



STATE OF MINNESOTA

OFFICE OF THE ATTORNEY GENERAL

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NOV 13 1998

November 12, 1998

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Magalie Salas
Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

**Re: In the Matter of Truth-in-Billing and Billing Format
CC Docket No. 98-170**

Dear Ms. Salas:

Enclosed for filing please find the original and four copies of the Comments of the Minnesota Office of Attorney General in the above-referenced matter.

Sincerely,

LIANNE KNYCH
Assistant Attorney General
Residential and Small
Business Utilities Division
(651) 296-8714

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
Truth-in-Billing and)
Billing Format)

CC Docket No. 98-170

**COMMENTS OF THE MINNESOTA
OFFICE OF ATTORNEY GENERAL**

I. INTRODUCTION.

The Minnesota Office of Attorney General (MN-OAG) offers and files the following Comments in response to this Commission's Notice of Proposed Rulemaking (NOPR) published in the Federal Register on October 14, 1998, in Volume 63, page 55,077. The MN-OAG appreciates the opportunity to comment on the creation of rules to ensure that consumers receive accurate and understandable bills from their long distance phone companies. Our office receives numerous complaints, some of which have been attached to these comments, from consumers who are charged for services that they did not order on their telephone bills, are charged at rates higher than they expected or were told that they would pay, or who have been unable to resolve billing disputes with their long distance carrier. Telephone consumers have registered thousands of complaints regarding an array of practices that have undermined the move toward competition in this industry. First, the practice of "slamming," the unauthorized change of long distance providers, has plagued consumers. More recently, fraud has developed through "cramming," the placement of charges for unauthorized services on the local telephone bill. Finally, an array of special charges related to phone service, but not disclosed to customers before they initiate service, has led to confusion and deception in the advertisement and purchase of toll services.

This type of fraud is costly to consumers, and it undermines consumer confidence in the advantages of competition in the telecommunications industry, as well as in the integrity of local exchange carrier bills.

Our comments address the specific proposals raised in the NOPR and the jurisdictional implications of the FCC's proposals. While we support the FCC's initiative to adopt effective consumer protection regulations for long distance carriers, we believe that the states have a key role to play in this arena as well. As a result, we encourage the FCC to carefully consider the implications of its actions on state regulatory policies, and urge it not to preempt any state consumer protection regulations in this area.

Although the NOPR discussed a large number of topics, the MN-OAG believes that the comments did not address one key area -- the information that long distance carriers must disclose to consumers before they agree to obtain long distance service from a specific carrier. Without sufficient disclosure at the point of sale, consumers obtain service, and are required to pay for it, without knowing all the charges that will appear on their phone bill and the actual costs of their long distance service. By the time the customer gets his or her first bill displaying all of the charges, it is too late. They have already used a service that actually costs more than they were told or led to believe. In short, "truth-in-billing" is a band aid that does not fully address concerns that arise from lack of any "truth-in-disclosure."

In order to create more effective consumer protection regulations, we urge the FCC to adopt rules that require IXCs: (1) to provide customers with full and accurate information regarding all charges that will appear on their bills before service is switched; (2) to clearly, conspicuously, accurately, and non-deceptively identify, in language that the average customer will understand, all charges on the customer's bill; (3) to provide customers with sufficient billing information so they can determine if their bill was accurately calculated and whether or not they are taking advantage of the rates offered; and (4) to provide customers with the name and telephone number of the provider's representatives who handle billing disputes and have the authority to make changes in, or give credits for, that carrier's charges on the telephone bill.

II. THE FCC'S JURISDICTION TO ADOPT RULES REGARDING TRUTH-IN-BILLING AND BILL FORMATTING.

In paragraph 13 of the NOPR, the FCC seeks comment on whether it has jurisdiction to adopt the proposals in the NOPR. The MN-OAG believes that the Commission has jurisdiction to adopt the proposals in the NOPR, as well as the specific measures that we have proposed in our comments.

The FCC's jurisdiction originates from 47 U.S.C. § 201(b). 47 U.S.C. § 201(b) provides that "all charges, practices, classifications, and regulations for and in connection with such communication services, shall be just and reasonable" According to the Supreme Court, "the supervisory power of the Commission is not limited to rates and to services, but the formula oft repeated in the Act to describe the Commission's range of power over the regulated companies is 'charges, practices, classification, and regulations for and in connection with such communication service.'" Ambassador v. United States, 325 U.S. 317, 323, 65 S. Ct. 1151, 1154 (1945) (quoting 47 U.S.C. § 201(b)). The information that IXCs provide to their customers regarding the full cost of long distance service before they sign up for such service, as well as the format of bills and the information that customer service departments give when customers call with questions about their bills, are a part of IXCs' "practices . . . in connection with . . . communication service" over which the FCC has regulatory authority.

Although the FCC currently forbears from establishing and regulating specific rates for many of the charges that appear on a long distance customer's bill, it retains the power to regulate whether IXCs' practices regarding these charges are just and reasonable.

The MN-OAG believes that the FCC's jurisdiction may extend primarily to interstate toll charges. For the reasons outlined above, the FCC clearly has the authority to establish rules regarding IXCs' billing practices. If an IXC contracts with another entity, such as a LEC, for billing services, the IXC's interstate billing contract would have to ensure that these rules were followed. If an IXC does its own billing, it would be directly responsible for complying with the federal rules. We do not believe, however, that the FCC has the primary jurisdictional authority

over LECs' billing and collection practices. Billing and collection is still a regulated local service in many states, see e.g., Minn. Stat. § 237.59, subd. 1(3), and state commissions retain authority over the LECs' billing and collection practices, including the ability of states to preclude LECs from billing for certain services.

Recognizing the potential limits on jurisdictions, the FCC, in paragraph 14 of the NOPR, seeks comment on how its jurisdiction should complement that of the states and other agencies. The MN-OAG recommends that the FCC's rules be considered a floor, and not a ceiling, for consumer protection standards. States have an important role to play in the area of consumer protection, and as a result, states should be free to continue to enforce laws and regulations aimed at fraudulent, misleading or deceptive conduct, even if such laws or regulations are more stringent than federal laws. In short, the FCC should not create safe harbors, but rather minimum requirements, which are imposed on carriers. This structure is similar to the concurrent jurisdictional consumer protection scheme enforced through state consumer protection laws and the Federal Trade Commission ("FTC"). The Commission should view this dual jurisdictional regulatory scheme, with which most competitive industries must comply, favorably and recognize the important state interest in consumer protection. This non-preemptive approach will also serve to limit state concerns over jurisdiction.

The MN-OAG also recommends that the FCC look to state laws regulating telephone truth-in-billing issues,¹ as well as other federal consumer protection laws, such as FTC regulations covering telemarketing, unfair and deceptive practices, and truth-in-lending,² as models for its rules. We urge the FCC to adopt regulations that are similar to consumer protections laws that apply to the sales of goods and services in other competitive industries.

¹ See Minn. Stat. § 237.662 (1998).

² An example of such a federal regulation is the FTC's Telemarketing Sales Rules. Under these regulations, telemarketers must disclose the following information in a clear and conspicuous manner before a customer pays for goods or services offered: (1) the total costs to purchase or use the goods or services subject to the sales offer; and (2) all material restrictions, limitations, or conditions to use the services that are the subject of the sales offer. See 16 C.F.R. § 310.3(a)(1). The FCC could easily adopt this regulation to fit the sale of long distance service.

These federal regulations, combined with state consumer protection laws, adequately protect consumers and allow competitive marketplaces to operate. We believe that the telecommunications industry is no different than these other industries, and thus, similar consumer protection regulations will protect the interests of both consumers and IXCs.

The need for FCC regulation in these areas is underscored by the current state of the law regarding tariffs and the filed rate doctrine.³ IXCs currently use tariffs as shields against consumer lawsuits, alleging that they have engaged in fraudulent conduct, such as misrepresenting rates to customers or not informing customers of all charges and fees that will appear on their bills, as long as the rates and fees that they do charge are consistent with their tariffs.⁴ The MN-OAG is aware of no other industry which is able to misinform customers about prices, or fail to disclose substantial costs that customers must pay, and then charge the higher prices or undisclosed fees because of some obscure document filed with a federal agency in Washington D.C.

The FCC, recognizing that tariffs are not necessary in today's marketplace and that they do not protect the public interest, issued an order completely detariffing the interstate, domestic, interexchange services offered by non-dominant IXCs. See In re Policy and Rules Concerning the Interstate, Interexchange Marketplace, FCC 97-293 (Aug. 20 1997). Whether and when this

³ Recently, federal courts have held that consumer class actions seeking damages and injunctive relief cannot be brought against telephone companies for fraudulent omissions and misrepresentations involving their billing practices because of the filed rate doctrine. See Marcus v. AT & T Corp., 138 F.3d 46, 60-64 (2nd Cir. 1998). In Marcus, two separate plaintiff classes sued AT & T, alleging that it committed fraud, false advertising, and negligent misrepresentation by failing to reveal to residential customers that they are billed per minute rounded up to the next higher full minute for long distance service. Id. at 51-52. The Second Circuit held that because AT & T had filed a tariff disclosing this practice, it would have been unreasonable, as a matter of law, for customers to rely on statements that AT & T made contradicting the tariff. Id. at 60-64. In addition, the Supreme Court noted in a decision last term, albeit in dicta, that "even if a carrier intentionally misrepresents its rate and a customer relies on the misrepresentations, the carrier cannot be held to the promised rate if it conflicts with the published tariff." AT & T v. Central Office Tele., Inc., 118 S. Ct. 1956, 1963 (1998).

