CMC Telecom and Internet, Inc. management team noticeably
3 excludes the CMC Telecom, Inc. management team in its entirety. Importantly,
4 CMC Telecom and Internet, Inc. management team includes telecommunications
5 executives like myself with years of experience in operating phone companies in
6 Michigan and throughout the United States. Simply retaining Craig Champagne as
7 a consultant should not discount the years of experience of CMC Telecom and
8 Internet, Inc.'s management team. CMC Telecom and Internet's engagement of
9 Mr. Champagne in the capacity as consultant ensures that the customers will
10 remain customers of Applicant at least through the engagement of Mr.
11 Champagne.

12 **Q. Have you had any contact or communication with Craig Champagne or any**
13 **of the other management team involved with CMC Telecom, Inc. in the past**
14 **five years?**

15 A. No.

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

17 A. Yes.

1 JUDGE FELDMAN: Mr. Ortlieb, do you have
2 cross-examination?

3 MR. ORTLIEB: No questions, your Honor.

4 JUDGE FELDMAN: Ms. Durian, there's no
5 followup, but let me just ask for the record if you have
6 any questions?

7 MS. DURIAN: No questions, your Honor.

8 JUDGE FELDMAN: All right. Mr.
9 Grabowski, thank you very much for coming this morning.
10 You may step down at your leisure.

11 THE WITNESS: I feel slighted by this.

12 (Laughter.)

13 JUDGE FELDMAN: I'm sorry.

14 (The witness was excused.)

15 - - -

16 JUDGE FELDMAN: Let me ask for the record
17 if there are any objections to the admission into
18 evidence of the confidential Exhibit CTI-16?

19 MR. ORTLIEB: No objections.

20 JUDGE FELDMAN: All right. That exhibit
21 is admitted. Anything further at this point, Mr. Oliva?

22 MR. OLIVA: I don't believe I have missed
23 anyone in the room. I believe that concludes Applicant's
24 direct and rebuttal case.

25 JUDGE FELDMAN: All right. Thank you.

1 Ms. Durian.

2 (Documents were marked for identification by the
3 Court Reporter as Exhibits S-1 through S-12, with
4 Exhibits S-3, S-5, and S-6 having both a public and
5 confidential version.)

6 - - -

7 MS. DURIAN: Pursuant to stipulation of
8 the parties -- and I want to thank counsel for being so
9 amicable in this case -- Staff would like to move for the
10 binding in of the prefiled direct testimony of Shatina S.
11 Clinton, which is ten pages, as well as exhibits she
12 sponsors to be admitted into evidence: S-1, S-2, S-3,
13 S-4, S-5, and S-6. And as to Exhibits S-3, S-5, and S-6,
14 there is both a public and a confidential version to be
15 admitted.

16 As well, Staff moves for the binding in
17 of the testimony of Julie E. Ginevan, consisting of
18 eleven pages of questions and answers and a cover page,
19 and moves for the admission of Exhibits S-7 and S-8 that
20 she sponsors.

21 Staff moves for the binding in of the
22 testimony of Barry Harmon, consisting of 12 pages, which
23 is both in confidential form, and there is also a public
24 version of the testimony. He does not sponsor any
25 exhibits.

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)
CMC TELECOM AND INTERNET, INC.)
for Temporary and Permanent Licenses to)
Provide Basic Local Exchange Service)
Throughout the State of Michigan in the Zone)
and exchange areas served by AT&T Michigan,)
Frontier North Inc., Frontier Midstates Inc.)

Case No. U-18483

QUALIFICATIONS AND DIRECT TESTIMONY OF
SHATINA S. CLINTON
MICHIGAN PUBLIC SERVICE COMMISSION

June 5, 2018

1 Q. Please state your name, position, and business address.

2 A. My name is Shatina S. Clinton. I am a Senior Departmental Analyst in the
3 Licensing and Competitive Issues Section of the Telecommunications Division
4 for the Michigan Public Service Commission (MPSC). My current business
5 address is 7109 West Saginaw Highway, Lansing, MI 48917.

6 Q. Please state your educational background.

7 A. I am a graduate of Northwood University with a Bachelor of Business
8 Administration Degree, and a graduate of the Richard DeVos School of
9 Management with a Masters of Business Administration Degree. I attended the
10 National Association of Regulatory Utility Commissioners (NARUC) Annual
11 Regulatory Studies program in 2008 and in 2011. I have continued to attend
12 individual telecom sessions during the annual program held at Michigan State
13 University.

14 Q. Please state your professional experience.

15 A. I have been with the MPSC's Telecommunications Division since May 2011. As
16 part of my responsibilities as a Senior Departmental Analyst, I assess and act as
17 case coordinator for applications filed under Sections 301 and 302 of the
18 Michigan Telecommunications Act (MTA) to provide basic local exchange
19 service in the state of Michigan. I also conduct analysis and review applications of
20 providers that file to expand the geographic territory of their current license.
21 Other responsibilities that I perform include monitoring discontinuances of
22 service, mergers, acquisitions, and transfers of control. Additionally, I monitor
23 federal activities regarding telecommunication issues and services that would

1 impact the state of Michigan, and participate in preparing Staff comments to the
2 Federal Communications Commission.

3 Prior to my current position I worked as an Energy Analyst within the MPSC
4 from December 2008 to May 2011, where I reviewed existing and new electric
5 generation capacity and citing of electric transmission lines. I reviewed
6 applications, compiled lists of discovery questions for additional information,
7 visited sites, confirmed required federal approval with various agencies and
8 issued certificates of necessity if the proposed project was proven to be needed to
9 meet future demand. I also assisted with the workforce development plans and
10 budgets. I submitted requests for proposals in efforts of securing federally funded
11 grants for training and staffing opportunities. I was also responsible for preparing
12 summaries, testimony on behalf of Staff, annual reports, Staff reports, reply
13 briefs, and providing recommendations on cases submitted to the Commission by
14 electric providers.

15 Q. Have you previously testified before this Commission?

16 A. No, I have not.

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present Staff's position in the matter of the
3 application of CMC Telecom and Internet, Inc. for a license to provide basic local
4 exchange service in the incumbent local exchange carrier territories of AT&T
5 Michigan, Frontier North Inc., and Frontier Midstates Inc.

