

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the application of)
the Michigan Exchange Carriers)
Association, Inc. to determine if SBC's)
discontinuance of toll service in the)
exchanges of Hiawatha Telephone)
Company, Midway Telephone)
Company, Ontonagon County)
Telephone Company, and Chippewa)
County Telephone Company is)
authorized pursuant to the Michigan)
Telecommunications Act.)
_____)

MPSC Case No. U-14100

Direct Testimony of James Patrick Brogan III

Dated: April 2, 2004

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

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

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Hiawatha Communications Incorporated (“HCI”) and manage the
6 operations of all four of its local exchange carrier subsidiaries, Midway Telephone
7 Company, Ontonagon County Telephone Company, Hiawatha Telephone Company,
8 and Chippewa County Telephone Company (the “Hiawatha companies”). I am Vice
9 President and Chief Operating Officer of HCI.

10 **Q. On whose behalf are you testifying?**

11 A. I am testifying on behalf of the Hiawatha companies and the Michigan Exchange
12 Carriers Association, Inc. (“MECA”).

13 **Q. Would you detail your educational background?**

14 A. I graduated from Lake Superior State University in 1989 with a Bachelors Degree
15 in Business. I also have an Associates Degree from Lake Superior State University
16 in Computer Engineering Technology.

17 **Q. Please explain your experience in the field of telecommunications?**

18 A. Since 1985, I have held various positions with the Hiawatha companies and HCI.
19 In 1985, I became Combination Man for Ontonagon County Telephone Company.
20 In 1989, I was promoted to Assistant Operations Manager for Ontonagon County
21 Telephone Company.

22 In 1999, I accepted the position of Director of Strategic Planning for HCI.
23 From 2002 to the present, I have been employed as the Vice President and Chief
24 Operating Officer of HCI.

1 Also, I have worked on various projects for the independent telephone
2 industry. I currently am on the Board of Directors of the Telecommunications
3 Association of Michigan (“TAM”), and I am the Chairman of the TAM Small
4 Company Committee and the TAM Foundation.

5 **Q. Have you ever testified on telecommunications issues?**

6 A. Yes, I have testified before the Michigan Senate Energy and Technology Committee
7 regarding rural broadband development in Michigan.

8 **Q. Are you familiar with the Hiawatha companies’ exchanges?**

9 A. Yes. In my position with the Hiawatha companies, I have spent much time in the
10 companies’ exchanges and the communities located there. I was raised in
11 Ontonagon, Michigan, and attended elementary, middle, and high schools there.
12 I currently live in Munising, Michigan. I am a lifelong resident of the Upper
13 Peninsula.

14 **Q. Are you familiar with the AETCPs offered by Michigan Bell Telephone
15 Company d/b/a SBC (“SBC”) and SBC’s proposed discontinuance of toll
16 service?**

17 A. Yes. I am familiar with the SBC toll service offerings to SBC’s toll customers in our
18 exchanges since these customers are also our local service customers and since
19 we provide access service to SBC. Further, I have monitored SBC’s attempts to
20 discontinue service and have had discussions with SBC personnel regarding
21 discontinuance and the Hiawatha companies’ opposition to it.

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

23 A. The purpose of my testimony is to state the Hiawatha companies’ position and to
24 offer factual support for our Application. Specifically, my testimony will describe (1)

1 the number of customers in the Hiawatha companies' exchanges that currently are
2 subscribed to SBC's AETCPs, (2) the size and demographics of the service territory
3 in the Hiawatha companies' exchanges, (3) the discussions with SBC regarding
4 discontinuance of service and the Hiawatha companies' opposition to it, and (4) the
5 lack of alternatives to SBC's AETCPs.

6 **Q. What is the Hiawatha companies' position regarding SBC's discontinuance of**
7 **service?**

8 A. The Hiawatha companies oppose SBC's discontinuance. It is contrary to the public
9 interest and is not authorized under the Michigan Telecommunications Act ("MTA").

10 **Q. How many customers in the Hiawatha companies' exchanges currently are**
11 **subscribed to the AETCPs provided by SBC?**

12 A. Currently, Midway Telephone Company has 242, Ontonagon County Telephone
13 Company has 7, Hiawatha Telephone Company has 72, and Chippewa County
14 Telephone Company has 359.

