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Decision 98-02-029 February 4, 1998

ORIGINAL

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations, practices, and conduct of National Telephone & Communications, Inc. (NTC) to determine whether it has violated the laws, rules, and regulations governing the manner in which California consumers are switched from one long distance carrier to another.

Investigation 97-09-001
(Filed September 3, 1997)

OPINION

Summary

This order approves the settlement agreement between Commission's Consumer Services Division (CSD) and National Telephone & Communications, Inc. (National). The settlement agreement requires National to make restitution to certain former customers and subjects National to enhanced monitoring for compliance with consumer protection statutes and regulations any further violation of which will result in immediate suspension of National's authority to provide intrastate telecommunications service in California.

Procedural Background

On September 3, 1997, the Commission issued an Order Instituting Investigation, 197-09-001, finding that there was probable cause to believe that National had violated regulations governing how telephone subscribers are switched from one interexchange carrier to another. Specifically, CSD investigated National and, based on the results of the investigation, CSD alleged that National improperly switched subscribers based on documents signed by minors who had been promised pagers or phone cards and, more alarmingly, that National was relying on forged signatures, in some cases, of deceased persons.

On October 8, 1997, the parties met with the assigned Administrative Law Judge and stated that they were actively engaged in settlement negotiations and were optimistic that a settlement agreement would be forthcoming. The parties also requested that the then-upcoming prehearing conference (PHC) scheduled for October 14, 1997, be canceled. Due to the limited time for notice, the PHC was held but only for the limited purpose of receiving appearances of intervenors, although no intervenors attended. Oral argument was also scheduled but canceled.

On November 12, 1997, the parties submitted their settlement agreement with a motion urging that the Commission adopt it. The parties filed amendments to their agreement on November 17, 1997, and January 21, 1998.

Description of the Settlement Agreement

The major provisions of the settlement agreement are:

1. Restitution to Customers - National will issue a check to each customer that reported a presubscribed interexchange carrier (PIC) dispute, over 10,000, for \$20 each. Additional compensation is available to customers via an arbitration/mediation process. National will hold for one year the funds represented by all checks not cashed within 90 days, and at the conclusion of the year forward the funds to the General Fund.
2. Each customer for which CSD can prove that National forged a signature will receive no more than \$1,000 each, up to \$95,000 total.¹
3. National shall prepare and distribute a consumer education brochure on slamming (up to \$50,000).
4. National will remain in business but be subject to "probation" such that if it violates any portion of the agreement it will be subject to 3-year suspension.
5. National has replaced virtually all top management and has instituted tough monitoring for compliance with Commission regulations.

¹ The parties subsequently amended the agreement to provide no more than \$1,000 each, up to \$110,000 total.

6. Pursuant to stipulation with Orange County District Attorney, National has already paid \$1.2 million in fines and costs, including \$50,000 to the Commission.

Discussion

Commission Rule of Practice and Procedure 51(e) requires that settlement agreements be (1) reasonable in light of the whole record, (2) consistent with the law, and (3) in the public interest to be approved by the Commission.

a. Reasonable in Light of the Whole Record

The record in this case reveals allegations of widespread violations of Public Utilities Code Section 2889.5, the "anti-slamming" statute. Such violations, if proven, harm not only the customers' right to use their carrier-of-choice but also damage the competitive market for interexchange carriers through unfair competition.

The District Attorney's stipulation regarding the alleged criminal violations has imposed substantial fines and costs on National. This level of fines and costs is consistent, and possibly higher, than those levied by the Commission in other slamming cases. The CSD settlement agreement obtains \$20 restitution for the customers, including \$1,000 for those whose signatures were forged. This importantly recognizes the higher level of culpability for forgeries and sends the message to other carriers that lapses in management which allow such events to take place will simply not be tolerated by the Commission.

National will stay in business, subject to enhanced monitoring and reporting. If the settlement agreement is adhered to, however, the management which allowed the widespread violations to occur will no longer be a part of the company. Moreover, third-party verification has substantially reduced unauthorized transfers. While prospective prohibitions may be necessary, at this time, due to the change in management and the potential for an almost automatic suspension hanging over National, consumers would appear to be at little risk by allowing this company to remain in business.

The funds for National's restitution will be secured by a letter of credit which will be provided to CSD within 10 days of the effective date of this order.

The burdens on National reasonably address the harms to which this proceeding was directed. National will comply with applicable statutes and regulations or its right to provide service in California will be suspended. In this way, customers and competitors alike will no longer be threatened with unauthorized PIC changes. Customers which have alleged unauthorized transfer and forgery will be compensated.

The settlement agreement will also serve an important public education function in providing a public education brochure regarding unauthorized carrier changes.

b. Consistent with the Law

None of the actions required by the settlement agreement, as amended, are in violation of any statute or Commission rule or regulation.

c. In the Public Interest

The Commission is responsible for ensuring that the public is protected from unscrupulous practices by interexchange carriers. The settlement agreement protects the public by imposing sanctions on National for past wrongful acts and by instituting enhanced monitoring for continuing compliance with statutes and regulations. The settlement agreement will also protect other members of the public by providing information to the public about unauthorized transfer.

The level of restitution National will pay for its failure to establish management oversight that would have prevented forged documents from being relied upon clearly reflects the Commission's abhorrence for this type of violation. Should any such incidents occur in the future at National, the Commission will exercise the full range of its sanctions authority.

For these reasons, the Commission finds that the settlement agreement is reasonable in light of the whole record, is consistent with the law, and is in the public interest. The agreement is approved pursuant to Rules 51 through 51.10 of the Commission's Rules of Practice and Procedure. (See also San Diego Gas & Electric, 46 CPUC2d 538 (1992)(rules for all-party settlements).)

Findings of Fact

1. The Commission opened an investigation into National's operations based on allegations of unauthorized transfer of customers and to ascertain whether National was otherwise operating unlawfully.

2. The parties reached a settlement agreement which, along with its amendment, is Attachment A to this decision.

3. The settlement agreement resolves all matters relating to this proceeding.

Conclusions of Law

1. The settlement agreement is reasonable in light of the whole record, is consistent with the law, and is in the public interest.

2. The settlement agreement should be approved.

3. In order to assure prompt compliance with the terms of the settlement agreement, and to quickly obtain the benefits of the settlement agreement for California consumers, this order should be made effective immediately.

ORDER

Therefore, **IT IS ORDERED** that:

1. The settlement agreement and amendments affixed hereto as Attachment A and made a part hereof is approved, and the parties are directed to comply with the terms set forth in the settlement agreement as amended.