⁴ Although these rulings appear to preclude consumers from bringing lawsuits themselves against IXCs, state attorney generals do have the ability to bring consumer protection lawsuits against IXCs that they believe engage in deceptive and fraudulent practices.

detariffing order will go into effect remains to be seen, pending a ruling from the D.C. Circuit Court of Appeals. As a result, IXCs can still use the filed rate doctrine to thwart consumers' efforts to protect themselves through lawsuit filed against IXCs who engage in deceptive and fraudulent practices.

III. THE NEED FOR UNIFORM DISCLOSURE REQUIREMENTS.

Although not specifically noticed in its NOPR, the MN-OAG believes that the FCC's efforts on truth-in-billing will not fulfill their promise until such time as there is effective truth-in-disclosure at the point of sale. We have directed a portion of our comments to this issue in hopes that the Commission will take steps, either in this proceeding or subsequent ones, to assure accurate and truthful upfront disclosure of prices.

Consumers need accurate, upfront information about all of the costs associated with their long distance service in order to make meaningful comparisons between different carriers' plans and determine which will be the service that best meets their needs. Currently long distance service is the only product we know of that can be purchased knowing only the price of the service one day of the week (calls made on Sunday's are 5 cents a minute), with no disclosure of the price of the service for the remaining six days. Requiring IXCs to provide customers with complete and accurate information regarding all long distance rates and fees both before customers select a carrier and on their bills will reduce upfront fraud and promote competition in the telecommunications industry.⁵

⁵ For example, in 1998, the Minnesota Legislature enacted a consumer protection law that requires long distance carriers to provide comprehensive notification and disclosure of long distance rates to Minnesota consumers during all telephone or mail sales solicitations. See Minn. Stat. § 237.662, subd. 1. Under the new law, effective July 1, 1998, long distance carriers must: 1) make full and truthful disclosures to customers during sales transactions; 2) follow up sales transactions with written price information within seven business days of the sale transaction; and 3) remove the tariff as a defense against carriers' failure to disclose required information to customers. The need for the legislation arose out of numerous consumer complaints to MN-OAG. Many of the consumer complaints relate to the failure of carriers to disclose all of the material terms and conditions of the service offering during sales transactions and carriers' sales representatives giving false or misleading information to consumers during sales transactions.

A common complaint received by the MN-OAG is that sales representatives and/or advertising materials fail to disclose all of the material terms and conditions of the service offering, including surcharges, fees, and cancellation procedures. Sales representatives and promotional materials often quote only the per minute long distance rates, and fail to quote all applicable charges, including fees and surcharges. For example, Thomas Etter, a Minnesota consumer, called to report that he had been telemarketed by AT&T. He reported asking several times if there were any hidden charges in the promotion being offered, and was assured there were none. He was upset when he discovered there were actually monthly service charges, in addition to the per minute charges, after he had already switched companies and been billed for the first month's service. See Exhibit 1. This practice robs customers of the information that is necessary to make informed decisions about the prospective carriers' service. By only quoting per minute rates, and not quoting all applicable charges, carriers are intentionally withholding material information about the terms of a service from customers.

Another common complaint is where a carrier's sales representative quotes a low rate for a service and the tariffed rates that the customer actually pays turn out to be higher than the quoted rate. For example, Jerry Leland, a Minnesota consumer, was offered a deal by a telemarketer calling for MCI offering 10 cents per minute all day, every day. He reviewed the offer several times with the telemarketer and felt reassured. When he got his "Welcome Packet" from MCI, he saw the rates were not as promised; the 10 cent rate was only from 7 p.m. to 7 a.m. He was upset and called MCI. He was told that MCI could not offer the rates he was quoted, and that they were not responsible for what a telemarketer may have said. See Exhibit 2. Walter Jost, a Minnesota consumer, complained to our office that ATN (American Telenetwork or Telenet) billed him for long distance service in excess of three times the quoted rate. He was told that he would be charged \$.10 per minute, but on his bill, his calls cost \$.30 per minute. See Exhibit 3. In these examples, the sales representative told the customer false or misleading information.

Upon complaint, the carrier generally tells the customer that the sales representative made a mistake in quoting the price or that the customer misunderstood the offer. In any event, the customer has already received a bill for services rendered at a higher than expected rate because he or she relied on false or misleading information provided by the sales representative. This problem is particularly harmful to customers of long distance service because long distance service is typically billed in arrears. Customers are billed for service that they have already used. As a result, any billing disputes will arise after the service has been rendered. Carriers will often attempt to sustain all billed charges based on the filed rate doctrine.

During 1998, the MN-OAG has received approximately 350 complaints from customers regarding omissions or misrepresentations in up-front disclosure. To make "truth in billing" meaningful, there must be some weight afforded to "truth-in-disclosure." Otherwise, truth-in-billing will always fall short of legitimate consumer expectations to receive services on the terms and conditions and at the prices quoted at the time of subscription. Attachment 1 describes proposed disclosure rules that could be adopted short of full detariffing. In this proceeding, the Commission should adopt a rule that requires companies to automatically credit customers for the difference between the quoted prices and the billed prices, including the failure to disclose part or all of the monthly service fees. The Commission can accomplish this by requiring all IXC's to file a tariff that provides customers with the ability to obtain a bill that is truthful and consistent with the carrier's point of sale offer regarding the price per increment and monthly service fees associated with 1+ presubscription and 1010xxx offers.

IV. BILLING PRACTICES.

A. Organization of Bill.

A primary focus of the NOPR is whether the Commission should establish rules that require information on bills to be organized in a clear fashion. The MN-OAG urges the Commission to adopt a billing format that require carriers to summarize charges into usage charges and monthly service charges, with taxes separately stated. As discussed below, the total monthly service charge should not be disaggregated, as is currently the case.

The bill summary should contain a customer's average rate per minute based upon the long distance calls they made during the billing cycle and shown as a segregated disclosure on the bill. See Exhibit 4 (example of bill containing such disclosure). This summary will allow customers to compare their actual per-minute rate, including service charges, in the calculation so that they can determine if they are receiving the benefits of the calling plan subscribed to or whether they would benefit from a different plan. Some customers may be better off using a plan with higher per-minute rates and no or lower monthly service charges. Other customers may find that, try as they might, they make no use of their five-cent Sundays and would be better off with a plan that offers lower rates seven days a week.

It is important that bills contain a single monthly service charge so that customers can readily and easily determine how much they are being charged for usage and for non-usage-related service fees. We have received numerous complaints from AT&T customers over a simple matter, that total charges appearing on bills do not add up. For example, Allie Flinn Ost sent in a copy of her AT&T bill. She made no calls during the month. Her bill shows "AT&T Other Charges and Credits" for \$.85 followed by "Taxes and Surcharges" for \$.19. Below these figures a sum line then a total reading \$1.97. However, the actual sum of these charges is \$1.04. The remaining \$.93 can be found isolated on the next page under the name "Universal Connectivity Charge" See Exhibit 5. Jack Schug, another AT&T customer complained that AT&T does not include its "universal connectivity charge" of \$0.93 in the summary of its "Total AT&T Other Charges and Credits," yet the amount is included in the total AT&T charges due. See Exhibit 6.⁶

⁶ As discussed in the following sections, these bills are confusing and misleading in that they do not include the "universal connectivity charge" in the "Total AT&T Other Charge and Credits," even though it is one. It is confusing because the "Other Total AT&T Charges" are identified in categories of the bill where one would expect, but this amount is not included there. The bills are also misleading because the placement of the charge for "universal connectivity," separate from AT&T's summary of "other charges and credits," implies that an entity other than AT&T is responsible for the charge (i.e. that it is somehow a mandated tax). The FCC, however, has not mandated flow-through of this amount, any more so than the IRS has mandated flow-through of AT&T's income tax payments.

The Commission seeks comment on whether each charge on a consumer's telephone bill should be itemized and accompanied by a brief, clear, plain language description of the services rendered. NOPR at ¶22. We support requiring carriers to itemize authorized, optional charges for specific services. However, as discussed below, we urge the Commission to prohibit carriers from itemizing “unavoidable” charges separately. We recommend that the Commission adopt rules prohibiting the splitting of service charges into per increment rates and percent of bill charges, and that it prohibit itemizing of service charges.

B. Treatment of Usage Charges.

Usage charges are charges assessed to the customer for use of the service. The name of the calling plan should be clearly and conspicuously listed on the bill, along with all applicable usage rates (i.e., day, evening, weekend, and/or discount volume rates), so that customers can reference the usage charges of a particular calling plan. Usage charge information should include the date; time of day; place and number called; type of call; per minute or per increment rate(s) (price); and minutes/increments of use. The Commission should require carriers to print the actual rate on the bill. Many carriers simply list the applicable time of day code (i.e., D-day, E-evening, and N-night). Simply listing the time of day code does not provide customers with actual price information.