6 Q. Does Staff have any concerns with the application?

7 A. Yes, Staff has several concerns with this application.

8 Q. Has Staff concluded whether CMC Telecom and Internet, Inc. (CMCTI)
9 possesses sufficient technical, financial, and managerial resources, and abilities to
10 provide basic local exchange service within its proposed service area?

11 A. Staff reviewed the MTA requirements for providing basic local exchange service.
12 Section 302 (1) of the MTA states that: "(1) After notice and hearing, the
13 commission shall approve an application for a license if the commission finds
14 both of the following: (a) The applicant possesses sufficient technical, financial,
15 and managerial resources and abilities to provide basic local exchange service
16 within the geographic area of the license and that the applicant intends to provide
17 service within 1 year from the date the license is granted. (b) The granting of a
18 license to the applicant would not be contrary to the public interest."

19 Based upon the information provided in the application that CMCTI filed on
20 November 21, 2017, as amended on February 13, 2018 and April 18, 2018, and its
21 financial statements filed on February 15, 2018 and April 23, 2018, the Staff does
22 not believe that CMCTI currently possesses sufficient qualifications under
23 Section 302(1) of the MTA to provide basic local exchange service in the

1 geographic territory it has requested to serve, and it would be contrary to the
2 public interest to grant CMCTI a license at this time. CMCTI possesses neither
3 qualifications, both of which are conditions for licensure.

4 Q. What did Staff consider in making the determination that the applicant does not
5 possess sufficient technical, financial and managerial qualifications and that
6 granting a basic local exchange license to CMCTI would be contrary to public
7 interest?

8 A. Staff considered the entirety of the application, along with supporting
9 information, and found two fatal flaws. First, after much delay in response to
10 questions Staff has asked concerning this application, the essential financial and
11 managerial information requested has still not been submitted. On November 21,
12 2017, CMCTI filed its initial application to provide basic local exchange service.
13 The application included some information concerning the technical and
14 managerial qualifications of the company, but no financial statements were
15 provided. Staff, therefore, could not assess whether the company possessed
16 sufficient financial resources to provide basic local exchange service at the time
17 the application was filed because the application was not complete. (The
18 company's financial qualifications will be addressed further by Staff member
19 Barry Harmon in his testimony.) After review of the initial application, Staff
20 contacted CMCTI and provided it with an opportunity to amend its application to
21 provide evidence of its financial qualifications, and address some additional
22 questions Staff had about the technical and managerial qualifications provided in
23 the application, testimony, and exhibits. On February 5, 2018, after Staff's

1 attempts to obtain the information from CMCTI informally, Staff sent and filed a
2 letter in the docket indicating that if the information was not provided by
3 February 12, 2018, the application could be dismissed. (Staff Exhibit S-1). The
4 company, then, filed a First Amended Application on February 13, 2018. The
5 Company filed confidential financial statements on February 15, 2018. Staff
6 reviewed the First Amended Application and financial information CMCTI
7 provided, and contacted CMCTI with additional questions on February 16, 2018
8 and February 27, 2018. CMCTI did not provide a formal response to Staff's
9 questions until it filed a Second Amended Application and financial statements in
10 this docket on April 18, 2018 and April 23, 2018 respectively. Second, Staff has
11 concerns with the qualifications of the officers of the company, and the
12 relationship between CMCTI and CMC Telecom, Inc., which is a licensed basic
13 local exchange service provider. CMCTI is ultimately acquiring the assets of
14 CMC Telecom, Inc. through CMC's bankruptcy.

15 Q. Could you please outline the technical, financial, and managerial concerns in
16 more detail, giving a chronological overview of events?

17 A. After Staff reviewed the initial application that CMCTI filed on November 21,
18 2017, Staff sent an email to CMCTI on December 11, 2017 requesting some
19 additional information concerning the application's lack of technical, financial
20 and managerial information, along with a follow-up email on December 18th,
21 confirming receipt. On December 19, 2017, CMCTI sent an email to Staff, (Staff
22 Exhibit S-2) that indicated that NRC Runoff and a third party would offer
23 financial, technical, and managerial support for the applicant. On January 4, 2018,

1 in response to the December 19, 2017 email, Staff sent CMCTI an additional
2 email to further clarify the information it was seeking. Staff also contacted
3 CMCTI on January 12, 2018 to confirm receipt of the January 4, 2018 email and
4 again on January 17, 2018 to follow up on Staff's request for financial documents.
5 CMCTI still had not responded, so Staff sent a letter on February 5, 2018
6 following up to the January correspondence. (Staff Exhibit S-1). This prompted
7 CMCTI to file a First Amended application on February 13, 2018 and confidential
8 financial statements on February 15, 2018. Staff reviewed the financial, technical,
9 and managerial qualifications of CMC Telecom and Internet, Inc. found in the
10 First Amended application, testimony, and exhibits of Krista K. Crocker, and the
11 financial statements filed by CMCTI as First Amended Exhibit A-4. (Although
12 the financials were filed as an amended exhibit, as noted in my testimony and that
13 of Barry Harmon, there had been no previous information filed, so saying it is an
14 amended exhibit is somewhat misleading.) The applicant had also indicated
15 previously in its December 19, 2017 email that the Company engaged Mr. Craig
16 Champagne to consult with the company on an ongoing basis. Yet, Mr.
17 Champagne's resume, area(s) of expertise, and biography were not included in the
18 February 13, 2018 amended application. The Commission's records indicate that
19 Mr. Champagne is the current President of CMC Telecom, Inc. Please see -
20 http://www.michigan.gov/documents/mpsc/newlocal_558171_7.pdf
21 On February 16, 2018, the Staff sent an email to CMCTI specifically concerning
22 the lack of sufficient financial statements. CMCTI responded on February 17,
23 2018 to Staff that the financial statements and information of the affiliate

1 company providing financial support to CMCTI required by Staff would be
2 provided. (Staff Exhibit S-3). On February 27, 2018 Staff sent another email
3 requesting the additional information concerning the First Amended Application
4 as well as another request for further information concerning the financial
5 statements. (Staff Exhibit S-4).

6 Q. Have the Staff's requests for the information on February 16 and February 27,
7 2018, been submitted by CMCTI?

8 A. On April 18, 2018, two days before Staff's testimony was due, Staff received an
9 email from CMCTI which answered a few, but not all, of the additional questions
10 Staff had asked two months prior, along with a copy of the Second Amended
11 Application. (Staff Exhibit S-5). Staff was also notified via voicemail that day that
12 a Second Amended Application would be filed. The Commission's e-docket
13 system notified Staff that the Second Amended Application was filed by CMCTI
14 on April 18, 2018 in Case No. U-18483 the morning of April 19, 2018. The
15 financials were filed confidentially in the docket on April 23, 2018.