2. Pacific Bell and GTE California Incorporated are directed to cooperate in implementation of the settlement agreement. All costs of such cooperation shall be assessed to National Telephone & Communications, Inc., which shall pay the costs within 30 days.

3. This proceeding is closed.

This order is effective today.

Dated February 4, 1998, at San Francisco, California.

RICHARD A. BILAS
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
JOSIAH L. NEEPER
Commissioners

ATTACHMENT A

SETTLEMENT AGREEMENT

AMENDMENT (November 11, 1997)

AMENDMENT (January 21, 1998)

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's)
own motion into the operations,)
practices, and conduct of National)
Telephone & Communications, Inc.)
(NTC) to determine whether it) I.97-09-001
has violated the laws, rules, and)
regulations governing the manner)
in which California consumers are)
switched from one long distance)
carrier to another.)
_____)

SETTLEMENT AGREEMENT

This SETTLEMENT AGREEMENT is the final and complete expression of the agreement entered into the 12th day of November, 1997 by and between the Consumer Services Division ("CSD" or "Staff") of the California Public Utilities Commission ("Commission") and National Telephone & Communications ("NTC"), its officers, directors, and/or successors-in-interest which collectively are the "Parties" to this Settlement Agreement ("Settlement Agreement" or "Agreement").

WHEREAS, the Commission has before it a proceeding entitled "Investigation on the Commission's own motion into the operations, practices, and conduct of National Telephone & Communications, Inc. to determine whether it has violated the laws, rules, and regulations governing the manner in which California consumers are switched from one long distance carrier to another." (I.97-09-001);

WHEREAS, the Parties each desire to resolve amicably the disputes among them and to settle and forever dispose of all issues raised in I.97-09-001;

WHEREAS, NTC has entered into a stipulated entry of judgment without taking of proof and without admitting any liability with the Attorney General of the State of California, Daniel, E. Lungren, Deputy Attorney General, Michael R. Botwin, District Attorney of Orange County, Michael R. Capizzi, and Deputy District Attorney Wendy Brough. ("Stipulated Final Judgment") The Stipulated Final Judgment provides injunctive relief prohibiting NTC from violating any rules and regulations applicable to the solicitation of telecommunications subscribers, and provides for NTC to pay civil penalties and investigative costs amounting to One Million Two Hundred Fifty Thousand Six Hundred Dollars (\$1,250,600). (Stipulated Final Judgment at Attachment A.)

NOW, THEREFORE, in consideration of the foregoing, and the mutual promises hereinafter made, and intending legally to be bound, the Parties, by their authorized representatives, hereby agree and contract as follows:

GENERAL PROVISIONS

1. NTC agrees to obey all Commission rules and regulations and all laws of the State of California including, but not limited to, California Public Utilities Code § 2889.5 which governs switching consumers' presubscribed long distance service provider and agrees to comply with the terms of the Stipulated Final Judgment in Case Number 785815 entered on October 23, 1997 in the Superior Court of the State of California in and for the County of Orange.

SUSPENSION AND PROBATION

2. National Telephone & Communication's intrastate operating authority in California, as granted in Decision (D.)89-04-043 and D.94-12-037 shall be suspended for twenty-four consecutive months from the effective date of the Commission decision adopting this Settlement Agreement but the suspension shall be stayed under the terms and conditions of this Settlement Agreement and pending any further violations of the Public Utilities Code or Commission rule, regulation or directive by NTC.

3. The terms of this Agreement shall be in effect for a period of three years from the effective date of the Commission decision adopting this Agreement ("Probation Period"). If at anytime during the three year Probation Period, NTC violates the terms of the Settlement Agreement, as adopted by the Commission, CSD may bring evidence of any violation on the part of NTC by filing a Motion, supported by staff declaration(s) of the violation(s), seeking an order from the Commission lifting the stay of suspension. If, after NTC has been provided an opportunity to be heard by the Commission, the Commission finds that a violation or violations of the Settlement Agreement has occurred, the Commission may lift the stay of suspension or impose whatever sanctions it deems appropriate.

CUSTOMER EDUCATION

4. NTC shall prepare and incur all costs for the development of a brochure to be distributed or used by the Commission to educate consumers on issues relating to the prevention of unauthorized switches of long distance telephone service ("Slamming"). The brochure will be subject to final review by CSD and be distributed or offered through the Commission. NTC will not be named or identified as the sponsor of the brochure. NTC agrees to provide CSD with 50,000 copies of the brochure at a cost not to exceed \$50,000. NTC shall provide CSD with a copy of the final layout for the brochure and

permit CSD to use the layout to print additional brochures at the Commission's own expense. NTC and CSD shall finalize the brochure within 30 days of Commission adoption of the Settlement Agreement and NTC shall provide CSD with the estimated 50,000 copies of the brochure within 60 days thereafter. The Parties have included an initial draft of this brochure at Attachment B.

COMPLIANCE OFFICER

5. NTC shall institute a heighten^{ed} compliance monitoring program and shall designate an in-house person to internally monitor NTC's compliance with all rules and regulations and obligations under this Settlement Agreement. The designated compliance person will report directly to the President of NTC and will also serve as a liaison with Commission staff. The compliance person shall also be directly involved in the resolution of consumer Slamming complaints made to NTC. As part of the compliance person's duties, he/she shall assimilate bi-monthly reports of all customer complaints of Slamming placed with the local exchange carrier ("LEC"s) or communicated verbally or in writing to the Company. These reports will include, at a minimum, the information required by the Stipulated Final Judgment and will be provided to the CSD and to the Orange County District Attorney's Offices as provided for in the Stipulated Final Judgment. The compliance person shall also be responsible for assimilating a report on his/her investigation of instances where a service order could not be verified as discussed in paragraph 8 and shall provide such report to CSD on a bi-monthly basis. ✓

INDEPENDENT, THIRD-PARTY VERIFICATION

6. Prior to initiating a service order to switch telephone service to NTC for any California subscriber, NTC shall have all switch orders verified via an outbound call initiated by a independent, third-party verification company ("Verification Company") to the telephone number to be switched to NTC service.