We also urge the Commission to prohibit recovery of any charges, such as universal service connectivity fees, on a percentage-of-bill basis. All usage-based charges should be expressed on a price per increment basis. The practice of recovering certain usage charges on a percent-of-bill basis is deceptive and misleading. For example, some companies such as MCI charge a “federal universal service fee”, which is 5% of the total bill. See Exhibit 7.⁷ First, there is no legitimate reason to charge customers on a percentage-of-bill basis other than to artificially

⁷ In the bill shown in Exhibit 7, the \$.25 charged for “federal universal service fee” is not 5% of either the total long distance calls (\$2.85) or the total long distance charges, without taxes and this fee(\$6.07). Thus, even though MCI attempted to tell customers how this charge would be calculated on the bill, this fee is still unclear and confusing.

deflate the per-minute price which is advertised to the public. Aside from artificially lowering per-minute rates, charging on a percentage-of-bill basis is intentionally misleading customers into thinking that the charges are some sort of sales or excise tax. There is no requirement that MCI charge customers such a fee. Worse than implying that these charges are required taxes, companies have told their customers that the FCC mandates these charges. In the last month, three different staff members of the MN-OAG have been told by sales representatives of several companies that these “universal service” charges are new taxes that the federal government requires the carrier to charge directly to customers. Clearly any first amendment concerns of companies are negated by the misleading nature of these charges.

C. Treatment Of Monthly Service Charges.

Service charges are charges assessed to customers that are unrelated to usage. For example, the minimum monthly subscription fee of \$4.95 per month to sign up for AT&T’s One Rate Calling Plan is a service charge. Any charge that does not vary based on the amount of usage should be considered a service charge.

The Commission seeks comment on the extent to which carriers that pass on to their customers all or part of the costs of their universal service contributions or access charge obligations are also providing complete, accurate, and understandable information regarding the basis for these new charges and their amounts. NOPR at ¶26.

We believe that separately itemizing unavoidable service charges to customers, such as PICC, Carrier Line charges and Universal Service charges, is misleading and deceptive. The FCC should prohibit the separate itemization of charges that are unavoidable payments that the customer must make in order to receive the service. Separate itemization is confusing because the charges do not pertain to optional services, such as operator services or directory assistance. Rather, the charges are part of the basic charge to be a long distance customer, regardless of long distance usage. For example, Stephen O’Neill, a Minnesota consumer, complained about “miscellaneous charges and credits” on his Excel long distance bill labeled as “Service CHG”,

“800 SVD Charge” and “PICC/USF Fee.” See Exhibit 8. As with percentage of bill charges, carriers itemized these amounts only so they can advertise artificially low price-per-minute rates.

Second, service charges should not have misleading names or labels that are intended to imply that the charge is a tax or regulatory fee that the carrier is required to charge the customer. The FCC made it clear in its Universal Service Order that carriers need not pass through these charges to customers. Carriers should also be prohibited from labeling charges as “miscellaneous.” These charges are costs to the carriers of doing business, and itemizing them in ways that imply that they are taxes is misleading and should be prohibited. Regulatory assessments should not be itemized any more so than regulatory benefits or other costs of doing business. No IXC has proposed charging higher per minute rates with a itemized credit for access charge reductions.

The Commission also inquires whether the rules should prescribe "safe harbor" language that carriers, or some subset of carriers, could use to ensure that they are meeting their obligations to provide truthful and accurate information to subscribers with respect to the recovery of universal service, access, and similar charges, and how such language could be distributed most effectively. NOPR at ¶27.

The MN-OAG opposes the adoption of “safe harbor” language for carriers for charges related to the recovery of universal service, access, and similar itemized expenses related to regulation. Rather than proposing “safe harbor” language, the Commission should find that itemized charges based on regulatory expenses are intentionally misleading and deceptive because carriers are intentionally portraying such charges as “taxes” or “regulatory” fees that must be directly recovered from consumers. The Commission should prohibit all carriers from labeling charges with the term “universal service”, “PICC” “access charge” or other similar names. If carriers want to recover the dollars they pay for universal service, access, or PICC based on a flat rate assessed to each customer, that amount should be included in the total monthly service charge a customer pays, not itemized separately. These amounts would then

have to be included in service charges disclosed to consumers as discussed in Section III and Section IV.A above.

The Commission also seeks comment on the practice of certain carriers that impose on each consumer charges that are ascribed to the payment of universal service or access charges, but that exceed the costs for these items attributable to that consumer. The MN-OAG believes such a practice simply exposes that carriers are assessing charges that are not directly attributable to any specific customers. As a result, the payments for the charges may well exceed the costs for these items. We believe that the practice of billing customers for an amount identified as attributable to a particular cost, while charging more than the actual cost incurred, is misleading and unreasonable, and thus, carriers should not be allowed to itemize these charges.

D. Services, Service Providers, And Charges Should Be Visually Separated.

The Commission seeks comment on whether services, service providers, and charges should be visually separated to improve consumers' ability to understand their bills and allow them to determine quickly whether their bills contain any charges for services that have not been ordered or authorized, thereby deterring slamming and cramming. The Commission also seeks comment on whether an appropriate alternative would be to have bills organized by provider with a description of the services furnished by each provider. NOPR at ¶17.

1. Providers should be conspicuously identified.

The MN-OAG endorses the Commission proposal that the name of the service provider be clearly and conspicuously identified in association with that entity's charges.⁸ NOPR at ¶23.

⁸ In addition to having separate sections for each category of service, it may be helpful for bills to include a single page or section summarizing the current status of the customer's services, including applicable information regarding: (1) the consumer's presubscribed interstate toll carrier; (2) the consumer's presubscribed intrastate toll carrier, if such carrier is not the same as the consumer's presubscribed interstate toll carrier; (3) the consumer's presubscribed local exchange carrier; (4) any other service providers, including those providing telecommunications and non-telecommunications related services, for whom charges are being billed; (5) whether carrier or preferred carrier (PC) freezes or other blocking mechanisms have been implemented for any presubscribed telecommunications services. We seek comment on this proposal and on any other information that would appropriately be included in the summary of the current status of the consumer's services.

In its discussion of this issue, the Commission exposes a serious problem that is rampant in the area of telephone billing and collection; namely, that the service providers themselves (i.e., the certified tariffed providers) are often not even listed on the bill. Billing aggregators and billing clearinghouses are often the only entity listed on the customer's bill, even though the aggregator or clearinghouse is not the telecommunications carrier or entity providing service to the customer. As a result, the customer faces an up hill battle in attempting to correct inaccurate bills or dispute unauthorized charges. The provider to whom the customer is obligated to pay should be listed on the bill, including the following information: 1) toll-free business office number; and 2) mailing address where the customer can direct written correspondence. We also endorse the Commission's proposal that, in the case of an entity reselling the service of a facilities-based carrier, the name of the reseller must appear on the telephone bill. NOPR at ¶23.

Service providers must enter billing contracts with LECs that require (or IXC's billing separately must insure) that the bill includes a prominent display of the provider's name, the provider's address, and an 800 number. The 800 number may be for a different company only if the company whose number is listed is authorized to cancel, credit, re-rate, or modify the account in any other way so as to resolve customer inquiries and complaints. The 800 number should be the link to the fastest and most effective route for dispute resolution. Rules requiring this information on bills would prevent problems like those experienced by consumers like Al Newman, who filed a report stating he had literally spent hours waiting on hold and being rerouted to find the proper company with whom to file a dispute. See Exhibit 9. Mr. Newman was eventually able to resolve his problem with bill aggregator "OAN", but he and the MN-OAG still do not know who originally switched his service.

Consumers also have complained of misleading names of companies and deceptive abbreviations of the providers name. The actual name of a company should be displayed in a manner that is conspicuously different in size and location than the rest of the basic text. Norm Bierschenk reported an unusual bill to the MN-OAG. See Exhibit 10. His call rates seemed high, but he was unable to tell why. After a series of questions he was able to identify a Bill

Aggregator logo, but still could not find the name of the carrier. A faxed copy of the bill itself revealed to the MN-OAG an IXC by the name “ATN.” The abbreviation was located near the itemized call listing in the exact same font and size. When presented with this information, Mr. Bierschenk said he thought “ATN” meant “Attention.” Mr. and Mrs. Knudsen went through a similar experience when they reported a slamming incident to the MN-OAG. See Exhibit 12. The original complaint was against the IXC that was listed as the PIC on the front of the page of the LEC bill, but we were later able to determine it was a CIC-less reseller. During a prolonged interview, the elderly couple identified an aggregator logo. Finally they offered an abbreviation “ITC” which was in the exact same font and size as the itemized charges. “ITC” is in IXC, but the couple had repeatedly overlooked the abbreviation thinking it meant “Itemized Charges.”

Bill aggregator’s names should not appear on a customer’s bill unless they are the actual billing entity. Where the LEC is the billing entity, the aggregator’s relationship with the LEC and the IXC is of no concern to the end user. The superfluous information is confusing to consumers and detrimental to enforcement efforts. Many of the informal and formal complaints made to the MN-OAG are inadequate or incorrect. Consumers report bill aggregators as the company that slammed them, rather than the IXC, leaving files incomplete. As a result, the number of complaints against a company is often inaccurate, making it difficult to identify “bad actors.” Further, many people think they have been slammed by the bill aggregator because the carrier’s name is never prominently placed on the bill. See Exhibit 12. In this example, OAN is the billing aggregator and appears prominently on the bill. The long distance company is a company called “Long Distance Charges, Inc.,” and its name only appears once, in the same font and font size as the itemized charges, directly above the customer’s list of long distance calls. Because of the location and size of the company’s name on the bill, its name appears to be a description of the services provided, and not the name of the provider. In yet another example, OAN is again listed at the top of the bill for a company called “TRI.” See Exhibit 13. In this example, TRI appears on the bill as a service and not a service provider.