16 Q. Did the Second Amended Application address Staff's questions and concerns
17 about the applicant?

18 A. After review of the Second Amended Application, Staff discovered that some
19 issues were still not addressed. These issues include clarification of the position of
20 Krista Crocker within NRC Runoff. Her resume and biography have conflicting
21 information. The ITSP registration for CMC Telecom, Inc. has also been lacking
22 information for several months. Staff member Julie Ginevan will address this
23 issue in her testimony. CMCTI also updated its financial information in the

1 Second Amended Exhibit A-4, that it filed on April 23, 2018, but failed to update
2 the application to reflect the changes to CMCTI's financial situation. Staff
3 Member Barry Harmon's testimony will provide further information about the
4 financial qualifications of CMCTI in this case. Staff believes the filing of the
5 Second Amended Application approximately two months after additional
6 information was requested for Staff's review only further exemplifies that CMC
7 Telecom and Internet does not possess the managerial, technical, and financial
8 qualifications necessary to receive a license to provide basic local exchange
9 service.

10 Q. Is the affiliate company that is to provide financial backing to CMCTI in good
11 standing?

12 A. The Company appears to have recently been restored to good standing but was
13 not at the time of the filing of CMCTI's First Amended Exhibit A-4. According to
14 the Limited Liability Act of Michigan, a domestic limited liability company or
15 foreign limited liability company authorized to transact business in this state shall
16 file with the administrator an annual statement executed as provided in section
17 103 containing the name of its resident agent and the address of its registered
18 office in this state. The statement shall be filed no later than February 15 of each
19 year. The financial statements for the affiliate company in CMCTI's First
20 Amended Exhibit A-4 were filed on February 15, 2018. At the time that they were
21 filed, the affiliate company was not in good standing with the Michigan
22 Department of Licensing and Regulatory Affairs Corporations, Securities &
23 Commercial Licensing Bureau, Corporation Division according to available

1 online records. The company was not issued a Certificate of Restoration of Good
2 Standing until February 20, 2018. Also, on that date the company belatedly filed
3 its annual statements for 2015, 2016, and 2017. (Staff Exhibit S-6). Furthermore,
4 the affiliate company shows a record of being consistently late with required
5 filings and has needed a Certificate of Restoration of Good Standing issued twice
6 in the last eight years. More information can be found on the Corporation
7 Division's website at
8 <https://cofs.lara.state.mi.us/corpweb/CorpSearch/CorpSearch.aspx>, by searching
9 for the company's name.

10 Q. Are there any other concerns about the affiliate company that is providing the
11 financial support to CMCTI?

12 Yes, as referred to above, the Staff is no longer certain what the involvement of
13 the affiliate company is in providing financial support, because information
14 concerning that company was not supplied to Staff upon its request.

15 Q. Could you please describe your concerns with the relationship between CMCTI
16 and CMC Telecom, Inc. as related to the company's financial, technical, and
17 managerial qualifications and the public interest?

18 A. CMCTI retained almost all of the CMC Telecom, Inc. employees. Staff member
19 Julie Ginevan is addressing this concern, as well as CMC Telecom, Inc.'s non-
20 compliance history in her testimony, and some additional concerns with other
21 companies that were operated by the officers of CMCTI.

22 Q. Does the Staff have any further comments?

1 | A. Based on the concerns laid out in this testimony, including lack of response by the
2 | applicant to Staff's repeated questions concerning CMCTI's technical, financial
3 | and managerial qualifications, and failure to file the required information in the
4 | docket, Staff recommends that the Commission deny the application for a license
5 | to provide basic local exchange service.

S T A T E O F M I C H I G A N
B E F O R E T H E M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N

* * * *

In the Matter of the Application of) CMC TELECOM AND INTERNET, INC, for) temporary and permanent licenses to provide basic local) exchange service throughout the State of Michigan in the) zone and exchange areas served by AT&T Michigan,) Frontier North Inc., Frontier Midstates Inc.) <hr style="width: 100%; border: 0.5px solid black;"/>)	Case No. U-18483
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Q U A L I F I C A T I O N S A N D D I R E C T T E S T I M O N Y O F

J U L I E E . G I N E V A N

M I C H I G A N P U B L I C S E R V I C E C O M M I S S I O N

June 5, 2018

QUALIFICATIONS OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART I

1 Q. Please state your name, position, and business address.

2 A. My name is Julie E. Ginevan. I am a Senior Departmental Analyst in the
3 Licensing and Competitive Issues Section of the Telecommunications Division,
4 Michigan Public Service Commission (MPSC). My current business address is
5 7109 West Saginaw, Lansing, Michigan.

6 Q. Please state your educational background.

7 A. I am a graduate of Michigan State University with a Bachelor of Arts Degree with
8 a concentration in English Literature, and a graduate of Central Michigan
9 University with a Masters of Arts Degree with a concentration in English
10 Literature. I attended the National Association of Regulatory Utility
11 Commissioners (NARUC) Annual Regulatory Studies Program in August 2008
12 and have continued to attend individual telecom sessions during the annual
13 program held at Michigan State University.

14 Q. Please state your professional experience.

15 A. I have been with the MPSC's Telecommunications Division since June 2008. As
16 a Senior Departmental Analyst, I act as lead case coordinator in contested cases
17 involving interconnection disputes between telecommunication providers
18 pursuant to § 203 of the Michigan Telecommunications Act (MTA), Public Act
19 179 of 1991, as amended, MCL 484.2101 *et seq.*, as well as informal dispute
20 matters between providers that may be brought to Staff for resolution. I also act
21 as Senior Case Coordinator for applications filed under § 301 and 302 of the
22 MTA to provide basic local exchange service in the state of Michigan. As the
23 Senior Commission Staff person overseeing the status of basic local exchange

QUALIFICATIONS OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART I

1 service licenses and the issuance of these licenses, I also maintain a database of
2 local exchange provider information for tracking carriers, their regulatory contact
3 information, business information, and any tariff and interconnection agreement
4 information. It is my responsibility to determine whether Commission action is
5 warranted and whether the parties have complied with all applicable rules and
6 regulations. I am also the lead Staff person responsible for the Intrastate
7 Telecommunications Service Providers (ITSP) Database and its registration
8 requirements. Prior to my current position, I was a Student Assistant with the
9 MPSC's Service Quality Division from December 2006 to June 2008, where I
10 worked in the Call Center and was responsible for the intake of complaint calls
11 with regard to state-regulated utility companies.