7. NTC agrees to require the Verification Company that will verify NTC service order changes to verify (i) that the person placing the service order change is the subscriber of the telephone service being changed or in the case of a business, is authorized to make the change; (ii) the subscriber's intent to change his or her telephone service provider to NTC; (iii) each service the subscriber has ordered and the long distance service plan the subscriber has chosen; and (iv) provide the toll free customer service number where information on the rates and charges associated with each service and plan is available. Within 30 days of Commission adoption of the Settlement Agreement, NTC shall provide to CSD for its review and approval, a copy of the script the Verification Company will use to verify this information.

8. NTC will require the Verification Company to track all instances where the Verification Company could not verify the service order change and the reason the verification could not be made. At a minimum, NTC will require the Verification Company to track those instances where the verification could not be made because (i) the person placing the order was not authorized to change service; (ii) the person alleges that he/she never wanted and/or intended to change service, (iii) the person alleges that he/she agreed to the switch based on misinformation; or (iv) the person alleges that there was some other type of unethical or unlawful activity on the part of the Independent Representatives during the solicitation. NTC will require the Verification Company to provide NTC with this information in a monthly report and NTC's compliance person as identified in paragraph 5 shall investigate each instance where the reason for the failed verification was one of the four reasons identified above. The results of the compliance person's investigation will be provided to CSD on a bi-monthly basis as part of the reports required pursuant to paragraph 5.

CHANGES IN OPERATING PROCEDURES

9. NTC shall direct bill all new California customers that are signed up for NTC's long distance telephone service after the effective date of the Settlement Agreement, except where a customer requests to be billed through their LEC.

10. NTC shall modify its training and enforcement programs of Independent Representatives to ensure that proper sales and marketing techniques are being used, and to properly and timely address any inappropriate Independent Representatives behavior, including but not limited to forgeries and other unlawful conduct. The enforcement program shall contain several progressively stricter disciplinary actions. Upon a proper finding that an Independent Representative has forged a customer's signature on a Service Request Form or has participated in other egregious behavior associated with Slamming, NTC shall terminate the Independent Representative.

11. NTC shall conduct a renewed training program for each person who solicits the sale of long distance service to new California customers re-emphasizing the correct method of obtaining new customers. This training will be presented to each IR through a variety of methods which may include but not be limited to printed materials, audio and video materials, and classroom instructions explaining the do's and don'ts of subscribing new customers.

PRIOR OFFICERS AND DIRECTORS

12. For the duration of NTC's Probation Period, NTC agrees to implement and enforce a corporate policy ("The Policy") that no individual who (i) was a member of NTC's Board of Directors ("Board") on or before December 31, 1996, or (ii) was elected as an officer of NTC by the Board on or before December 31, 1996 (collectively, "Affected Individuals"), shall be employed by NTC or retained by NTC through a consulting

agreement in any capacity with responsibility and/or authority for the development, management, or oversight of NTC's corporate policies including but not limited to policies related to marketing of customers. NTC agrees to implement The Policy within thirty (30) days of Commission adoption of the Settlement Agreement between NTC and CSD except for Effected Individuals who are serving only as members of the Board ("Effected Board Members"). For Effected Board Members, NTC agrees to implement The Policy on or before June 30, 1998 and The Policy shall be extended for four (4) months beyond the Probation Period.

RESTITUTION

13. NTC agrees to provide each of the ninety-five (95) customers identified in Attachment C, who complained of an unauthorized switch of service to NTC to this Commission or whose Complaint was forwarded to the Commission by the Orange County District Attorney's Office and whose switch was determined by CSD to involve a forged signature on the service request form, with a check for \$1,000.

14. NTC agrees to provide each and every California consumer identified as a consumer disputing a PIC change in paragraph 15 of this Agreement with minimum restitution of \$20.00. Within 10 days of the Commission adoption of the Settlement Agreement, NTC shall provide CSD with a letter of credit for \$320,000, which represents an estimate of the total restitution required by this paragraph and paragraph 13. The Parties agree that this is an estimate of the amount that is necessary to provide the \$20.00 and \$1,000 restitution payments provided for by this Agreement and that the actual amount of restitution may be higher or lower.

15. For purposes of this Settlement Agreement, the Parties agree that California consumers disputing a PIC change and entitled to compensation pursuant to this

Agreement shall be defined as (i) those consumers that, between the period from January 1, 1995 and the date of adoption of the Settlement Agreement, complained to the Commission, or whose complaints were forwarded to the Commission by other agencies, that their long distance telephone service was switched by NTC without their authorization, and (ii) those consumers who, between January 1, 1996 and the date the Commission adopts the Settlement Agreement, have been switched by a LEC to NTC and whose request for a primary interexchange carrier (PIC) change to NTC had been designated as a PIC dispute by the LEC. This would include disputes recorded by LECs under NTC's Carrier Identification Code (CIC) and disputes recorded by LECs as disputes against Worldcom Network Services, Inc. (Worldcom) but determined by Worldcom to be disputes against NTC. Consumers shall be entitled to compensation for each line designated as a PIC dispute. NTC shall have the opportunity to review the list of consumers disputing PIC changes or other information developed by Worldcom to ensure that the list does not include consumers never switched to NTC. In the event that NTC believes a consumer name should be removed from the list because the consumer was never placed on NTC's service, CSD shall make the final determination on whether the consumer should be included after consideration of information supplied by NTC, the LEC, and Worldcom. Consumers deemed eligible by the provision of this paragraph to receive compensation under the terms of this Settlement Agreement may be referred to in this Agreement as "Qualifying Consumers."

16. Within 30 days of adoption of this agreement, CSD will request from the LECs and Worldcom a list, on a computer readable medium as specified by CSD, of consumers deemed eligible by the provisions of paragraph 15 herein to receive compensation from NTC. CSD will request that the LECs and Worldcom provide CSD with the name, address, and telephone number of each Qualifying Consumer. If Worldcom is unable to provide CSD with the names and addresses of the Qualifying Consumers, CSD will

provide a list of these consumers' telephone numbers to LEC and CSD will request that the LEC provide CSD with the names and addresses associated with the telephone numbers. NTC agrees to reimburse the LECs and Worldcom for the reasonable and necessary cost of producing the names, addresses, and telephone numbers. NTC shall also pay the LECs for other extraordinary, but reasonable and necessary expenses borne by the two LECs in connection with administering and executing the Settlement Agreement. The LECs and Worldcom can directly invoice NTC for these costs, providing adequate detail with said invoices to allow NTC to ascertain the nature, purpose, reasonableness and necessity of such costs and expenses, and NTC shall pay the amounts due within 30 days of the receipt of the invoice.