2. Customers should be notified of changes or new charges in their telephone bills.

The MN-OAG agrees with the Commission that telephone bills should provide consumers with clear and conspicuous notification of any changes or new charges in their telephone bills. This type of notification should be provider specific. It is essential that customers be notified with clear and conspicuous language of any changes or new charges on the provider's bill page, including notification of a new carrier's charges as well as price increases or additions to current carriers' charges. This notification should be in a segregated disclosure with the heading "NOTICE OF CHANGES IN YOUR SERVICE" for new carriers or "NOTICE OF PRICE INCREASE."⁹ These notices should be printed on a bill summary page and should highlight and explain any new providers and types of line item charges appearing on the bill for the first time. Most cramming complaints involve modest charges placed on the last pages of the LEC bill. Customers may often never bother to review the detail if the cramming charge does not significantly alter the total monthly amount of the bill. Requiring carriers to provide clear and conspicuous notification of any activity in a telephone bill that was not present in the last bill, including new charges and other changes, will help consumers defend themselves against cramming and other types of fraud.

E. Dispute Resolution Processes Should Be Incorporated Into Billing Contracts.

Another issue not directly noticed by the Commission but deserving of some discussion is a customer's ability to resolve disputes. Resolving a dispute with LEC billed service providers is like working through a labyrinth. Billing contracts should contain dispute resolution processes so an informed consumer can follow efficient steps to a swift resolution.

Using the prominently displayed 800 number for disputing a charge, a consumer should call and be able to reach the disputed provider. Common complaints to the MN OAG include

⁹ Minn. Stat. §237.74, subd. 6 requires long distance providers to notify customers of price increases by bill insert, prominently displaying the notice on the bill, direct mailing or phone call to the customer. The statute also requires that customer notices for increases of intrastate rates must include as a heading "NOTICE OF PRICE INCREASE".

excessive waiting for a representative to answer the call, wrong numbers printed on the bill, or never-ending busy signals. Minnesota business owner Greg Loux called the MN-OAG seeking assistance in a cramming incident. He could not get an answer at the listed toll free number on the LEC bill. The MN-OAG experienced similar difficulty trying to assist the customer. See Exhibit 14.

After collecting the consumer's data, the provider should make every attempt to resolve the complaint while the consumer is on the phone. If the complaint can not be resolved immediately, the provider should contact the customer within 5 business days, and at least once every 14 calendar days thereafter, regarding the status of the investigation. Without such rules, too many customers will have problems such as those experienced by American Tool Grinding, a Minnesota business. It had been dealing with "LDI" for months before contacting the MN-OAG. Three months after the MN-OAG intervened, the charges were not fully credited and canceled. Billing contracts should require carriers to have minimum call pick-up standards and to resolve disputes within 30 calendar days. If the dispute remains unresolved, the billing agent (LEC) should, by contract, remove the disputed charges from the LEC bill and allow the service provider to pursue its own efforts at dispute resolution. The continued threat of seeing disputed charges on your local phone bill should not work to the advantage of providers' collection efforts.

IV. CONCLUSION.

The MN-OAG urges the FCC to adopt rules regarding minimum required billing practices for interstate long distance service. If IXC's bill customers directly for their long distance service, they would be required to issue bills that conform to these rules. If IXC's contract with a third party, such as a LEC, for billing, they would have to negotiate billing and collection contracts which conform to these rules. In addition, rules relating to LEC bills should be adopted subject to the ability of states to impose more stringent requirements. Finally, the Commission should not create any safe harbors that would preempt state consumer protection

laws. The following proposed rule language for key proposals is included to assist the Commission.

(1) An interstate, long-distance carrier is precluded from using deceptive or misleading names for any tariffed charges, or portion thereof, such as, but not limited to, “miscellaneous fees,” “regulatory fees,” “regulatory charges,” “federal fees,” “federal charges,” or “universal service charges.” Carriers are also prohibited from labeling monthly, reoccurring charges in a manner that implies that a governmental entity requires the carrier to charge the fee directly to the customer, if the carrier is merely permitted, but not required, to pass through such costs to customers.

(2) For the purposes of billing to end-use customers for payment or remittance of interstate, long-distance services rendered to end-use customers, no IXC shall identify the name of third party billing aggregators, collection agencies, or any other third party entity on its bill to end-use customers.

(3) Interstate, long-distance carriers are prohibited from including any fees or charges in the portion of the bill labeled taxes, other than federal, state or local taxes that are directly imposed upon the customer by the respective governmental entity and for which the carrier is a conduit for collection purposes.

(4) If interstate, long distance carriers choose to recover any fees on a fixed monthly basis, including any charges associated with or for federal universal service funds or federal access charges, they must include all monthly fees or service charges as a single monthly service charge disclosed in the advertised and charged rate for service, and not itemize or bill separately for any such amounts.

(5) Interstate, long distance carriers’ customer service representatives are precluded from telling customers that fees or charges associated with universal service funding or with federal access charges are taxes, or that the federal government requires that the carrier assess these charges or fees to the customer.

(6) If interstate, long-distance carriers choose to recover any of its costs based on a percentage of long-distance usage, such as fees associated with federal universal service funding, they must include this amount in the advertised and charged toll rate, and not bill for it separately.

(7) Local exchange carrier bills must provide customers with clear and conspicuous notification on the customer's phone bill of any changes or additions of its service provider's fees or rates, or any new charges associated with that provider's service. Customer notices of new providers, increases of interstate rates or fees, or new charges must include a heading "NOTICE OF NEW PROVIDER", "NOTICE OF PRICE INCREASE" or "NOTICE OF NEW CHARGE."

Dated: November 12, 1998

Respectfully submitted,

HUBERT H. HUMPHREY III
Attorney General
State of Minnesota



LIANNE KNYCH
Assistant Attorney General
Atty. Reg. No. 0268896

GARTH M. MORRISETTE
Economist

AMY BRENDMOEN
Investigator

1200 NCL Tower
445 Minnesota Street
St. Paul, Minnesota 55101-2130
(651) 296-6504

ATTACHMENT ONE

I. Carriers Should Provide Customers With Oral And Written Price Information.

An all too common complaint received by the MN-OAG is that billed charges often bear little resemblance to charges quoted during a sales pitch. Most often, only per minute rates are quoted, when in fact service fees and miscellaneous surcharges may apply to the service. The MN-OAG urges the FCC to adopt uniform disclosure rules to ensure that all price information and all material terms and conditions of services are disclosed to customers in a meaningful way upfront in the sales transaction so consumers can readily and knowledgeably compare the service offerings between carriers. Because of the problems associated with misinformation or incomplete information being given to customers during sales transactions, the MN-OAG urges the Commission to require carriers to provide customers with written and oral price information on the services being quoted to customers before the carrier submits a PIC change request to the LEC. This information should be mailed to all customers within three business days after authorization is obtained.

Consumers should have a reasonable period of time (at least seven business days) to review the Uniform Disclosure Materials before the PIC change request is submitted to the LEC for execution. The rules should specifically provide consumers with rescission rights so customers can cancel service at no charge after the Uniform Disclosure Materials has been mailed to the customer.

The Uniform Disclosure Materials should provide pertinent information about the service offering, including: (1) the customer's name; (2) the carrier's name; (3) notification that the customer authorized the carrier to be the customer's PIC; (4) date of service order and conformation numbers; (5) effective date; and (6) customer's right to cancel. The Uniform Disclosure Materials should also provide customers with the basic rate information necessary to compare the prices of the carrier offering the service with those of other carriers, as well as to assure that the company's written representations match the verbal offers made by sales

representatives, including names of calling plans. See Exhibit A, attached hereto, for an example of a Uniform Disclosure Requirement.

The MN-OAG also recommends that the Commission adopt a uniform, segregated disclosure format that provides customers with per-minute prices, including time-of-day prices, and all fixed monthly charges. Figure 1. below provides an example of such a segregated disclosure.

Figure 1.

[Name of Direct Dialed Calling Plan]				
Monthly Service Charges	Time of Day Charges			
	Day	Evening	Night	Weekend
\$6.73	10¢/min.	10¢/min.	10¢/min.	5¢/min.

Optional Services and Charges
Calling Card Rates:
Directory Assistance Rates:
Personal 1-800 Rates:

One of the most important aspects of the Uniform Disclosure Material is the disclosure of all service-related charges and fees. This disclosure will give potential customers full information about the actual rates being charged by carriers. In the above example, the \$6.73 of “Monthly Charges” for the *AT&T One Rate Plus Plan* includes \$4.95 for monthly charges, \$0.93 for a “universal connectivity charge” and \$0.85 for a “Carrier Line Charge,” all of which are unavoidable monthly charges. Disclosing them as a single charge up front to customers provides customers with actual price information regarding monthly charges. See Exhibit B, attached hereto, (example of a bill that contains disclosure of the average cost per minute of usage, both with and without monthly charges). Carriers should also be required to disclose, with equal

prominence, all charges associated with other services, such as personal 1-800 numbers, calling cards, and directory assistance. This disclosure should be separate from the disclosure of the carrier's toll rates and monthly fees associated with interstate long distance service.