12 Q. Have you previously testified before this Commission?

13 A. Yes, I have submitted testimony before the Commission in the following cases:

14 MPSC Case No. U-16895 - in the matter of the Commission's Own Motion to
15 commence formal license revocation proceedings against 20 companies listed in
16 that docket.

17 MPSC Case No. U-16844 - in the matter of the application of Rockford
18 Telephone Company, Inc. for a temporary and permanent license to provide
19 resold and facilities-based local exchange telecommunications services in the
20 State of Michigan.

21 MPSC Case No. U-16845 - in the matter of the application of Sparta Telephone
22 Company, Inc. for a temporary and permanent license to provide resold and

QUALIFICATIONS OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART I

1 facilities-based local exchange telecommunications services in the State of
2 Michigan.

3 MPSC Case No. U-17654 - in the matter of the application of Midwest Cable
4 Phone of Michigan, LLC for a license to provide basic local exchange service
5 throughout the State of Michigan.

6 MPSC Case No. U-17703 - in the matter of the application of KEPS
7 Technologies, Inc., d/b/a ACD.Net and ACD Telecom, Inc. for a license to
8 provide local exchange service throughout the state of Michigan.

9 MPSC Case No. U-18008 - in the matter of the Commission's Own Motion to
10 commence formal basic local exchange service license revocation proceedings
11 against 19 companies listed in that docket.

12 MPSC Case No. U-18067 - in the matter of the application of Mobilitie
13 Management, LLC for a license to provide local exchange service throughout the
14 state of Michigan.

15 MPSC Case No. U-18125 - in the matter of the application of Utility Network
16 Authority MI, LLC for a license to provide local exchange service throughout the
17 state of Michigan.

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present Staff's position in the matter of the
3 application of CMC Telecom and Internet, Inc. (CMCTI) for a license to provide
4 basic local exchange service in the incumbent carrier geographic territories of
5 AT&T Michigan, Frontier North Inc., and Frontier Midstates Inc., to provide
6 background information regarding companies that have been previously licensed
7 by the Commission and their officers or personnel who are currently officers or
8 personnel of CMCTI or other former licensed providers of basic local exchange
9 service, and to address issues of non-compliance with those companies.

10 Q. Has Staff concluded whether CMCTI possesses sufficient technical, financial, and
11 managerial resources and abilities to provide basic local exchange service within
12 its proposed license area?

13 A. Yes. At this time, Staff does not believe that CMCTI possesses the qualifications
14 under Section 302 of the Michigan Telecommunications Act (MTA) to provide
15 basic local exchange service in the geographic territory it has requested to serve,
16 and it would be contrary to the public interest to grant CMCTI a license to
17 provide service.

18 Q. Could you please outline your concerns about CMCTI's qualifications to provide
19 basic local exchange service in more detail?

20 A. Yes. Staff is concerned with the involvement of the companies that have
21 previously been licensed by the Commission, as well as the officers or personnel
22 from those companies that have had non-compliance issues in the past and are
23 currently officers or personnel of CMCTI. Staff's concern is that two of the

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 companies whose technical and managerial resources that CMCTI is relying upon
2 have previously been licensed by the Commission and were parties to the
3 Commission's Own Motion for license revocation in MPSC Case No. U-16895.
4 In that case, the Commission opened a docket to revoke the license of several
5 companies, including CMC Telecom, Inc. and VOIP Telecom, LLC, due to non-
6 compliance with their regulatory obligations as basic local exchange service
7 providers. After the order commencing the proceeding was issued on October 4,
8 2011, CMC Telecom, Inc. notified Staff of its desire to retain its license, at which
9 point the company was provided with a detailed list of all reports and filings that
10 would need to be submitted in order for the company to be brought into
11 compliance with their statutory and regulatory responsibilities under the MTA.
12 CMC Telecom, Inc. filed an intervention in Case No. U-16895 and notified
13 Commission Staff on November 17, 2011 that it would make all necessary
14 submissions by overnight mail in order to come into compliance. Please see Case
15 No. U-16895, Exhibit S-2, p. 2, filed November 21, 2011, accompanying the
16 testimony of Julie Ginevan.¹ After CMC Telecom, Inc. came into compliance
17 with the Commission's October 4, 2011 Order in U-16895, Staff recommended to
18 remove CMC Telecom, Inc. from consideration to revoke its license, and the
19 Commission's Order on February 23, 2012 reflected the decision not to revoke
20 the license of CMC Telecom, Inc. However, CMC Telecom, Inc. again has
21 struggled to provide timely required filings to the Commission, which I will
22 discuss further in my testimony. Additionally, VOIP Telecom, LLC was also

¹ <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t000000wbxKAAQ>

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 listed in the U-16895 proceeding. The President of CMCTI, Krista Crocker, was
2 also the President of VOIP Telecom, LLC. On November 4, 2011, one month
3 after the Commission issued its order commencing the formal revocation
4 proceeding in U-16895, VOIP Telecom, LLC notified the Commission that it
5 wished to surrender its license to provide basic local exchange service, and VOIP
6 Telecom, LLC was removed from the revocation consideration. As noted in Case
7 U-16895, prior to commencing the proceeding, Staff attempted to contact both
8 CMC Telecom, Inc. and VOIP Telecom, LLC as well as the other named
9 providers several times, via phone, email, and certified U.S. Mail. During these
10 attempts Staff requested that the companies respond within 45 days of the date of
11 the letter notifying them of potential revocation, and to indicate whether the
12 company intended to retain its license and was providing service or had ceased
13 operations. Unfortunately, neither CMC Telecom, Inc. nor VOIP Telecom, LLC
14 responded within an appropriate time, causing Staff to continue to move forward
15 with revocation proceedings.