17. CSD will forward to NTC the list(s) of names, addresses, and telephone numbers for the consumers that are to receive \$20.00 or \$1,000.00 checks from NTC. Within 90 days of receiving the list(s) from CSD, NTC shall provide the Commission staff with a \$20.00 or \$1,000 check as agreed in paragraphs 13 and 14 negotiable for 90 days from the date of mailing, for each consumer name on the list. The checks will prominently display, on the front side, notice that the checks are negotiable for only 90 days from the date on the check. Each check will contain the name of the consumer and the consumer's address and will be formatted as specified by CSD so that the check can be mailed to the consumer in a window envelop at the address printed on the check. CSD will notify NTC of the date(s) to place on the checks. The checks will be separated and not physically connected to other checks or other documents. The checks will be mailed by the Commission staff to the consumer along with a notice advising the consumer of the reason for the check and informing the consumer that he/she can seek additional restitution from NTC through the arbitration/mediation program defined in paragraph 19.

18. Undeliverable and returned checks shall be returned by the Commission staff to

NTC and funds from checks not cashed within 90 days of mailing shall revert to NTC but in no event shall NTC's total remittance be less than one-half of the total amount sent out to consumers. If undeliverable and returned checks and funds from checks not cashed within 90 days amount to more than one-half of the total funds sent out, NTC shall reissue a check for the difference between the amount returned to NTC and one-half of the total amount sent to consumers (the "Excess Amount"). NTC will make a donation to the "Consumer Protection and Prosecution Trust Fund" for the Excess Amount, or if the Commission so chooses, require NTC to issue a check payable to the "California Public Utilities Commission" for the Excess Amount for deposit into the General Fund or to another Trust, Fund, or Account to be used to advance consumer protection. To determine the amount of funds that revert back to NTC as a result of checks not cashed within the 90 day period, within 45 days after the 90 day period expires, NTC shall provide the Consumer Services Division with monthly bank statements that list each individual check cashed by check number. NTC shall provide these statements for the time period beginning on the date the first check is issued and continuing until 90 days after the date of the last check issued. Within 15 days of a determination and notification by CSD that funds returned and reverted to NTC amount to more than one-half of the total amount paid out to consumers, NTC shall make the donation to the "Consumer Protection and Prosecution Trust Fund" or issue a check payable "California Public Utilities Commission" for the Excess Amount as the Commission so chooses.

ARBITRATION/MEDIATION FOR ADDITIONAL RESTITUTION

19. NTC shall provide additional restitution beyond the \$20.00 payment, in the manner specified below, to all persons who have been affected by the activity alleged in 1.97-09-001, who have Qualifying Consumer Complaints, as described below, who have suffered actual damages as a result thereof, and who submit an arbitration/mediation claim form to the Consumer Service Division within 90 days of receiving the notice

and/or check from the Commission. This program shall be conducted as follows:

19.1. General

NTC and the consumers participating in the arbitration/mediation program shall be bound by the final decision of the arbitrator. However, consumers have the option of deciding whether to participate in the program. Consumers who do not submit a claim form in a timely manner waive their right to participate in the arbitration/mediation program or to pursue any other claims against NTC before the Commission and related to the allegations against NTC set forth in the 1.97-09-001. Consumers who do submit a claim form in a timely manner are deemed to have agreed to be bound by the result of the arbitration as to any claims before the Commission and related to the allegations against NTC set forth in the 1.97-09-001. However, whether consumers participate in the arbitration/mediation program or not, does not affect their right, if any, to pursue any claim or remedy against NTC in any action or proceeding before any other agency, court, or other jurisdiction. Consumers, however, may waive duplicative reparation claims in other jurisdictions as a result of accepting reparations awards in the mediation/arbitration process. The arbitration/mediation will be conducted at a location convenient for the consumer. Any and all fees and costs of the arbitration shall be paid to the arbitrator by NTC as set forth below in paragraph 19.5. The parties intend to use the American Arbitration Association or JAMS Endispute to conduct the hearings and to make determinations pursuant to this paragraph, with the understanding that NTC and the Consumer Services Division may jointly agree to select a different arbitrator within 30 days of the execution of the Settlement Agreement. In the event the chosen arbitrator is unable or unwilling to conduct the hearings and participate in the restitution program, the Consumer Services

Division and NTC shall designate another entity or entities to conduct the hearings and make determinations under this program. The mediation/arbitration process is solely to determine the amount of damages and not to determine whether there has been an unauthorized PIC change.

19.2. Qualifying Consumer Complaints

"Qualifying Consumer Complaints" shall refer to any consumer complaint or dispute as identified in paragraph 15 herein. To be eligible to participate in the mediation/arbitration process, the consumer must have (i) made his/her PIC dispute or complaint to the LEC on or after January 1, 1996 and before the day after the Commission adoption of the Settlement Agreement or (ii) made his/her complaint to the Commission, directly or through another agency, on or after January 1, 1995 and before the day after the day the Commission adopts the Settlement Agreement.

Qualifying Consumers shall be eligible to participate in arbitration/mediation, in addition to receiving the \$20.00 payment, if they meet all of the following three criteria: (a) the consumer complaint pertains to allegations made in the I.97-09-001; (b) the consumer has not otherwise received full restitution (where entitled) for damages arising out of the activity alleged in the Investigation; and (c) the consumer alleges he/she has suffered an actual and ascertainable loss greater than \$20.00 as a result of the activity alleged in I.97-09-001.

19.3. Mediation/Arbitration Notification

The Consumer Services Division shall include with the \$20.00 check a notice

explaining the purpose of the check and informing the consumer that he/she may seek additional restitution, beyond the \$20.00 remediation, from NTC by participating in the arbitration/mediation program. The notice shall be prepared in English and Spanish. CSD will include with the notice a claim form that the consumer must fill out to participate in the mediation/arbitration program. A copy of the claim form is attached as Attachment D.

The notice and claim form shall describe the arbitration/mediation program and shall set forth the procedures the consumer must follow to participate in the program. The notice and claim form shall advise consumers that they have 90 days to complete the claim form and return it to the Consumer Services Division at the address specified. The notice and claim form shall further advise consumers that if they do not submit the claim form within the 90 day period, they will be deemed to have waived any right to use this arbitration/mediation process to seek relief from NTC concerning any issues raised in 1.97-09-001. The notice and claim form shall advise consumers that their decision to participate in the arbitration/mediation process shall not affect their right, if any, to pursue any claim or remedy against NTC in any other agency, court, or other jurisdiction.