Other industries are subject to similar disclosure requirements. For instance, the Federal Reserve Board recently implemented new rules regulating car leasing transactions. Companies that advertise car leasing rates are now required to advertise with "equal prominence" all advertised costs. For example, if a company advertises "Zero Down and \$119 a month" for a car lease, that company must advertise with equal prominence, all charges due at signing. See Regulation M, 12 U.S.C. § 223. The equal prominence standard should be applied to advertised long distance telephone rates. Thus, the MN-OAG urges the FCC to require IXCs to display all monthly charges and fees with equal prominence in their Uniform Disclosure Materials.

The standardized format for the Uniform Disclosure Material that the MN-OAG proposes is similar to disclosure requirements under the Truth and Lending Act (Regulation Z). Regulation Z requires creditors to prominently display "segregated disclosures" showing customers annual percentage rates (APR) for open ended and closed end credit offerings. The "segregated disclosures" are effective because material disclosures such as fixed annual percentage rates, variable percentage rates, and annual percentage rates (adjusted to include fixed fees, etc.) are displayed in a box on solicitation materials.

This Uniform Disclosure Material should be communicated orally to consumers on telemarketing calls and would be mailed to customers, along with charges for other ordered services (such as Calling Card and 1-800 services), within three business days of verified authorization or receipt of an Letter of Authorization (LOA). Consumers should then have a reasonable period of time (at least 7 days) to review the Uniform Disclosure Materials before the PIC change request is submitted to the LEC for execution. The rules should specifically provide consumers with rescission rights so customers can cancel service, without cost, after the required disclosures have been mailed to the customer.



AMY BRENDMOEN
 Account No: 651 222-7066 455
 For billing questions or to place an order, call 1-800-222-0300



AMY BRENDMOEN
 Account No: 651 222-7066 455
 For billing questions or to place an order, call 1-800-222-0300

Page 3

AT&T Summary of Charges For September

Description	Page	Calls	Min	Amount
AT&T Monthly Charges	4			4.95
AT&T Other Charges and Credits	4			1.78
AT&T One Rate Plus Plan	4	3	44	4.40
Taxes And Surcharges	5			1.12
		3	44	

Total AT&T Summary of Charges For September \$12.25

AT&T Messages

ARE YOU MOVING?

Taking your AT&T services along is as easy as 1,2,3.
 - Get your new phone number by contacting your new local company.
 - Advise them that you want AT&T Long Distance Service in your new home.
 - Call 1 800 MOVE ATT, ext. 38278, to enjoy continuous benefits of your AT&T calling plans and services in your new home.

Average per-minute rates shown for illustrative purposes

N = Night Rate = 10¢

Average Per Minute Without Service Charge \$ 0.10
 Average Per Minute With Service Charges \$ 0.26

Page 4

AT&T Monthly Charges

Monthly service from SEP 18, 1998 to OCT 17, 1998

Optional Services Description	Amount
1. AT&T One Rate (R) Plus Plan	4.95

Total AT&T Monthly Charges \$4.95

AT&T Other Charges and Credits

Description	Amount
2. Universal Connectivity Charge For an explanation of this charge, please call 1 800 532-2021.	.93
3. Carrier Line Charge For an explanation of this charge, please call 1 800 532-2021.	.85

Total AT&T Other Charges and Credits \$1.78

AT&T One Rate (R) Plus Plan

Totals are for informational purposes only. Please refer to summary for actual charges.

Direct Dialed Calls		Domestic Calls		Night/Weekend Calls		Date	Time	Place	And Number Called	Type	Rate	Min	Amount
4.	SEP 01	10:09P	To	WINSTED	CT	860	379-3080	Direct	N/Wkd			7	.70
5.	SEP 01	10:16P	To	WINSTED	CT	860	379-8198	Direct	N/Wkd			23	2.30
Total Night/Weekend Calls											30 Minutes	3.00	
Total Domestic Calls											30 Minutes	3.00	

EXHIBIT
B

Minnesota Office of the Attorney General

Residential and Small Business Utilities Division

Citizen Assistance Individual Complaint/ Inquiry

Status: Closed

Date Entered: 4/20/98

Contact ID: CC-98-0903

Referral From:

Taken by: Brendmoen

Thomas

Etter

Company Involved: AT&T

Complaint Type: Bait and switch

13753 Paragon

Home Phone: (612) 439-0480

Work Phone:

Stillwater

MN 55082-

Other:

Notes:

Was tricked by telemarketer to switch to AT&T. Asked specifically if it was 10 cents 24/7 in and out of state. Asked if there was any hidden charges. Was assured it was in and out.. No hidden charges. Was switched by telco so he called back. He learned while talking to AT&T rep that there was a monthly charges. Wanted us to know.

Minnesota Office of the Attorney General

Residential and Small Business Utilities Division

Citizen Assistance Individual Complaint/ Inquiry

Status: Closed

Date Entered: 4/16/98

Contact ID: CC-98-0888

Referral From:

Taken by: Brendmoen

Jerry

Leland

Company Involved: MCI

IRS District counsel
Atty.

Complaint Type: Bait and switch

Home Phone: (612) 774-7936

Work Phone: (612) 290-3473

MN

Other:

ext. 224

Notes:

Was offered a deal with MCI for: No monthly charge, 10 cents 24/7, Sunday 5 cents all day. Went over these rates several times and was reassured. Got his letter in the mail (later than it was supposed to come) and saw that the rate was NOT 24/7, but rather peak hours were much higher. Called MCI and they blamed it on the telemarketer and said they could not be held responsible.



3108 Minnehaha Parkway East
Minneapolis, Minnesota 55406

May 26, 1998

Utilities Office
MN State Attorney General's Office
75 Constitution Avenue
St. Paul, MN 55155

Topic: Phone Bills
Purpose: Alert you to what might be illegal billing practices

CC: Telenet Customer Service / US West Local Phone Provider

Dear Amy,

This is a story about signing up with a long distance carrier and having to work like heck to keep from being cheated. As I write this letter, *I am unsure I have succeeded* in avoiding being cheated.

Background

Sometime in March (or so), responding to a telephone solicitation, I signed up with Telenet's long distance service. Among the features:

- free pager with sign-up (this is really the hook that grabbed us);
- \$0.10/min long-distance charges;
- a calling card with 100 free minutes (no mention of a charge for *having* the card);
- credit (or coupon to pay) for the charge to change our long-distance carrier.

The first disappointment

We did not get a mailing which should have included the pager and documentation of the other information. When I called about it, the respondent said they had sent one, he'd send another (including paperwork to *send for the pager, not the pager itself*). The mailing came, no paperwork for the pager, both our names misspelled (EM Britty instead of EM Brenny, Walter Jose instead of Walter Jost), nothing about 100 free minutes on the calling card. I called again, getting a different story about how to obtain the pager. Realizing they couldn't or wouldn't do what they promised, I canceled the service.

Our First Bill

ITEMIZED CALLS							Page 6
	NO.	TIME	PLACE	AREA-NUMBER	TYPE	MIN	
ATN							
MAR 18	1.	929AM	TO BELMONT	MA 617 489-3000	D	13.0	3.77 ✓
MAR 18	2.	736PM	TO LACHINE	PQ 514 631-1562	E	6.0	1.74 ✓
MAR 18	3.	808PM	TO LONGPRAIRI	MN 320 732-3441	N	40.0	11.60
				(SUBTOTAL		17.11)	
MISCELLANEOUS CHARGES AND CREDITS							
	NO.	ITEM				TAX CODE	
ATN							
MAR 20	4.	1PLUS MO FEE				A	6.00
ATN							
MAR 23	5.	CALLING CARD				A	4.00
		(MISCELLANEOUS CHARGES AND CREDITS SUBTOTAL				10.00)	

Our first bill continued the disappointment and incensed / appalled / angered me. See pictures:

The portion of the bill pictured above clearly shows

1. the cost of calls is *well in excess* of \$0.10/minute (i.e., \$17.11/(13+6+40)=\$ 0.29, **three times the quoted rate**);

- 3. The picture below, from a different portion of the May bill, shows that the company is still charging for things that make no sense; I have *no idea* what this \$ 1.90 is for.

NO.	ITEM	TAX CODE
ATN		
APR 9 3.	PRESUB CHRG	.88
APR 15 4.	PRESUB CHRG	1.02
	(MISCELLANEOUS CHARGES AND CREDITS SUBTOTAL	1.90)

Continuing Attempt at Remedy

On May 26, I talked to Telenet again, Debbie in particular. She said:

- 1. It takes 2 to 3 billing cycles for the credit to clear, and my local phone company knows that;
- 2. They have no \$ 0.10/min all-the-time plan (if the solicitor said that, she lied) so that's why the rate remains at \$ 0.29, but she will credit our account with \$ 15.39, leaving an amount so the two new calls are \$ 0.10/minute;
- 3. The \$1.90 charges are federally regulated, are new last month, and all billing agents will bill them, not just Telenet.
- 4. When told I am writing to the AG, she said that their crediting our account makes them OK.