16 Q. Does Staff have any additional concerns about CMCTI's personnel?

17 A. Yes. In reviewing the Second Amended Exhibit A-3 in this case, which lists the
18 technical, financial, and managerial qualifications of CMCTI's officers and key
19 personnel, James Grabowski is listed as CMCTI's Vice President and Treasurer.
20 Mr. Grabowski was also the Vice President of Cost Plus Communications, LLC
21 and IBFA Acquisition Company, LLC, both of which were licensed by the
22 Commission and had their licenses revoked due to several years of non-
23 compliance by order of the Commission in MPSC Case No. U-18008. Please see

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 Case No. U-18008, Exhibit S-2, pp 1-2, filed February 2, 2016, accompanying the
2 testimony of Julie E. Ginevan and admitted into evidence at 1 TR 8.²
3 Additionally, CMCTI's Secretary is listed as Mr. Patrick Crocker, who was also
4 the regulatory contact for VOIP Telecom, LLC. Prior to commencing the
5 proceeding in Case U-16895, I attempted to contact Mr. Crocker regarding VOIP
6 Telecom, LLC and ascertain whether the company was providing service. Mr.
7 Crocker indicated in an email on June 15, 2011, that the company was not
8 providing service, and I gave him the information and procedures on how to
9 surrender VOIP Telecom, LLC's license at this time. Please see Case No. U-
10 16895, Exhibit S-2, p. 2, filed November 21, 2011, accompanying the testimony
11 of Julie E. Ginevan and admitted into evidence at 1 TR 19.³ However, the
12 company still did not surrender its license until after the Commission commenced
13 the revocation proceeding several months later. Mr. Crocker is also listed as the
14 Regulatory Contact and Attorney for CMC Telecom, Inc. in the company's
15 incomplete ITSP registration that was initially submitted for 2018. I sent an email
16 to CMCTI's Secretary and General Counsel, Patrick Crocker, on February 22,
17 2018 requesting that Mr. Crocker address the deficiencies of CMC Telecom,
18 Inc.'s ITSP registration, and informing the company that the registration would
19 need to be amended. At the time that Staff's testimony was initially due on April
20 20, 2018 in this case, Mr. Crocker had not acknowledged or responded to the
21 email, nor had the amended and completed ITSP registration been submitted by

² <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000001URkZAAW>

³ <https://mi-psc.force.com/sfc/servlet.shepherd/version/download/068t0000000wbxKAAQ>

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 the submission deadline of February 9, 2018. (Staff Exhibit S-7) The filing of the
2 amended ITSP registration came nearly two months after the additional
3 information was requested. Additionally, Staff is concerned with the contradictory
4 information that was submitted via CMC Telecom's ITSP registration and the
5 information that was filed in the company biographies for CMCTI. The ITSP
6 registration that was submitted for CMC Telecom, Inc. on April 18, 2018
7 indicates that Craig Champagne is the President of CMC Telecom and Officer #1.
8 (Staff Exhibit S-8) However, the biography for Mr. Champagne that was
9 submitted as part of the Second Amended Application on April 18, 2018 indicates
10 that Mr. Champagne has not been the President of CMC Telecom, Inc. since
11 November 2017. The discrepancies found in the filings concern Staff, and the
12 continued delinquencies only further exemplify that CMC Telecom and Internet
13 does not possess the managerial, technical, and financial qualifications necessary
14 to receive a license to provide basic local exchange service.

15 Q. Does Staff continue to have concerns about CMC Telecom, Inc.'s compliance
16 with its other regulatory obligations and Commission orders as a provider of basic
17 local exchange service?

18 A. Yes. Because of CMC Telecom, Inc.'s history of non-compliance and delayed
19 compliance with Commission orders and fulfilling its statutory and regulatory
20 obligations, Staff is concerned with the fact that CMCTI is retaining nearly all of
21 the employees of CMC Telecom, Inc, a company whose financial, technical, and
22 managerial qualifications have come into question, and whose assets are being
23 sold as the result of its bankruptcy. Also, CMCTI has retained CMC Telecom,

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 Inc.'s President Craig Champagne as a consultant to CMCTI, which is cause for
2 concern.

3 Q. Could you please further describe Staff's concerns as related to CMC Telecom,
4 Inc.?

5 A. Staff has found that CMC Telecom, Inc. has been late with filing its annual public
6 utility assessment report with the Commission Staff for the years 2010, 2013,
7 2014, and 2016, and did not file its annual public utility assessment at all in 2009.
8 CMC Telecom, Inc. also has not paid its contribution to the Access Restructuring
9 Mechanism Fund, as required per MPSC Docket No. U-16183, since September
10 2017. CMC Telecom, Inc. still has not fully addressed Staff concerns its annual
11 ITSP registration as required per Section 211a of the Michigan
12 Telecommunications Act, and MPSC Commission Order Nos. U-11900 and U-
13 15782. CMC Telecom, Inc. was also the subject of a Commission's Own Motion
14 show cause Order in Case No. U-17891, due to its failure to respond to Staff's
15 requests for information as to whether the company was providing
16 telecommunications relay service per the requirements of Section 315 of the MTA
17 and the Commission's Order in Case No. U-17655. CMC Telecom, Inc. was
18 subsequently found to be in violation of Section 315 and U-17655. Please see
19 MPSC Case No. U-17891. When determining which companies are to be included
20 in a Commission's Own Motion for license revocation, Staff reviews several areas
21 and reporting requirements for compliance, including the annual ITSP
22 registration, the annual public utility assessment, the monthly access restructuring
23 mechanism assessment and a corporation's status with the Michigan Department

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 of Licensing and Regulatory Affairs Corporations, Securities & Commercial
2 Licensing Bureau, Corporation Division. While CMC Telecom, Inc. had been late
3 in filing its annual public utility assessment in 2013 and 2014, the company was
4 paying in to the access restructuring mechanism during that time, updating its
5 annual ITSP registration, and was in good standing with the Corporations Bureau.
6 Because the company was not out of compliance with areas that Staff reviews,
7 Staff did not request that CMC Telecom, Inc. be added to the list of companies
8 whose licenses were to be revoked in Case No. U-18008. However, since that
9 time, CMC Telecom, Inc. has been late in filing its public utility assessment for
10 2016, has stopped paying the monthly access restructuring mechanism, and has
11 not updated its ITSP registration in a timely manner. Furthermore, since CMCTI
12 retained almost all of CMC Telecom, Inc.'s staff and is relying heavily upon the
13 support of CMC Telecom, Inc.'s staff for CMCTI's operations, Staff has concerns
14 that it will have the same issues in delays of filings and of non-compliance with
15 CMCTI as it has with CMC Telecom, Inc.