The Consumer Services Division shall date stamp all complaint forms as they are received and provide copies of the claim forms to NTC in two batches, the first containing all claim forms received by the Consumer Services Division within 30 days of the date that the notice and claim forms were first mailed to former NTC customers. The Consumer Services Division shall use all reasonable efforts to deliver to NTC the second batch, containing the remaining claim forms received, within 120 days of the last date that the notice and claim forms were mailed to former NTC customers.

19.4. Mediation Process

After receipt by NTC of the form described in paragraph 19.3. herein, NTC shall have 60 days to informally mediate all consumer complaints with, at NTC's election, the assistance of the mediator. Those consumers whose complaints are still unresolved after this period shall be eligible to participate in the arbitration program. After the aforementioned 60 day period, NTC shall contact all consumers with unresolved complaints through a letter notifying the consumers that the claim remains unresolved and will be submitted to arbitration. NTC shall then transfer to the arbitrator all claim forms which remain unresolved.

If, at any time, NTC resolves a consumer complaint through mediation, within 60 days after resolution, NTC shall file with the Consumer Services Division a report containing the name, address, and telephone number of each complainant and the resolution of the complaint. A photocopy of the correspondence with the consumer complainant shall be sufficient to meet this requirement if it contains all of the required information.

19.5 Arbitration Process

Upon receipt of a consumer claim form, the arbitrator shall schedule an arbitration hearing to be held within 90 days of the arbitrator's receipt of the form and notify the consumer, NTC, and CSD of the date of the hearing. The arbitrator shall determine whether restitution is appropriate in each case and shall be responsible for assuring that there are adequate personnel to arbitrate all cases. For the consumer to prevail in the arbitration program, the consumer shall have the burden

of proving his/her actual damages by preponderance of evidence. Such damages are limited in nature to refunds of fees and/or any charges which exceeded the toll charges that the consumer would have paid to his/her previous carrier and which have been actually paid by the consumer for which the consumer has not previously received reimbursement from NTC. Consumers may not recover consequential damages through the arbitration program.

When the arbitrator issues his/her final decision after the hearing, he/she shall notify the consumer and NTC of this decision through regular mail. Any money due claimants after arbitration shall be paid by NTC within 90 days after notice from the arbitrator of his/her decision in any particular hearing. The cost of each such arbitration shall be borne by NTC. NTC shall also send the Consumer Services Division a list of those consumers who elected to participate in the arbitration/mediation program and notify the Consumer Services Division of the results of the arbitration.

OTHER ACTIONS

20. Parties intend that this Settlement Agreement will not determine or be advanced in any manner to try to influence the outcome of any other proceeding before the Commission or in any other jurisdiction pending now or instituted in the future. The positions taken herein, and the actions taken in furtherance of this Settlement Agreement, are in settlement of disputed claims and do not constitute admissions. CSD and NTC agree that the actions required to be taken by them pursuant to this Agreement are taken without prejudice to positions each party has taken, or may take hereafter, in any proceeding, including the Investigation.

LEC AND IEC COOPERATION

21. By execution of the Settlement Agreement, CSD and NTC jointly request that the Commission direct the local exchange carriers and Worldcom to cooperate with the Commission and CSD staff in implementation of the Settlement Agreement as necessary.

EXECUTION OF THE AGREEMENT

22. Except for representations made to CSD regarding the individuals affected by paragraph 12, this Agreement contains the entire agreement between the Parties. The Parties agree that the document is not severable and if the Settlement Agreement is adopted by the Commission with modifications, the modifications must be consented to by all Parties to this Agreement. If the modifications are not acceptable to one or more of the Parties, then the Settlement Agreement is void. A party shall be deemed to have consented to the Commission modification unless, within 15 days following the effective date of the Commission order proposing such modification, that Party notifies in the other Party and the Commission, in writing, of its objection to the modification(s).

23. The Parties agree, without further consideration, to execute and/or cause to be executed, any other documents and to take any other action as may be necessary, to effectively consummate the subject matter of this Settlement Agreement.

24. This Settlement Agreement shall be binding upon the respective parties, their, assignees, successors, parent companies, subsidiary companies, affiliates, divisions, units, officers, directors, and shareholders.

25. The Parties acknowledge each has read this Settlement Agreement, that each fully understands its rights, privileges, and duties under this Agreement, and that each enters this Agreement freely and voluntarily. Each party further acknowledges that it has had

the opportunity to consult with an attorney of its own choosing to explain the terms of this Agreement and the consequences of signing it.

26. This Settlement Agreement may be executed in any number of counterparts and by different Parties hereto in separate counterparts, with the same effect as if all Parties had signed one and the same document. A facsimile of a Party's signature has the full force and effect as an original signature. All such counterparts shall be deemed to be an original and shall together constitute one and the same Agreement.

27. The undersigned acknowledge that they have been duly authorized to execute this Agreement on behalf of their respective principals and that such execution is made within the course and scope of their respective agency and/or employment,

GOVERNING LAW


28. The Parties acknowledge that unless expressly and specifically stated otherwise herein, the California Public Utilities Code, Commission regulations, orders, rulings, and/or decisions shall govern the interpretation and enforcement of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Settlement Agreement on the following pages.

William R. Schulte, Director
Consumer Services Division

Public Utilities Commission
of the State of California

Dated: _____



James Quandt, President
National Telephone & Communications

On Behalf of National Telephone &
Communications

Dated: 11-12-97

for James R. Schulte

William R. Schulte, Director
Consumer Services Division

Public Utilities Commission
of the State of California

Dated: 11/12/97

James Quandt, President
National Telephone & Communications

On Behalf of National Telephone &
Communications

Dated: _____

ATTACHMENT A

COPY

1 DANIEL E. LUNGREN, ATTORNEY GENERAL
OF THE STATE OF CALIFORNIA
2 HERSCHEL T. ELKINS, SR. ASST. ATTORNEY GENERAL
300 SOUTH SPRING STREET, SUITE 5212
3 LOS ANGELES, CALIFORNIA 90013
TELEPHONE: (213) 897-2000

4 MICHAEL R. CAPIZZI, DISTRICT ATTORNEY
COUNTY OF ORANGE, STATE OF CALIFORNIA
5 JAN J. NOLAN, ASSISTANT DISTRICT ATTORNEY
6 ROBERT C. GANNON, JR., DEPUTY-IN-CHARGE
CONSUMER AND ENVIRONMENTAL PROTECTION UNIT
7 WENDY BROUGH
DEPUTY DISTRICT ATTORNEY
8 405 WEST FIFTH STREET, SUITE 606
SANTA ANA, CALIFORNIA 92701
9 TELEPHONE: (714) 568-1200

10 ATTORNEYS FOR PLAINTIFF

11
12 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 IN AND FOR THE COUNTY OF ORANGE

FILED
ORANGE COUNTY SUPERIOR COURT

OCT 23 1997

MAY SLATER, Executive Officer/Clerk

P. Michels
BY P. MICHELS

14

15 THE PEOPLE OF THE STATE OF CALIFORNIA,

16 Plaintiff,

17 vs.