15 **Q. Please describe the general character of the Hiawatha companies' exchanges.**

16 A. The Hiawatha companies serve very rural areas in the Upper Peninsula. Midway
17 Telephone Company has 698 residential and 94 business access lines in a service
18 territory of 930 square miles, or 0.85 customers per square mile. Ontonagon County
19 Telephone Company has 2,880 residential and 1,263 business access lines in a
20 service territory of 957 square miles, or 4.33 customers per square mile. Hiawatha
21 Telephone Company has 4,611 residential and 1,640 business access lines in a
22 service territory of 2,408 square miles, or 2.59 customers per square mile.
23 Chippewa County Telephone Company has 1,222 residential and 518 business

1 access lines in a service territory of 227 square miles, or 7.67 customers per square
2 mile.

3 **Q. Please describe the general economic conditions in these exchanges.**

4 A. There is not a lot of large industry or economic activity in these rural exchanges, and
5 the unemployment rate is high. Some communities have been hit hard by plant
6 closings, such as the Copper Range Mine in White Pine, which employed about
7 2000 people in the western Upper Peninsula. The people in our exchanges need
8 affordable telecommunications service.

9 **Q. Is there a need for AETCPs in these exchanges?**

10 A. Yes. Customers rely on the AETCPs for low-cost calling to areas where they have
11 a community of interest. Due to the rural character of our exchanges, schools,
12 hospitals, emergency services, business centers, state and county offices, courts,
13 dentist offices, attorney offices, employers, grocery stores, and other necessary
14 services often are not located in the same exchange as the caller. In thirteen of our
15 exchanges, a toll call is needed to reach a hospital, a school, or the police—or all
16 three of them. Many of these facilities are located in nearby adjacent exchanges.
17 Even friends and family often are in a neighboring exchange. The AETCPs are an
18 integral part of the package of telecommunication services needed by customers to
19 reach their communities of interest.

20 The communities served by Midway Telephone Company and Chippewa
21 County Telephone Company are especially reliant on adjacent exchange toll calling.
22 The communities served by Midway have fallen on hard economic times. Hospitals,
23 schools, and police all require a toll call that is an adjacent exchange call in almost
24 all circumstances. The relevant business and town centers are in adjacent

1 exchanges in Iron River, Bruce Crossings, Ewen, and L'Anse. The same is true for
2 people in Brimley and Bay Mills who need to call Sault Ste. Marie from Chippewa's
3 service area.

4 **Q. Have you had any discussions with SBC regarding its discontinuance of**
5 **service in your exchanges?**

6 A. Yes. SBC has raised the prospect on several occasions beginning in 2002, but SBC
7 did not follow through until its recent notice was published and filed. The Hiawatha
8 companies have consistently expressed their opposition to SBC's proposed
9 discontinuance. When SBC first raised the possibility of discontinuing service in
10 September 2002, we explained that we were not in favor of SBC's decision to
11 withdraw. We explained our position again in October 2002 and warned SBC not
12 to tell the Staff that we were on board with SBC's plans. They obviously did not
13 withdraw toll service at that time, but we heard from them again in January 2003.
14 We again reiterated that we were not on board with their plan. SBC obviously did
15 not discontinue service at that time but postponed their plans indefinitely. We heard
16 from them again in late January 2004 that they intended to withdraw service, and
17 once again we are opposed to it. We have informed the Staff of the developments
18 and our opposition to discontinuance throughout this time.

19 **Q. What impact would there be if SBC discontinued its service?**

20 A. Customers in the Hiawatha companies' exchanges would be stranded without
21 reasonable alternatives to call areas where they have a community of interest.

22 **Q. Have other toll providers indicated that they will have adjacent exchange toll**
23 **calling options to assist the affected customers?**

1 A. I am aware of none who have offered to provide customers with a low-cost, flat-rate
2 alternative to SBC's plans.

3 **Q. Do customers generally support SBC's discontinuance of intraLATA toll**
4 **service?**

5 A. No. Customers are generally opposed to it. We have received many calls and
6 comments from customers in opposition to discontinuance, asking what they can do
7 to prevent it. Customers have also filed comments with the MPSC in opposition to
8 it.

9 **Q. Does this conclude your prepared direct testimony?**

10 A. Yes.

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