Why I am writing to you

ATTORNEY GENERAL

I think this is *fraud*. I cite the following as strong evidence:

- 1. The run-around regarding the pager promised in the phone solicitation.
- 2. Naomi's first question of me, "What rate did they quote you?" when I called to complain about our first bill. This suggests the problem brought to her attention is *common*.
- 3. The confident response that, as long as they're crediting my account, they'll be OK.
- 4. The *continuing* to charge 3 times the quoted rate for our calls.

Were I a trusting consumer — or perhaps a less assertive one — I would already have been cheated out of over \$45; neither you nor I know how long this might have gone on and how much overcharge I might have paid.

I'd like you to look into how often Telenet (also known as WorldCom, I believe)
720 Hembree Place
Roswell, Georgia 30076
Customer Service: 1-800-842-1435
is doing this to its "customers."

TELENET

To let you know I wrote to our Attorney General; this is serious business.

US WEST

To inform you that I am contesting part of the bill you sent.

My specific request of the Attorney General's Office

I would like to hear from you about this by, say, June 15, 1998.

Thanks,



Walter R. Jost
3108 Minnehaha Parkway East • Minneapolis, MN 55406-3818 • Phone/Fax: 612.724.5675 • e-mail: Walter2080@aol.com



AMY BRENDMOEN
 Account No: 651 222-7066 455
 For billing questions or to place an order, call 1-800-222-0300



AMY BRENDMOEN
 Account No: 651 222-7066 455
 For billing questions or to place an order, call 1-800-222-0300

AT&T Summary of Charges For September

Description	Page	Calls	Min	Amount
AT&T Monthly Charges	4			4.95
AT&T Other Charges and Credits	4			1.78
AT&T One Rate Plus Plan	4	3	44	4.40
Taxes And Surcharges	5			1.12
		3	44	

Total AT&T Summary of Charges For September \$12.25

AT&T Messages

ARE YOU MOVING?

Taking your AT&T services along is as easy as 1,2,3.
 - Get your new phone number by contacting your new local company.
 - Advise them that you want AT&T Long Distance Service in your new home.
 - Call 1 800 MOVE ATT, ext. 38278, to enjoy continuous benefits of your AT&T calling plans and services in your new home.

Average per-minute rates shown for illustrative purposes

N = Night Rate = 10¢

Average Per Minute Without Service Charge \$ 0.10
 Average Per Minute With Service Charges \$ 0.26

AT&T Monthly Charges

Monthly service from SEP 18, 1998 to OCT 17, 1998

Optional Services Description	Amount
1. AT&T One Rate (R) Plus Plan	4.95

Total AT&T Monthly Charges \$4.95

AT&T Other Charges and Credits

Description	Amount
2. Universal Connectivity Charge For an explanation of this charge, please call 1 800 532-2021.	.93
3. Carrier Line Charge For an explanation of this charge, please call 1 800 532-2021.	.85

Total AT&T Other Charges and Credits \$1.78

AT&T One Rate (R) Plus Plan

Totals are for informational purposes only. Please refer to summary for actual charges.

Direct Dialed Calls						
Domestic Calls						
Night/Weekend Calls						
Date	Time	Place And Number Called	Type	Rate	Min	Amount
4. SEP 01	10:09P	To WINSTED CT 860 379-3080	Direct	N/Wkd	7	.70
5. SEP 01	10:16P	To WINSTED CT 860 379-8198	Direct	N/Wkd	23	2.30
Total Night/Weekend Calls					30 Minutes	3.00
Total Domestic Calls					30 Minutes	3.00



ALLIE FLINN OST
 Account No: 218 525-3008 350
 For billing questions or to place an order, call 1-800-222-0300

Page 5

AT&T Summary of Charges For July

Description	Page	Calls	Min	Amount
AT&T Other Charges and Credits	5			.85
Taxes And Surcharges	6		0	.19

Total AT&T Summary of Charges For July \$1.97

AT&T Messages

ARE YOU MOVING?

Taking your AT&T services along is as easy as 1,2,3.
 - Get your new phone number by contacting your new local company.
 - Advise them that you want AT&T Long Distance Service in your new home.
 - Call 1 800 MOVE ATT, ext. 38278, to enjoy continuous benefits of your AT&T calling plans and services in your new home.

AT&T Other Charges and Credits

Description	Amount
For an explanation of this charge, please call 1 800 532-2021.	
1. Carrier Line Charge	.85
For an explanation of this charge, please call 1 800 532-2021.	

Total AT&T Other Charges and Credits \$.85



ALLIE FLINN OST
 Account No: 218 525-3008 350
 For billing questions or to place an order, call 1-800-222-0300

Page 6

1. Universal Connectivity Charge .93

Taxes And Surcharges

Description	Amount
2. Federal Tax @ 3%	.05
3. State and Local Tax	.14

Total Taxes And Surcharges \$.19

This portion of your bill is provided as a service to AT&T. There is no connection between U S WEST Communications and AT&T. You may choose another company for your long distance telephone calls while still receiving your local telephone service from U S WEST Communications.

EXHIBIT
5



JACK SCHUG
 Account No: 612 588-3215 296
 For billing questions or to place an order, call 1-800-222-0300



JACK SCHUG
 Account No: 612 588-3215 296
 For billing questions or to place an order, call 1-800-222-0300

AT&T Summary of Charges For July

Description	Page	Calls	Min	Amount
AT&T Other Charges and Credits	3			.85
AT&T Itemized Long Distance Calls	4	1	6	5.15
Taxes And Surcharges	4			.33

Total AT&T Summary of Charges For July **\$7.26**

AT&T Messages

Your bill has two changes. The FCC has altered the way long distance carriers pay access fees to local phone companies. AT&T is now recovering some of its average per customer access costs in the form of a monthly Carrier Line Charge of \$0.85/account. Also, the FCC extended the Universal Service Fund not only to help provide affordable phone service but also to give schools and libraries access to the Internet. AT&T must contribute to this Fund and is assessing a monthly Universal Connectivity Charge of \$0.93/account instead of the previously announced 5%. For info, call 1 800 532-2021.

Handwritten:
 61
 726
 530

 196

AT&T Other Charges and Credits

Description	Amount
For an explanation of this charge, please call 1 800 532-2021.	
1. Carrier Line Charge	.85

For an explanation of this charge, please call 1 800 532-2021.

Total AT&T Other Charges and Credits	\$.85
1. Universal Connectivity Charge	.93

AT&T Itemized Long Distance Calls

Operator-Assisted Calls									
Domestic Calls									
Date	Time	Place	And Number Called	Type	Rate	Min	Amount		
2. JUN 12	11:14A	To LA CROSSE	WI 608 783-9276	3Prty Day		6	5.15		
		Fr PAYPHONE	MI 248 594-9064						
Total Domestic Calls						6 Minutes	5.15		
Total Operator-Assisted Calls						6 Minutes	5.15		

Total AT&T Itemized Long Distance Calls **\$5.15**

PAYPHONE - Calls originated from a payphone include a \$.35 charge to recover a payphone usage fee imposed upon AT&T by the FCC.

Taxes And Surcharges

Description	Amount
3. Federal Tax @ 3%	.20
4. State and Local Tax	.13

Total Taxes And Surcharges **\$.33**

This portion of your bill is provided as a service to AT&T. There is no connection between U S WEST Communications and AT&T. You may choose another company for your long distance telephone calls while still receiving your local telephone service from U S WEST Communications.





Account No: 612 886-9914 646
For questions, call 1-800-578-6329



Account No: 612 886-9914 646
For questions, call 1-800-578-6329

MCI Account Number: 6H201395

Invoice Date: 09/03/98

GORDON MEYER

Current Charges (See Service Summary)	6.32
Current Taxes and Surcharges64
Total Current Charges, Taxes and Surcharges	\$6.96

Service Summary

Long Distance	2.85
Other Fees	3.47
Total Current Charges	\$6.32

Taxes and Surcharges

Federal Excise Tax19
State & Local Taxes45
Total Current Taxes and Surcharges	\$.64

MCI One SavingsSM

Remember if you spend \$5/month, you will avoid minimum usage charges. Right now call state-to-state from home for just 5 cents/min. on Sunday and still get 10 cents/min. every other day in the evening.

Long Distance

Calls from 612-886-9914:

NO.	DATE	TIME	TO/FR PLACE	TO/FR AREA	NUMBER	TYPE	MINUTES	AMOUNT
1	AUG 16	4:14P	5c OSHKOSH WI	920	231-1654	N	12	.60
2	AUG 16	4:34P	5c CARLINV IL	217	854-3355	N	15	.75
3	AUG 23	3:39P	5c CARLINV IL	217	854-3355	N	9	.45
4	AUG 23	7:58P	5c SOUTHFI MI	248	386-1613	N	16	.80
5	AUG 28	4:12P	STEVENS PT WI	715	344-5750	D	1	.25
Total Calls from 612-886-9914:								\$2.85
Total Long Distance								\$2.85

Other Fees

The Federal Communications Commission is requiring all long distance companies to pay into the Federal Universal Service Fund. Beginning in July, MCI is setting a five percent charge on state to state and international monthly long distance usage, called the Federal Universal Service Fee, which will appear on your bill.