18 NATIONAL TELEPHONE AND
19 COMMUNICATIONS, INC.,

20 Defendant

CASE NO.

STIPULATION FOR ENTRY
OF FINAL JUDGMENT

JUDGE RICHARD O. FRAZEE, SR.

DEPT. 25

785815

21

22 IT IS HEREBY STIPULATED between the plaintiff, The People of the State of
23 California, through its attorneys, Daniel E. Lungren, Attorney General of the State of California,
24 by Herschel T. Elkins, Senior Assistant Attorney General, and Michael R. Capizzi, District
25 Attorney of Orange County, by Wendy Brough, Deputy District Attorney, and Defendant National
26 Telephone and Communications, Inc., through attorneys John Van de Kamp and Dale R.
27 DeForge, that the Court can sign the proposed Final Judgment attached as Exhibit 1. In the Final
28 Judgment, Plaintiff does not describe the restitution plan because they are informed that the

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California Public Utilities Commission is handling restitution as part of its administrative action.

ATTORNEYS FOR PLAINTIFF

DANIEL E. LUNGREN, ATTORNEY GENERAL
STATE OF CALIFORNIA

NO
DATED: Oct. 14, 1997

BY: Herschel T. Elkins
HERSCHEL T. ELKINS
Senior Assistant Attorney General

MICHAEL R. CAPIZZI, DISTRICT ATTORNEY
COUNTY OF ORANGE, STATE OF CALIFORNIA

DATED: Oct 16, 1997

BY: Wendy Brough
WENDY BROUGH
Deputy District Attorney

DEFENDANT NATIONAL TELEPHONE AND
COMMUNICATIONS, INC.

DATED: _____

BY: _____
JAMES QUANDT, President,
On behalf of National Telephone and Communications,
Inc.

DATED: _____

JOHN VAN DE KAMP, Attorney for Defendant

DATED: _____

DALE R. DEFORGE, Attorney for Defendant

1 California Public Utilities Commission is handling restitution as part of its administrative action.

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ATTORNEYS FOR PLAINTIFF

DANIEL E. LUNGREN, ATTORNEY GENERAL
STATE OF CALIFORNIA

DATED: _____

BY: _____
HERSCHEL T. ELKINS
Senior Assistant Attorney General


MICHAEL R. CAPIZZI, DISTRICT ATTORNEY
COUNTY OF ORANGE, STATE OF CALIFORNIA

DATED: _____

BY: _____
WENDY BROUGH
Deputy District Attorney

DEFENDANT NATIONAL TELEPHONE AND
COMMUNICATIONS, INC.

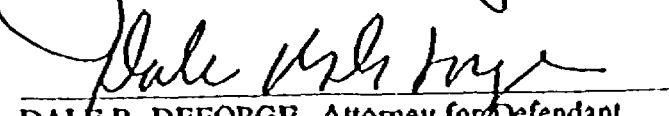
DATED: 10/14/97

BY: 
JAMES QUANDT, President,
On behalf of National Telephone and Communications,
Inc.

DATED: 10/15/97


JOHN VAN DE KAMP, Attorney for Defendant

DATED: 10/14/97


DALE R. DEFORGE, Attorney for Defendant

COPY

1 DANIEL E. LUNGREN, ATTORNEY GENERAL
OF THE STATE OF CALIFORNIA
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CONSUMER AND ENVIRONMENTAL PROTECTION UNIT
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9 TELEPHONE: (714) 568-1200

10 ATTORNEYS FOR PLAINTIFF

FILED
ORANGE COUNTY SUPERIOR COURT

OCT 23 1997

ALAN SLATER, Executive Officer/Clerk

P. Michels
BY P. MICHELS

11
12 IN THE SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 IN AND FOR THE COUNTY OF ORANGE

14 **785815**

15 THE PEOPLE OF THE STATE OF CALIFORNIA,

16 Plaintiff,

17 vs.

18 NATIONAL TELEPHONE AND
COMMUNICATIONS, INC.,

19 Defendant

) CASE NO.

) FINAL JUDGMENT PURSUANT
TO STIPULATION

JUDGE RICHARD O. FRAZEE, SR.

DEPT. 25

20 Plaintiff, The People of the State of California, through its attorneys, Daniel E. Lungren,
21 Attorney General of the State of California, by Herschel T. Elkins, Senior Assistant Attorney
22 General, and Michael R. Capizzi, District Attorney of Orange County, by Wendy Brough, Deputy
23 District Attorney, and Defendant National Telephone and Communications, Inc. ("NTC"), through
24 attorneys John Van de Kamp and Dale R. DeForge, having stipulated to the entry of judgment
25 without taking of proof and without admitting any liability, and the Court having considered the
26 pleadings and for good cause

27 **HEREBY ORDERED, ADJUDGED AND DECREED** as follows:
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JURISDICTION

1. This Court has jurisdiction of the subject matter and the parties thereto.

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NON-ADMISSION OF LIABILITY

2. Defendant denies the allegations of the Complaint filed herein. This Injunction and Final Judgment Pursuant to Stipulation shall in no way be deemed an admission by Defendant as to any issue of law or fact.

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INJUNCTION

3. Pursuant to Business and Professions Code sections 17203 and 17535, Defendant National Telephone and Communications, Inc. and its successors, officers, employees, agents and representatives, and all persons who are acting in concert or participation with them or any of them with actual or constructive notice of this judgment are permanently enjoined and restrained from directly or indirectly doing any of the following in the State of California:

A. Switching the telephone service of any consumer without authorization from the consumer ("slamming").

B. Violating Public Utilities Code section 2889.5.

C. Changing the telephone service of any customer to Defendant's service without first verifying the customer's order through a follow-up telephone call (third-party verification) no sooner than twenty-four (24) hours after approval for switching service to Defendant has allegedly been obtained. The person verifying shall inquire in a simple clear manner whether the customer intends to switch to NTC. The person who solicited the switch shall not participate in the follow-up call in any way. Paragraph 3C shall remain in effect for a period of two years from the date of entry of judgment.

