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BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Investigation on the Commission's )  
own motion into the operations )  
of Heartline Communications, Inc. )  
and whether the entity, by itself or )  
through practices including )  
arrangements with certificated long )  
distance carriers, conducted )  
intrastate utility operations without )  
holding a certificate from this )  
Commission, and whether it switched )  
any customers to its service without )  
their permission. )

FILED  
PUBLIC UTILITIES COMMISSION  
APRIL 10, 1996  
SAN FRANCISCO OFFICE  
I.96-04-024

**ORIGINAL**

ORDER INSTITUTING INVESTIGATION  
INTO THE OPERATIONS OF HEARTLINE COMMUNICATIONS, INC.

Heartline Communications, Inc. (Heartline) is a Texas corporation with its principal place of business in Houston, Texas. On September 19, 1994, Heartline filed Application (A.) 94-09-025 seeking authority to provide resale interexchange telecommunications services within California. Heartline requested to withdraw A.94-09-025 on January 11, 1996. Heartline has not received a certificate of public convenience and necessity (CPCN) to provide intrastate telecommunications service within California.

Total National Telecommunications, Inc. (TNT) is also a Texas corporation with its principal place of business also in Houston, Texas. TNT does business under the name Total World Telecom (TWT). TNT filed Application 95-06-013 on June 7, 1995 seeking a CPCN to provide inter and intraLATA service within

California.<sup>1</sup> The Commission granted TNT a CPCN in decision 95-09-112 on September 27, 1995.

We have strong reason to believe that Heartline and TNT are now the same company or under common control, although we do not know when this apparent merger or acquisition occurred.<sup>2</sup> In this Order Instituting Investigation (OII) we assume that Heartline and TNT are presently a single entity with common control that may or may not be operating under both names. If, however, Heartline and TNT are ultimately determined not to be the same entity or under common control, Heartline, TNT and their affiliates providing interexchange telephone service are each named as separate respondents of this OII.<sup>3</sup>

The Safety and Enforcement Division's Special Investigations Unit (Staff) has investigated consumer complaints and other information indicating that Heartline/TNT has violated regulations governing how telephone customers are switched from one interexchange carrier to another. Staff's initial investigation also revealed that although Heartline/TNT did not have authority to provide intrastate service, it apparently provided such service without Commission certification through a device or scheme that the Staff has yet to decipher fully. These unlawful business practices alleged by the Staff, if substantiated at hearings, call into question the fitness of Heartline/TNT to operate in California.

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1. TNT's Application 95-06-013 contained no reference to Heartline.

2. TNT has not filed either an advice letter or application seeking approval of a purchase of Heartline.

3. Because Staff does not know the date that this apparent merger/acquisition took place, this OII at times makes reference to Heartline and TNT individually. However, any individual reference in the OII is also a reference to the joint entity if a merger/acquisition resulting in common control occurred.

The Staff has prepared declarations to support the issuance of the freeze of carrier-initiated primary interexchange carrier changes ordered in this OII. A copy of the OII and the declarations will be personally served on the designated agent for service of process for Heartline Communications, Inc., and Total National Telecommunications: The Prentice-Hall Corporation System, Inc., 1455 Response Road, Suite 250, Sacramento, California. A copy of the OII and supporting declarations will also be personally served on Heartline/TNT's counsel of record, Goodin, MacBride, Squeri, Schlotz & Ritchie, 505 Sansome Street, Suite 900, San Francisco, California.

#### I. STAFF ALLEGATIONS

The Staff sets forth the following facts and allegations:

The Safety and Enforcement Division's Special Investigations Unit began a preliminary investigation of Heartline in conjunction with the Commission's review of Heartline's A.94-09-025 for intrastate operating authority. Staff's review of consumer complaints found that consumers were alleging that Heartline had switched consumers' long distance service provider (also referred to as primary interexchange carrier or PIC) without the consumers' authorization, a practice commonly referred to as slamming. Staff's investigation further revealed that although Heartline did not have authority to provide intrastate service, it appeared to be providing such service without Commission certification through a device or scheme that the Staff has yet to decipher fully.