16 Q. In some prior licensing cases in which you have testified, Staff has requested that
17 the Commission impose conditions on certain companies in order for a license to
18 be granted. Why is Staff requesting that CMCTI's request for a license be denied
19 rather than requesting conditions?

20 A. Staff is requesting that the Commission deny this license for basic local exchange
21 service because Staff does not believe that granting the license is in the public
22 interest for the reasons outlined in my testimony and the testimony of other Staff
23 witnesses. At this time, the company has failed to provide thorough answers to

DIRECT TESTIMONY OF JULIE E. GINEVAN
CASE NUMBER U-18483
PART II

1 Staff's questions in this case and prove that they possess sufficient financial,
2 managerial, and technical requirements necessary for the issuance of a license.
3 CMCTI has employed or retained the officers and personnel of various
4 companies, including CMC Telecom, Inc., Cost Plus Communications, LLC,
5 IBFA Acquisition Company, LLC, and VOIP Telecom, LLC; these are all
6 companies that have previously been granted licenses by the Commission, with a
7 history of non-compliance and delayed responses by officers or employees. As
8 was previously mentioned, IBFA Acquisition Company, LLC and Cost Plus
9 Communications, LLC both had their licenses for basic local exchange service
10 revoked for non-compliance. The officers and staff that CMCTI has employed or
11 retained will be responsible for providing the managerial, technical, and financial
12 support for CMCTI, yet have shown a history of non-compliance with their
13 previous companies. Staff is concerned that CMCTI would continue to be
14 delinquent with filings in the future and would continue to disregard its regulatory
15 responsibilities as a basic local exchange service provider. While occasional
16 delinquent filings, or an officer linked to a company that had previously been
17 granted a license by the Commission with minor deficiencies, would not normally
18 alarm or cause Staff to oppose an application for a license to provide basic local
19 exchange service, Staff is concerned with the various missed deadlines,
20 delinquent reporting requirements, and various personnel from several different
21 companies who have had issues with non-compliance.

22 Q. Does this conclude your testimony?

23 A. Yes, it does.

S T A T E O F M I C H I G A N
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the Matter of the Application of CMC Telecom) and Internet, Inc. for temporary and permanent) Licenses to Provide Basic Local Exchange Service) Throughout the State of Michigan in the Zone and) Exchange areas served by AT&T Michigan,) <u>Frontier North, Inc., Frontier Midstates, Inc.)</u>	Case No. U-18483
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PUBLIC VERSION

QUALIFICATIONS AND DIRECT TESTIMONY OF

BARRY HARMON

MICHIGAN PUBLIC SERVICE COMMISSION

QUALIFICATIONS OF BARRY HARMON
CASE NUMBER U-18483
PART I

1 Q. Please state your name and business address for the record.

2 A. My name is Barry Harmon and my business address is 7109 W. Saginaw
3 Highway, Lansing, Michigan 48917.

4 Q. By who are you employed and what is your position?

5 A. I am employed by the Michigan Public Service Commission (MPSC) as a Senior
6 Auditor in the Rates and Financial Analysis Section of the Telecommunications
7 Division.

8 Q. What is your educational background?

9 A. I have a Bachelor of Arts Degree in Accounting from Spring Arbor University,
10 Spring Arbor, Michigan. I have also completed Spring Arbor University's
11 Certified Public Accountant (CPA) track requirements.

12 Q. What is your professional experience?

13 A. Beginning in June of 2008, I became an auditor working in the
14 Telecommunications Division at the MPSC. In my current position, I am
15 responsible for analyzing various financial documents regarding
16 telecommunications license applications, as well as wireless 9-1-1 invoices
17 (associated with the MPSC Case No. U-14000 docket). In addition, I am
18 responsible for reviewing Eligible Telecommunications Carriers (ETCs)
19 applications for designation, expansion, and relinquishment. I also am
20 responsible for ensuring that ETCs are complying with the federal Form 481. I
21 thoroughly review all of the Form 481 information that is provided by every ETC
22 in Michigan, to ensure that the information is complete and accurate. I also
23 participate on a weekly Lifeline

QUALIFICATIONS OF BARRY HARMON
CASE NUMBER U-18483
PART I

1 Taskforce call that involves other state commissions, as well as staff from the
2 Universal Service Administrative Company (USAC), the National Association of
3 Regulatory Utility Commissioners (NARUC), and the Federal Communications
4 Commission (FCC). As a Senior Auditor, I am lead case coordinator in contested
5 cases involving disputes between telecommunications providers pursuant to
6 Section 203 of the Michigan Telecommunications Act (MTA), (Public Act 179 of
7 1991, as amended), as well as informal dispute matters between providers that
8 may be brought to Staff for resolution. I regularly attend NARUC Annual
9 Regulatory Studies Program and have continued to attend individual telecom
10 sessions during the annual program held at Michigan State University since I have
11 been employed by the MPSC. Prior to my employment at the MPSC, I was hired
12 by Hawkins Accounting in Jackson, Michigan, and I worked as an intern during 1
13 tax season and as a tax preparer in a second tax season while attending college. At
14 Hawkins Accounting, most of my duties involved individual tax preparation,
15 interviewing clients and tax research. After graduation, I was hired for a tax
16 season at The Lally Group, a CPA firm in Jackson, Michigan. During my time at
17 The Lally Group, I gained experience with small business accounting, on-site
18 audits, partnership and corporate tax preparation and various other tax obligations
19 of small business, including year-end payroll duties.

20 Q. Have you previously testified before this Commission?

21 A. Yes. I have filed testimony in 2014 in MPSC Case No. U-17654, in the matter

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1 of the application of Midwest Cable Phone of Michigan, LLC for a license to
2 provide basic local exchange service throughout Michigan. I presented testimony
3 regarding Staff's financial review of the application as it relates to the MTA's
4 requirement to have sufficient financial resources to obtain a license.

5 Q. On whose behalf was your testimony prepared?

6 A. My testimony was prepared on behalf of the MPSC.

7 Q. Are you familiar with this proceeding before the MPSC?

8 A. Yes, I am familiar with this case.

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TESTIMONY OF BARRY HARMON
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PART II

1 Q. What is the purpose of your testimony?

2 A. The purpose of my testimony is to present Staff's financial review in the matter of
3 the application of CMC Telecom and Internet, Inc. (CMCTI) for a license to
4 provide basic local exchange service throughout the state of Michigan in the
5 specific geographic areas as described in their application. My testimony
6 specifically relates to the MTA's requirement to have sufficient financial
7 resources to obtain a license.