National Access Fee	1.07
Federal Universal Service Fee25
MCI One Partial Minimum Usage Fee	2.15
Total Other Fees	\$3.47

MCI Legend

5c = 5-cent Sunday Call
D = Peak
N = Off-Peak

Type of Long Distance Calls

D Day
N Night/Weekend

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO MCI TELECOMMUNICATIONS. THERE IS NO CONNECTION BETWEEN MCI TELECOMMUNICATIONS AND U S YEST COMMUNICATIONS.



STEPHEN R O NEILL
 Bill Date: Sep 10, 1998
 Account No: 612 559-4688 412

USWEST COMMUNICATIONS

http://www.uswest.com

Balance Forward	New Charges	Total Amount Due	Due Date for New Charges
\$.00	\$76.62	\$76.62	Sep 30, 1998

Account Summary

▼ Previous Balance		
Charges		49.67
Payment	Thank you for your payment	49.67 ^R
Balance Forward		\$.00
▼ New Charges	For questions, call:	
U S WEST Communications	1-800-244-1111	27.95
AT&T	1-800-222-0300	34.24
EXCEL TELECOMMUNICATIONS	1-800-875-9235	14.43
Total New Charges		\$76.62
TOTAL AMOUNT DUE		\$76.62
	We appreciate your business.	

The company you have chosen for interLATA calls (long distance calls outside your local toll calling area) is AT&T.

The company you have chosen for intraLATA calls (long distance calls inside your local toll calling area) is AT&T.

The region served by the 612 area code was split into two different area codes on July 12, 1998. The new 651 area code serves St. Paul and the communities to the east.

ITEMIZED CALLS

NO.	TIME	PLACE	AREA-NUMBER	TYPE	MIN	
AUG 2	1.	419PM	TO ALBERT LEA MN	507 377-9421 N	3.5	.53
AUG 8	2.	933AM	TO ALBERT LEA MN	507 377-9421 N	25.8	3.87
AUG 9	3.	1024AM	TO ALBERT LEA MN	507 377-9421 N	9.9	1.49
			(SUBTOTAL		5.89)	

MISCELLANEOUS CHARGES AND CREDITS

NO.	ITEM	TAX CODE	
JUL 22	4. SERVICE CHG	A	2.50
JUL 23	5. 800 SVC CHG	A	3.50
JUL 31	6. PICC/USF FEE	A	1.75
	(MISCELLANEOUS CHARGES AND CREDITS SUBTOTAL		7.75)

Type of Long Distance Calls:
 N-NITE/WKEND

T-TAX RATE APPLIED - A- 3.00%

TOTAL ITEMIZED CALLS	13.64
TAX - FED .41 STATE .38	.79

TOTAL EXCEL TELECOMMUNICATIONS CHARGES (INCL TAX) 14.43

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO EXCEL TELECOMMUNICATIONS.
 THERE IS NO CONNECTION BETWEEN U S WEST COMMUNICATIONS AND EXCEL TELECOMMUNICATIONS.

Minnesota Office of the Attorney General

Residential and Small Business Utilities Division

Citizen Assistance Individual Complaint/ Inquiry

Status: Closed	Date Entered: 10/21/98	Contact ID: CC-98-2392
Referral From:	Taken by: Brendmoen	
Harold L. Knudsen	Company Involved: ITC	
	Complaint Type: slamming	
HCO 5, Box 293	Home Phone: (218) 732-3978	
	Work Phone:	
Park Rapids	MN 56470-	Other:

Notes:

Sent consumer info about the FCC charge and slamming.

11/2 Consumer called to discuss my letter. In process of call I am able to figure out that USBI is on the page where the charges have appeared. I talked with the elderly couple extensively before the wife said, "Well, there's one abbreviation "ITC" but that means Itemized Charges" I have changes the database to reflect the change of information as the original complaint was against Frontier for Slamming. There was not a bill in the letter they sent

11/3 USWC reported back to me that Frontier was the carrier that the Knudsen's were switched to. When asked if it could have been ITC, she said "Well the PIC is 0444..."

Balance Forward	New Charges	Total Amount Due	Due Date for New Charges
\$0.00	\$81.47	\$81.47	Oct 16, 1998

Account Summary

▼ Previous Balance		
Charges		81.45
Payment	Thank you for your payment	81.45 ^{CR}
Balance Forward		\$0.00
▼ New Charges		
U S WEST Communications	For questions, call: 1-800-244-1111	22.60
MCI Telecommunications	1-800-444-3333	58.87
Total New Charges		\$81.47
TOTAL AMOUNT DUE		\$81.47

We appreciate your business.

The company you have chosen for interLATA calls (long distance calls outside your local toll calling area) is FRONTIER.

The company you have chosen for intraLATA calls (long distance calls inside your local toll calling area) is U S WEST Communications.

ITC not listed on bill.

The region served by the 612 area code was split into two different area codes on July 12, 1998. The new 651 area code serves St. Paul and the communities to the east.

U S WEST Communications, PO Box 9351, Minneapolis, MN 55440-9351

Other Fees

The Federal Communications Commission is requiring all long distance companies to pay into the Federal Universal Service Fund. Beginning in July, MCI is setting a five percent charge on state to state and international monthly long distance usage, called the Federal Universal Service Fee, which will appear on your bill.

* National Access Fee	1.07
Federal Universal Service Fee	2.51
Total Other Fees	\$3.58



ITEMIZED CALLS

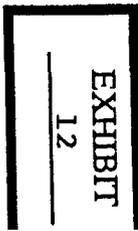
NO.	TIME	PLACE	AREA-NUMBER	TYPE	MIN	T	
LONG DISTANCE CHARGES, INC.							
DEC 29	1	243PM TO ALTAVISTA	VA 804 369-5641	D	.3	A	.92
DEC 31	2.	1040AM TO LENOIR	NC 704 728-3231	D	1.7	A	1.22
JAN 5	3.	1232PM TO WASHINGTON	DC 202 546-3480	D	1.5	A	1.20
JAN 5	4.	1247PM TO HICKORY	NC 704 431-4700	D	2.4	A	1.38
JAN 5	5.	137PM TO HIGH POINT	NC 910 841-6000	D	6.8	A	2.42
JAN 7	6.	1054AM TO HICKORY	NC 704 431-4700	D	3.5	A	1.62
JAN 7	7.	1130AM TO HIGH POINT	NC 910 841-6000	D	.5	A	.97
JAN 9	8.	1217PM TO HIGH POINT	NC 910 888-3700	D	1.7	A	1.24
JAN 9	9.	208PM TO OGDEN	UT 801 393-7865	D	.7	A	1.01
JAN 9	10.	226PM TO HIGH POINT	NC 910 884-4352	D	.4	A	.94
JAN 9	11.	233PM TO HIGH POINT	NC 910 884-1957	D	5.2	A	2.05
JAN 13	12.	417PM TO MIAMI	FL 305 821-3850	D	2.6	A	1.45
JAN 15	13.	1221PM TO LITTLE FLS	NJ 973 256-6500	D	2.2	A	1.36
JAN 15	14.	1224PM TO HIGH POINT	NC 336 812-8244	D	.3	A	.92
JAN 15	15.	202PM TO HIGH POINT	NC 336 812-8244	D	1.9	A	1.29
JAN 16	16.	211PM TO NEW YORK	NY 212 579-8477	D	1.6	A	1.22
JAN 20	17.	1111AM TO HIGH POINT	NC 910 841-6000	D	1.9	A	1.29
JAN 20	18.	1211PM TO HIGH POINT	NC 910 841-6000	D	1.0	A	1.08
JAN 20	19.	1213PM TO OGDEN	UT 801 393-7865	D	.9	A	1.06
JAN 20	20.	1218PM TO HICKORY	NC 704 431-4700	D	2.2	A	1.33
JAN 20	21.	1221PM TO MIAMI	FL 305 821-1564	D	.3	A	.92
JAN 20	22.	1222PM TO MIAMI	FL 305 821-3850	D	5.7	A	2.17
JAN 22	23.	227PM TO DILLON	SC 803 774-4124	D	.5	A	.97
JAN 23	24.	1027AM TO DILLON	SC 803 774-4124	D	.9	A	1.06
JAN 23	25.	1031AM TO DILLON	SC 803 774-4124	D	.9	A	1.06
JAN 30	26.	1023AM TO NAPLES	FL 941 732-0744	D	2.7	A	1.47
JAN 30	27.	326PM TO LOSANGELES	CA 213 222-8800	D	1.7	A	1.24
FEB 3	28.	1135AM TO NAPLES	FL 941 732-0744	D	.8	A	1.03
FEB 4	29.	1229PM TO DRESSER	WI 715 755-3962	D	1.0	A	1.03
FEB 18	30.	1037AM TO OGDEN	UT 801 393-7865	D	1.0	A	1.08
FEB 18	31.	1042AM TO MIAMI	FL 305 821-3850	D	1.3	A	1.15
FEB 18	32.	1220PM TO AIKEN	SC 803 642-8960	D	.5	A	.97
FEB 19	33.	328PM TO MIAMI	FL 305 821-3850	D	2.1	A	1.34
FEB 20	34.	247PM TO NEWTON	NC 704 465-5751	D	8.7	A	2.76
FEB 20	35.	250PM TO NEWTON	NC 704 465-5751	D	5.2	A	1.99
FEB 24	36.	129PM TO ALTAVISTA	VA 804 369-5641	D	3.7	A	1.66
FEB 25	37.	925AM TO HIGH POINT	NC 910 841-6000	D	1.8	A	1.27
FEB 25	38.	927AM TO HIGH POINT	NC 910 841-6000	D	1.4	A	1.17
MAR 2	39.	429PM TO MIAMI	FL 305 821-3850	D	1.5	A	1.20
MAR 2	40.	433PM TO OGDEN	UT 801 393-7865	D	.8	A	1.03
MAR 3	41.	218PM TO MIAMI	FL 305 821-3850	D	4.3	A	1.84
MAR 3	42.	228PM TO DILLON	SC 803 774-4124	D	.5	A	.97