During Staff's investigation, it noticed that consumer complaints often contained allegations that Heartline and TNT were the same company. Staff reports that an investigation of TNT's operations showed that since TNT began operating under the

authority granted in D.95-09-112, TNT has apparently engaged in an alarming rate of slamming of California consumers.<sup>4</sup>

Staff attempted to determine the relationship between Heartline and TNT by sending Heartline a data request. However, when Heartline asked to withdraw A.94-09-025 it also refused to respond to Staff's data request. Staff reports it subsequently made a request to Heartline's counsel to respond still to Staff's data request. However, Heartline's counsel responded that "Heartline is not subject to the Commission's jurisdiction" and Heartline did not provide the requested information.

Staff reports in its declaration that it was eventually able to establish that Heartline and TNT are a single entity apparently under common control as of January 2, 1996 by obtaining a copy of TNT's Billing and Collections Service Application submitted to Pacific Bell (Pacific). The information contained in this application shows that TNT, dba TWT, operates under carrier identification codes (CICs) 009 and 612 and Access Customer Name Abbreviations (ACNA) "HER" and "CGR". CIC 009 and ACNA "HER" are assigned to Heartline. CIC 612 and ACNA "CGR" were initially assigned to Continental Telecommunications Group (Continental) but, according to a representative of the North American Numbering Plan Administrator group of Bellcore, were acquired by TNT/TWT through a merger/acquisition in September of 1995. Staff further reports that TNT's application states that it has conducted business under the name Heartline Communications, and the contact person named in the billing application is an officer of Heartline as presented in

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4. Staff reports that the Commission has no record of when TNT began operations as required by ordering paragraph 6 of D.95-09-112. However, Staff believes that TNT began operations in November or December of 1995 based on data received from Pacific and GTEC.

Heartline's A.94-09-025.<sup>5</sup>

Staff, however, has not been able to establish when the apparent merger/acquisition of Heartline by TNT took place.

A. Heartline/TNT Is Slamming California Consumers

Staff reports that although Heartline was not authorized to provide intrastate service, the Commission's Consumer Affairs Branch (CAB) received over 25 consumer complaints during 1995 from California consumers alleging that Heartline switched the consumers' long distance service provider without the consumers' authorization. Consumer complaints often indicated that there was some type of relationship between Heartline and TNT. Staff states in its declaration that when it learned of this apparent connection, it began investigating TNT. Staff discovered that both GTE California (GTEC) and Pacific report that starting in December of 1995 they began receiving a large number of PIC disputes for TNT as compared to other carriers.<sup>6</sup>

During a four month reporting period beginning in mid-November of 1995, Pacific reports that it received 10,561 disputes alleging that TNT had switched consumers' primary interexchange carrier without the consumers' authorization. Pacific's reports show that TNT's PIC dispute ratio, which is

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5. The contact, Ron Darnell, was listed as Heartline's Vice President of Marketing in Heartline's supplement to A.94-09-025 provided in response to a request from the Administrative Law Judge assigned to the proceeding. Mr. Darnell was not listed as an officer of TNT in TNT's A.95-06-013.

6. Both GTEC and Pacific initially reported to the Staff that Continental Telecommunications Group was the carrier with the large number of PIC disputes operating under the CIC 612. However, as previously discussed, Staff reports that TNT acquired Continental and its CIC and ACNA in September of 1995.

calculated by dividing the number of customer PIC disputes by the number of a carrier-initiated PIC changes, was 25.51 percent for this same four month period and one month was as high as 30 percent. Staff reports that TNT's PIC dispute ratio is over 600 percent greater than the 1995 industry average PIC dispute ratio.

Staff also informs us that Pacific's reports show that 20,276 or approximately 50 percent of the 41,397 PIC changes TNT has initiated since it began operations were made to customers who had indicated to Pacific that their language preference is Spanish. Staff further reports that 57 percent or 5,968 of the total 10,561 PIC disputes were made by consumers with a Spanish language preference. This results in a 29.43 percent PIC dispute ratio for customers with a Spanish language preference.