8 Q. Please describe the MTA requirements.

9 A. Section 302(1) of the MTA states: "After notice and hearing, the commission
10 shall approve an application for a license if the commission finds both of the
11 following: (a) The applicant possesses sufficient technical, financial, and
12 managerial resources and abilities to provide basic local exchange service within
13 the geographic area of the license and that the applicant intends to provide service
14 within 1 year from the date the license is granted, and (b) The granting of a
15 license to the applicant would not be contrary to the public interest."

16 Q. Did CMCTI submit financial statements and/or financial information?

17 A. Eventually. Even though CMCTI filed its license application in MPSC docket No.
18 U-18483 on November 21, 2017, in accordance with MCL 484.2101 *et seq.* of the
19 MTA, this application did not contain any financial documents. On page 4 of the
20 initial application, it states "A copy of CMCTI's Financial Statements are
21 attached as Confidential Exhibit A-4 in accordance with §210 of the MTA." In
22 addition, the company included a page in the application that states "Exhibit A-4
23 Financials Confidential." While the application references confidential

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1 information and there is a placeholder for it, CMCTI failed to file any confidential
2 financial information with the MPSC with its application. Krista Crocker filed
3 testimony in the original application on behalf of CMCTI speaking in part to the
4 applicant's financial qualifications. After repeated requests from MPSC Staff,
5 CMCTI eventually submitted First Amended Exhibit A-4 on February 15, 2018,
6 which contained an unaudited Profit & Loss statement for [REDACTED].
7 As of the date of my testimony, this is the only financial document that has been
8 submitted to the MPSC Staff for review.

9 Q. Has Staff reviewed the Confidential Exhibit A-4 and testimony of Krista Crocker?

10 A. Yes, I reviewed the information to determine if the applicant possesses sufficient
11 financial resources in accordance with Sec. 302(1).

12 Q. After reviewing the financial portion of the application, does Staff have any
13 concerns?

14 A. Yes. The overall concern of the financial portion of the application is regarding
15 the lack of financial information that has been provided by CMCTI. CMCTI does
16 not have any financial information. CMCTI is relying on the financial support of
17 an affiliated company, [REDACTED]. On February 15, 2018, CMCTI
18 submitted an unaudited Profit & Loss Statement, which contained very basic and
19 minimal information about the financial standing of the affiliate company,
20 [REDACTED]. As a result of this lack of information, Staff (Shatina
21 Clinton) contacted Patrick Crocker, the attorney representing CMCTI as well as
22 the company's Secretary by email on February 16, 2018 and presented him with

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1 numerous follow-up questions that I had prepared. Mr. Crocker responded by e-
2 mail on February 17, 2018 and provided answers. Staff Exhibit S-3 provides for
3 the e-mail exchange between MPSC Staff and Mr. Crocker on February 16-17.
4 Mr. Crocker's February 17, 2018 responses generated additional concerns for
5 Staff as to the accuracy of the Profit & Loss Statement. In the questions that Ms.
6 Clinton sent to Mr. Crocker, he was asked, "Does [REDACTED] have any
7 independently audited financial statements available?" and his February 17, 2018
8 response was, "[REDACTED] has never audited financial statements." It is concerning
9 when financial statements have not been independently verified, especially in a
10 case when the overall financial information of the application is lacking. An
11 independent audit provides greater assurance as to the accuracy of the financial
12 statements. Mr. Crocker was also asked, "Does [REDACTED] have
13 employees to who they pay wages to?" and his response was, "[REDACTED] relies
14 upon independent contractors to provide service. [REDACTED] has no employees." I
15 have concerns with this statement, because according to the Profit & Loss
16 Statement that was provided in the docket, it does not show any expense for
17 contractor services or employee wages. Additionally, the Profit & Loss Statement
18 has never been audited, which only adds to Staff's questions and causes further
19 concerns regarding the company's financial stability. Finally, Mr. Crocker was
20 asked to provide additional financial documents, as well as a bank statement for
21 [REDACTED], and in his responses, he agreed to provide bank statements
22 and supporting financial statements for 2017. I followed up with a phone call to

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1 Mr. Crocker on February 20, 2018 to discuss his responses to my questions. Mr.
2 Crocker referenced possibly obtaining financial support from another licensed
3 telecom provider, but I do not recall the name. Before ending the conversation,
4 Mr. Crocker agreed to provide a Balance Sheet, a Statement of Cash Flows, and a
5 bank statement for [REDACTED]. Mr. Crocker stated that this may take
6 some time because he was having communication issues with representatives of
7 [REDACTED]. As of the date of my testimony, Mr. Crocker has not
8 provided *any* of the agreed upon documentation related to [REDACTED]
9 [REDACTED] financial statements since our February 20, 2018 phone call.

10 Q. Does Staff have any other financial concerns as it relates to this application?

11 A. Yes. The relationship between CMCTI and [REDACTED] is concerning.
12 During my February 20, 2018 telephone conversation, Mr. Crocker stated that he
13 was having communication issues with representatives from [REDACTED]
14 [REDACTED] and that he was having difficulty obtaining financial statements. It is
15 concerning that these communication issues may extend to the financing of
16 CMCTI as well. If CMCTI is relying on the financial support of [REDACTED]
17 [REDACTED] to commence operation of its business, then there should not be
18 difficulty for CMCTI to obtain simple financial documents. The difficulty that
19 CMCTI is having is concerning as to how easily they will be able to obtain
20 financing from [REDACTED], especially given that Krista Crocker, the
21 President of CMCTI is also listed as the President of [REDACTED].

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1 according to Exhibit A-3, which was attached to both of CMCTI's first and
2 second amended application.

3 Q. Does Staff have any other concerns with the financial information that was
4 provided by the applicant?

5 A. Yes, on Page 4 of the original application, as well as the second amended
6 application, it states "CMCTI is a wholly owned subsidiary of NRC RUNOFF,
7 LLC which is a Limited Liability Company organized in the State of Michigan."
8 However, CMCTI has never filed any financial information regarding this
9 company as well.

10 Q. Has any additional financial information been provided by CMCTI?

11 A. Yes. On April 18, 2018, CMCTI filed a Second Amended Application. On April
12 23, 2018, additional confidential financial documents were filed into the docket.
13 These financial statements included an independent accountant's review report for
14 a company called [REDACTED]. The independent
15 accountant's report concluded that the financial statements for [REDACTED] have been
16 prepared in accordance with generally accepted accounting principals in the U.S.