D. Failing to follow 47 Code of Federal Regulations section 64.1150 which governs the form of a written authorization for a change in a consumer's telephone service. Federal regulation 47 CFR section 64.1150 provides in part that:

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"(a) An interexchange carrier shall obtain any necessary written authorization from a subscriber for a primary interexchange carrier change by using a letter of agency as specified in this section. Any

letter of agency that does not conform with this section is invalid.

(b) The letter of agency shall be a separate document (an easily separable document containing only the authorizing language described in paragraph (e) of this section) whose sole purpose is to authorize [a change of] an interexchange carrier... The letter of agency must be signed and dated by the subscriber to the telephone line(s) requesting the primary interexchange carrier change.*

B. Failing to make available tapes of the third-party verification contacts to the Orange County District Attorney's Office, the California Attorney General's Office, and the California Public Utilities Commission upon request for a period of two (2) years from the date of entry of judgment.

F. Signing any customer's name which purports to be a signature on any document that authorizes a switch in the customer's telephone services.

G. Failing to implement training for each person who solicits the sale of Defendant's services to customers that stresses the nature and seriousness of slamming violations, the existence of the third-party verification systems, and that if they engage in slamming, they will be caught and disciplined according to the established discipline plan.

H. Failing to implement an effective disciplinary program directed at any person connected with NTC who commits slamming.

COMPLIANCE

4. For the purpose of securing compliance with the terms of this judgment, Defendant shall:

A. Permit duly authorized representatives of the Orange County District Attorney's Office, the California Attorney General's Office, and the California Public Utilities Commission, at reasonable times and places during normal business hours in California, and after ten (10) days written notice, to interview employees, agents or representatives of Defendant regarding any matter contained in this Final Judgment issued; and to examine and copy appropriate books and records concerning compliance with this

1 Final Judgment.

2 B. Provide bi-monthly a report of slamming incidents to the President of NTC.
3 This report shall also be provided to the Orange County District Attorney's Office and the
4 California Public Utilities Commission for a period of two (2) years from the date of the
5 entry of judgment. The report shall describe:

- 6 (1) the dates of each slamming incident gathered from every possible
7 source;
- 8 (2) the names, addresses and telephone numbers of those customers
9 allegedly slammed;
- 10 (3) the result of Defendant's investigation of each incident of alleged
11 slamming;
- 12 (4) the description of any discipline imposed against any person;
- 13 (5) Defendant's responses made to the customers;
- 14 (6) any additional action taken to correct the problem;
- 15 (7) the names of any person connected with NTC involved.

16 All reports sent to the Orange County District Attorney's Office shall be sent to:

17 Orange County District Attorney's Office
18 Consumer and Environmental Protection Unit
19 405 West Fifth Street, Suite 606
20 Santa Ana, California 92701
21 Attention: Wendy Brough

22 All reports sent to the public utilities commission shall be sent to:

23 California Public Utilities Commission
24 505 Van Ness, Room 5135
25 San Francisco, California 94102
26 Attention: Monica McCrary, Staff Counsel and Curtis Jung, Investigator

27 C. Defendant shall be responsible for sales practices of each person who
28 solicits customers for NTC for any unauthorized switching of customers,

1 misrepresentations, or deceptive advertising done by those persons.

2 D. Defendant shall give each of its present and future officers, directors,
3 managers, agents, employees, independent contractors, or representatives responsible for
4 soliciting customers in the state of California, a copy of this Final Judgment, or a summary
5 approved by the Orange County District Attorney's Office, which they can retain. The
6 service on persons who must be served shall be done within six (6) weeks of the date of
7 entry of judgment. As to any new person who must be served, service shall be done on
8 the date the association between NTC and the new person begins. Defendant shall have
9 each person receiving a copy of the Final Judgment, or a summary approved by the
10 Orange County District Attorney's Office, sign a receipt thereof. The receipt shall contain
11 the name, home address, home telephone number, and title or capacity of the person
12 receiving the Final Judgment, the date of receipt, and the recipient's signature. The
13 receipt shall state that the recipient received a copy of the Final Judgment, has read its
14 contents, fully understands its terms and understands that he/she is bound by it while
15 representing Defendant. All information on the form with the exception of the recipient's
16 signature shall be legible. Defendant shall retain each receipt for at least three (3) years
17 after the person signing the receipt ceases his/her business relationship with Defendant.

18 **CIVIL PENALTIES AND COSTS**

19 5. Upon entry of judgment, Defendant National Telephone and Communications, Inc.
20 shall pay the sum of One Million Two Hundred Fifty Thousand Six Hundred Dollars
21 (\$1,250,600), with disbursement as follows:

22 A. Nine Hundred Thousand Six Hundred Dollars (\$900,600) as civil penalties
23 pursuant to Business and Professions Code sections 17206 and 17536. Payment shall be
24 in the form of a cashier's check or money order made payable to the County of Orange.

25 B. Three Hundred Thousand Dollars (\$300,000) as reimbursement for costs
26 of investigation by the Orange County District Attorney's Office. Payment shall be in the
27 form of a cashier's check or money order made payable to the County of Orange.

28 C. Fifty Thousand Dollars (\$50,000) as reimbursement for costs of

1 investigation and postal costs by the California Public Utilities Commission. Payment
2 shall be in the form of a cashier's check or money order made payable to the California
3 Public Utilities Commission, with a notation on the check that this money may be used as
4 necessary for postal costs.

5 6. Penalties and costs payments pursuant to this judgment shall be delivered to the
6 following address:

7 Orange County District Attorney's Office
8 Consumer and Environmental Protection Unit
9 405 West Fifth Street, Suite 606
10 Santa Ana, California 92701
11 Attention: Wendy Brough

12 **RES JUDICATA**

13 7. This judgment shall have a res judicata effect and bar any civil action by Plaintiff
14 under Business and Professions Code sections 17200 and 17500 against National Telephone and
15 Communications, Inc. pertaining to violations of unauthorized switching of a subscriber's long
16 distance service to NTC which occurred prior to the date of entry of this Final Judgment.

17 **JURISDICTION RETAINED**

18 8. Jurisdiction is retained for the purpose of enabling any party to this Judgment to
19 apply to the Court at any time for such further orders and directions as may be necessary and
20 appropriate for the modification, interpretation or enforcement of the injunctive provisions and
21 enforcement of the terms of this judgment.