84.91

ITEMIZED CALLS

NO.	TIME	PLACE	AREA-NUMBER	TYPE	MIN	T	
MAR 3	1.	242PM TO MARIETTA	GA 770 977-4599	D	.3	A	.92
							(TOTAL FOR 612 204-9300 56.27)
DETAIL OF ITEMIZED CALLS 612 204-9335							
JAN 2	2.	229PM TO HICKORY	NC 704 431-4700	D	.3	A	.92
JAN 8	3.	1037AM TO BOONE	NC 704 264-0100	D	2.9	A	1.49
JAN 9	4.	1117AM TO NEW YORK	NY 212 579-8477	D	4.9	A	1.98
JAN 9	5.	233PM TO BOONE	NC 704 264-0100	D	4.0	A	1.73
JAN 9	6.	238PM TO BOONE	NC 704 265-3383	D	1.5	A	1.18
JAN 12	7.	223PM TO HIGH POINT	NC 910 841-6000	D	.8	A	1.03
JAN 12	8.	240PM TO HICKORY	NC 704 431-4700	D	2.3	A	1.35
JAN 12	9.	243PM TO LENOIR	NC 704 728-3231	D	5.0	A	1.94
JAN 12	10.	249PM TO OGDEN	UT 801 393-7865	D	.7	A	1.01
JAN 13	11.	325PM TO BOONE	NC 704 264-0100	D	3.3	A	1.57
JAN 13	12.	436PM TO ALTAVISTA	VA 804 369-5641	D	.3	A	.92
JAN 14	13.	1050AM TO ALTAVISTA	VA 804 369-5641	D	1.0	A	1.07
JAN 14	14.	1123AM TO BOONE	NC 704 265-3383	D	2.1	A	1.31
JAN 14	15.	1247PM TO MIAMI	FL 305 821-3850	D	3.9	A	1.75
JAN 15	16.	206PM TO HIGH POINT	NC 336 812-8244	D	.3	A	.92
JAN 23	17.	1035AM TO ELIZABHTN	NC 910 862-8850	D	1.8	A	1.27
JAN 30	18.	1100AM TO ALTAVISTA	VA 804 369-5641	D	2.4	A	1.38
JAN 30	19.	142PM TO BARTLETT	IL 630 483-7236	D	5.2	A	1.95
FEB 4	20.	1017AM TO NEW YORK	NY 212 367-2330	D	1.5	A	1.20
FEB 4	21.	1033AM TO MARIETTA	GA 770 977-4599	D	.4	A	.94
FEB 6	22.	301PM TO NAPLES	FL 941 732-0744	D	.3	A	.92
FEB 9	23.	255PM TO KATONAH	NY 914 232-5586	D	.9	A	1.06
FEB 10	24.	437PM TO KATONAH	NY 914 232-5586	D	1.1	A	1.10
FEB 19	25.	1146AM TO LOSANGELES	CA 213 222-8800	D	2.4	A	1.40
							(TOTAL FOR 612 204-9335 31.39)
DETAIL OF ITEMIZED CALLS 612 204-9355							
DEC 31	26.	1038AM TO OGDEN	UT 801 393-9425	D	1.0	A	1.08
DEC 31	27.	1042AM TO LENOIR	NC 704 726-3291	D	.9	A	1.05
DEC 31	28.	1121AM TO HICKORY	NC 704 431-4701	D	.8	A	1.03
DEC 31	29.	1130AM TO MIAMI	FL 305 821-1564	D	.8	A	1.03
DEC 31	30.	1137AM TO IRVINE	CA 714 440-3758	D	1.5	A	1.20
JAN 5	31.	142PM TO ATLANTA	GA 404 588-7749	D	.6	A	.98
JAN 5	32.	144PM TO HIGH POINT	NC 910 841-3245	D	1.0	A	1.08
JAN 5	33.	146PM TO HICKORY	NC 704 431-4700	D	.7	A	1.00
JAN 5	34.	155PM TO HICKORY	NC 704 431-4700	D	.4	A	.94
JAN 5	35.	200PM TO HICKORY	NC 704 431-4700	D	.5	A	.96
JAN 5	36.	206PM TO HICKORY	NC 704 431-4700	D	.3	A	.92
JAN 5	37.	220PM TO HICKORY	NC 704 431-4700	D	.4	A	.94
JAN 5	38.	238PM TO LOSANGELES	CA 213 222-8800	D	5.4	A	2.10

62.1





For questions, call 1-800-947-5084

Page 5

ITEMIZED CALLS

NO. TIME PLACE AREA-NUMBER TYPE MIN

MISCELLANEOUS CHARGES AND CREDITS

NO. ITEM TAX CODE

TRI					
AUG 12	1.	TRI MTH SVC		A	15.00
SEP 9	2.	TRI MTH SVC		A	15.00
(MISCELLANEOUS CHARGES AND CREDITS SUBTOTAL					30.00)
T-TAX RATE APPLIED - A-3.00%					
TOTAL ITEMIZED CALLS					30.00
TAX- FED .90					.90
TOTAL OAN SERVICES, INC. CHARGES (INCL TAX)					30.90

THIS PORTION OF YOUR BILL IS PROVIDED AS A SERVICE TO OAN SERVICES, INC.
THERE IS NO CONNECTION BETWEEN U S WEST COMMUNICATIONS AND OAN SERVICES, INC..

*TRI Services
1-800-642-0327
Agreed to cancel
card effective
today - 9-28-92*

Ms. Felicia Boone
MN Attorney General
445 Minnesota St.
Suite 1200
St. Paul, MN
55101

4848 York Ave. S.
Minneapolis, MN 55410

Sept. 28, 1998

Dear Ms. Boone,

Enclosed is a copy of my phone bill for my mother's phone. She lives at Meadow Woods in Bloomington. On the bill is a charge from O&N Services for TRI services, who say they issued a phone card to my mother. She does not have such a phone card and has not been aware of the service. The TRI representative stated that he contacted my mother directly and she requested the card. She has no recollection of this. As near as I can tell she was billed \$150⁰⁰ for the card. TRI agreed to cancel the card immediately and give my mother a year to use it up. She will certainly not be able to do so. Her current monthly statement from MCI shows a total of \$2.85 for long distance.

We would like a full refund from TRI. I am also requesting that you investigate this company.

Sincerely,
Gordon Meyer

Minnesota Office of the Attorney General

Residential and Small Business Utilities Division

Citizen Assistance Individual Complaint/ Inquiry

Status: Closed

Date Entered: 10/20/98

Contact ID: CC-98-2382

Referral From:

Taken by: Brendmoen

Greg

Loux

Company Involved: LDBC

Complaint Type: cramming

Home Phone:

Work Phone: (612) 972-3066

Delano

MN

Other:

Notes:

Telephone Billing services now going as TBS billing for a company called LDBC. Looks like cramming, can not get thru to company to find out more about the service (neither could customer which is why he called) so I faxed to GTE to credit and TBS at an old fax number we had in the rolodex.

TELEPHONE NUMBER 612 972-3066 920318
 ACCOUNT NUMBER 481800373506133807
 STATEMENT ENDING Oct 4, 1998

PAGE 9 OF 12

TBS, Inc.
 billing questions
 1 800 748-4309

COMMUNICATIONS SERVICES (continued)

Billing for TBS, Inc.

The following charges appear on your GTE bill as a service to TBS, Inc. Direct your billing questions to the phone number in the yellow border of this page.

TBS, Inc. Non-Regulated Services

L O B

Billing on behalf of LDBC

C

MISCELLANEOUS CHARGES AND CREDITS

Charges and Credits for 612 972-3066

Sep 10	Prepaid Calling Card	4.95
Sep 10	Prepaid Calling Card	4.95
	Total	\$ 9.90

For questions concerning your bill, call the number listed at the top of this page. The calls on this page were forwarded by TBS, Inc., the clearinghouse agent for LDBC.

TAXES AND FEES ON NON REGULATED SERVICES

Federal excise tax at 3.00%	.30
State tax at 6.50%	.64
Total	\$.94

TBS, Inc. non-regulated service charges \$ 10.84

Total for TBS, Inc. \$ 10.84

1:26 - Rang till buzzy sig
 45 rings?
 1:29 - Buzzy
 1:27 - Tnx to machine
 connected to ringing, rang endlessly
 1:33 - Buzzy
 1:39 - Rings til buzzy (45 rings?)
 1:42 - Buzzy

CRAMMING
 Public Utilities
 Comm

T= 9 IN 1800 6129723066 920318 07 07 MN212*HBRDA1 00013539 5J0000092801

Page 2 of 2