17 Q. Does Staff have any concerns with the additional financial information filed with
18 the Second Amended Application?

19 A. Yes. CMCTI filed financial information for [REDACTED] and yet there is no reference to
20 [REDACTED] or any information provided that shows any relationship or affiliation with
21 [REDACTED] in CMCTI's Second Amended Application. This business relationship
22 issue is also discussed in the testimony of Shatina Clinton. The only reference of

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1 [REDACTED] is contained in the Second Amended Application confidential exhibit A-4,
2 when CMCTI states that [REDACTED]
3 [REDACTED]
4 [REDACTED]. Up until the filing of the April 23, 2018 financial exhibit, [REDACTED] has
5 never been previously referenced by CMCTI in the application. CMCTI provided
6 no information or copies of any signed agreement with these terms to MPSC
7 Staff. Since CMCTI appears to be frequently switching their source of funding,
8 simply stating that they now have a new agreement does not provide financial
9 certainty and reassurance. Staff is unaware of the terms and conditions of this
10 agreement, whether this agreement even exists, and if the financial support
11 amount sufficiently satisfies CMCTI's financial needs.

12 Q. Does Staff have any other financial concerns regarding the Second Amended
13 Application?

14 A. Yes. The only financial information that CMCTI provided in their Second
15 Amended Application was the inclusion of [REDACTED] in their exhibit. As I have
16 already stated, I have concerns with the role of [REDACTED] and this apparent
17 agreement between them and CMCTI. CMCTI failed to describe or reference
18 [REDACTED] in the body of the application. CMCTI also failed to clarify if the role has
19 changed for [REDACTED]. Since CMCTI did not change their application
20 at all regarding [REDACTED], and since CMCTI failed to provide any
21 additional financial information, especially to our previous questions, we still
22 have a number of financial concerns regarding [REDACTED] and the role

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1 that this company has with CMCTI. The Second Amended Application also did
2 not contain any financial information regarding NRC Runoff. It still is concerning
3 why the parent company of CMCTI does not have any financial information to
4 provide to support the financial backing of CMCTI.

5 Q. Do you have any other concerns regarding the Second Amended Application?

6 A. Overall, it is concerning (from a financial standpoint) the number of times that
7 CMCTI appears to be switching its source of financial backing during the
8 application process. From the information that has been provided (or lack thereof)
9 in the application and exhibits, it appears that CMCTI is having difficulty with
10 obtaining and securing financial funding. CMCTI has never provided any
11 financial information for the parent company, NRC Runoff, they have provided
12 very minimal unaudited information regarding [REDACTED], and it took
13 CMCTI two months after Staff sent a number of questions regarding the First
14 Amended Application to now provide a Second Amended Application that
15 includes yet another company [REDACTED] for which they are apparently relying on
16 for financial backing. CMCTI never addressed the previous financial concerns of
17 Staff, nor have they amended their application to reflect any changes to what was
18 previously filed by the company. CMCTI waited two months, and a day before
19 Staff testimony was due, to amend their application, and yet again, the financial
20 information that was filed by CMCTI (or lack thereof) only leads to more
21 questions and concerns.

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1 Q. Has Staff followed their usual protocol and standard with this telecommunications
2 license application financial review as they have with other previous financial
3 reviews?

4 A. Yes. I have followed the typical standard and protocol with this review as I would
5 have with any previous review. Based on the lack of financial information
6 provided, it is standard to ask follow-up questions and request that additional
7 documents be submitted for review. I have not, at any point in this review, applied
8 any additional scrutiny or made any unreasonable requests.

9 Q. Does Staff have any additional comments?

10 A. Based on the minimal financial information that has been provided and the
11 numerous questions and concerns that still remain unanswered, Staff recommends
12 that the Commission deny the application for a license for basic local exchange
13 service at this time.

14 Q. Does this conclude your testimony?

15 A. Yes, it does.

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(Transcript continues at Page 158 of the
Confidential Record.)

- - -

1 right. It's my understanding that after discussing this
2 matter off the record, the parties have agreed that it
3 would be appropriate to set a briefing schedule that
4 would resolve this matter within a 210 rather than 180
5 day schedule due to the complexity of this case.

6 Mr. Oliva.

7 MR. OLIVA: Applicant waives the 180-day
8 deadline and agrees to the schedule proposed by Staff.

9 JUDGE FELDMAN: Thank you. Mr. Ortlieb.

10 MR. ORTLIEB: That is acceptable, your
11 Honor.

12 JUDGE FELDMAN: Ms. Durian.

13 MS. DURIAN: Yes, your Honor.

14 JUDGE FELDMAN: All right. So as I
15 understand the schedule, it calls for briefs to be filed
16 on or before July 16, 2018, with reply briefs due on or
17 before July 30, 2018. I will set a PFD target date of
18 August 30, 2018, which would then provide for exceptions
19 to be filed on or before September 13, 2018, with replies
20 to exceptions due on or before September 24, 2018, which
21 would allow the Commission to issue an order at its
22 October 25 meeting or November 8 meeting within that 210
23 day period, using April 18, 2018, as the applicable
24 filing date. Everybody is nodding.

25 Anything further at all from anybody

1 before we adjourn? But let me just indicate, I am
2 looking forward to your briefs. I would ask that your
3 initial briefs address the entire record as
4 comprehensively as possible so that the replies can be
5 focused only on points of disagreement. And if any issue
6 does arise, I should be generally available should we
7 need to make any minor adjustments in the schedule.

8 Thank you for your patience. Thank you
9 to all your witnesses for their patience this morning.
10 We are adjourned.

11 (At 11:25 a.m., the hearing was adjourned.)

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C E R T I F I C A T E

I, Marie T. Schroeder, CSR-2183, do hereby certify that I reported in stenotype the proceedings had in the within-entitled matter, that being Case No. U-18483, before Sharon L. Feldman, Administrative Law Judge with MAHS, at the Michigan Public Service Commission, Lansing, Michigan, on Tuesday, June 19, 2018; and do further certify that the foregoing transcript, consisting of 175 pages, is a true and correct transcript of my stenotype notes.

Marie T. Schroeder, CSR-2183
33231 Grand River Avenue
Farmington, Michigan 48336
metrostate@sbcglobal.net

Dated: June 25, 2018