22
23 DATED: OCT 23 1997

RICHARD O. FRAZEE, SR.
24 JUDGE OF THE SUPERIOR COURT

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations, practices, and conduct of National Telephone & Communications, Inc. (NTC) to determine whether it has violated the laws, rules, and regulations governing the manner in which California consumers are switched from one long distance carrier to another.

1.97-09-001
(Filed September 3, 1997)

**AMENDMENT TO THE SETTLEMENT BETWEEN
NATIONAL TELEPHONE & COMMUNICATIONS, INC.
AND THE CONSUMER SERVICES DIVISION**

Should the Commission determine that paragraph 18 of the Settlement Agreement is not in compliance with applicable law, the Parties agree to the terms of this replacement paragraph.

18a. Undeliverable and returned checks shall be returned by the Commission staff to NTC. NTC shall hold these unpaid funds and funds from uncashed checks in trust for the payee for a period of one year from the date of the check. Distribution of the unpaid funds shall be made in accordance with California Code of Civil Procedure § 1519.5. NTC shall provide an accounting of the unpaid funds by providing CSD with monthly bank statements that list each individual check cashed by check number. NTC shall provide these statements beginning on the date the first check is issued. One year after the date of the last check issued, NTC shall make payment of all unpaid funds in the form of a check payable to the "California Public Utilities Commission" for deposit into the General Fund. Upon receipt of the check for the unpaid funds the CSD will release the letter of credit.


James Quandt, President
National Telephone &

On Behalf of National
Telephone & Communications

Dated: 11/17/97

William R. Schulte, Director
Consumer Services Division

Public Utilities Commission
of the State of California

Dated: _____

James Quandt, President
National Telephone &

On Behalf of National
Telephone & Communications

Dated: _____

William R. Schulte

William R. Schulte, Director
Consumer Services Division

Public Utilities Commission
of the State of California

Dated: 11/17/97

197-09-001 ALJ/MAB/mrj

SECOND AMENDMENT

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's own motion into the operations, practices, and conduct of National Telephone & Communications, Inc. (NTC) to determine whether it has violated the laws, rules, and regulations governing the manner in which California consumers are switched from one long distance carrier to another.

I.97-09-001
(Filed September 3, 1997)

**AMENDMENT TO THE SETTLEMENT BETWEEN
NATIONAL TELEPHONE & COMMUNICATIONS, INC.
AND THE CONSUMER SERVICES DIVISION**

National Telephone & Communications, Inc. ("NTC") and the Consumer Services Division ("CSD") here amend the Settlement Agreement entered into on November 12, 1997 and agree to replace paragraphs 13, 14 and 17 of the Settlement Agreement with the replacement paragraphs 13a, 14a, and 17a provided herein.

13a. NTC agrees to pay \$ 110,000 for the purpose of compensating consumers who, prior to November 12, 1997, complained to this Commission or to the Orange County District Attorney's Office, that their telephone service was switched by NTC without their authorization and whose switch was determined by CSD to involve a forged signature on the service request form. The amount that will be paid to each such consumer will be determined by CSD in a manner that will provide each consumer with an equal amount of compensation. In no event shall each consumer receive more than \$1,000. CSD shall provide NTC with the names of the consumers that will receive compensation and the amount of compensation. Any amount remaining after distribution will be paid by NTC to the Commission for deposit into the General Fund of the State of California along

with funds from uncashed, undeliverable, and returned checks pursuant to paragraph 18a of the Settlement Agreement if adopted, or paid to the Commission for deposit into the General Fund within 30 days of notification by CSD of the amount due if paragraph 18 of the Settlement Agreement is adopted.

14a. NTC agrees to provide each and every California consumer identified as a consumer disputing a PIC change in paragraph 15 of this Agreement with minimum restitution of \$20.00. Within 10 days of the Commission adoption of the Settlement Agreement, NTC shall provide CSD with a letter of credit for \$335,000, which represents an estimate of the total restitution required by this paragraph and paragraph 13a. The Parties agree that this is an estimate of the amount that is necessary to provide the restitution payments provided for by this Agreement and that the actual amount of restitution may be higher or lower.

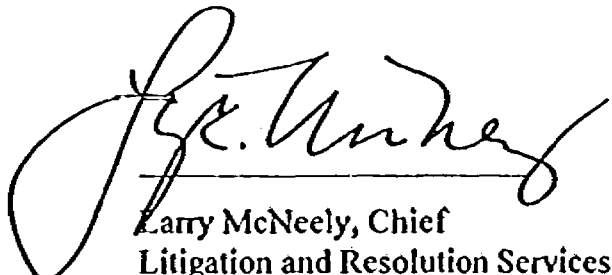
17a. CSD will forward to NTC the list(s) of names, addresses, and telephone numbers for the consumers that are to receive checks from NTC pursuant to the Amended Settlement Agreement. Within 90 days of receiving the list(s) from CSD, NTC shall provide the Commission staff with checks as agreed in paragraphs 13a and 14a negotiable for 90 days from the date of mailing, for each consumer name on the list. The checks will prominently display, on the front side, notice that the checks are negotiable for only 90 days from the date on the check. Each check will contain the name of the consumer and the consumer's address and will be formatted as specified by CSD so that the check can be mailed to the consumer in a window envelop at the address printed on the check. CSD will notify NTC of the date(s) to place on the checks. The checks will be separated and not physically connected to other checks or other documents. The checks will be mailed by the Commission staff to the consumer along with a notice advising the consumer of the reason for the check and informing the consumer that he/she can

seek additional restitution from NTC through the arbitration/mediation program defined in paragraph 19.

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Larry McNeely, Chief
Litigation and Resolution Services
Consumer Services Division

Public Utilities Commission
the State of California

Dated: 1/21/98

James Quandt, President
National Telephone & Communications

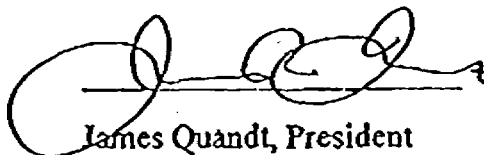
On Behalf of National Telephone
& Communications

Dated: _____

Larry McNeely, Chief
Litigation and Resolution Services
Consumer Services Division

Public Utilities Commission
the State of California

Dated: _____



James Quandt, President
National Telephone & Communications

On Behalf of National Telephone
& Communications

Dated: 1-21-98