GTEC similarly reports a large number of PIC disputes for TNT as compared to other carriers. GTEC reports first receiving PIC disputes for TNT in December of 1995, receiving 266 such disputes. In January of 1996, GTEC received 446 PIC disputes for TNT, making TNT the second highest recipient of PIC disputes that month. In February of 1996, GTEC reports receiving 280 PIC disputes against TNT, more than GTEC received for any other carrier.

Staff's review thus far of consumer complaints alleging slamming by Heartline/TNT indicates that consumers usually first realize that their long distance service provider has been changed when they receive their monthly telephone bill from their local exchange carrier (LEC). In this case, consumers may initially believe that they were slammed by Allnet Communications Services (Allnet) or WilTel Network Services (WilTel), two underlying carriers that directly or indirectly resell their service to Heartline, because the underlying carrier's name appears on the consumers' telephone bills with any fee charged for the PIC change. Consumers may also initially believe that they were slammed by Texas Amtel or Telecare because consumer

bills often show calls billed on behalf of these carriers.<sup>7</sup> However, as the consumers investigate the switch, they eventually discover that Heartline is the entity that submitted the PIC change to the underlying carrier to change the consumers' PIC to Heartline.<sup>8</sup>

Once the consumer determines that Heartline is the company that switched the consumer's PIC, the consumer will contact Heartline.<sup>9</sup> When the consumer reaches a Heartline representative, the consumer is informed that Heartline has a written and signed letter of authorization (LOA) for the switch and that the consumer will need to prove that he or she did not sign the LOA. If the consumer requests a copy of the LOA, the consumer is provided with a copy of a raffle or sweepstake entry form that the consumer may have recently filled out to win a free trip or prize.<sup>10</sup> Consumer complaints consistently state that the consumers were not aware that by filling out the contest

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7. Heartline's relationship with these carriers will be discussed later in this document.

8. Staff reports that the process a consumer must go through to determine that Heartline is their PIC can be quite involved. Consumers may first contact their LEC who may refer them to Allnet or WilTel, the underlying carrier that submitted the PIC change to the LEC. If the consumer contacts Allnet, the consumer may be referred to Heartline. If the consumer contacts WilTel, WilTel may refer the consumer to Qwest Communications (Qwest), a WilTel reseller that resells service to Heartline. When the consumer contacts Qwest, the Qwest representative may refer the consumer to Heartline.

9. Staff reports that complaints often state that consumers had a difficult time reaching a Heartline representative because they were placed on hold for extensive periods of time.

10. Heartline contracts with Millennium Telecom, Tropic Tel, and possibly other marketing agents to market Heartline's long distance service. These agents use sweepstakes and raffles to solicit customers for Heartline.

entry form they were authorizing a change to their primary long distance service provider.

When the consumers receive copies of the LOA/contest entry form they find that the form contains disclosure language purporting to authorize a PIC change and contains a signature. A typical disclosure statement will read:

I understand that I am under no obligation to continue this agreement, and may cancel at any time. I am over 18 yrs. old & I am the person responsible for my phone listed above. I hereby authorize TropicTel to act as my agent for long distance conversion on my phone listed above. I may designate only one carrier at a time, and I agree that TropicTel, at it's (sic) sole discretion, may designate Heartline Communications or another as my primary Long Distance Provider. I understand that I will be billed through my local telephone company by Heartline Communications. Should my local phone company assess a charge for my conversion, TropicTel will pay me back if I send a copy to P.O. box 240729, Honolulu, HI 96824.

Staff notes that it has seen a variety of disclosure statements on copies of contest forms Heartline's agents use to solicit customers and which Heartline alleges authorizes it to switch the consumers' PIC.<sup>11</sup>

Consumer complaints, however, typically allege that the PIC change authorization language and the signature line did not appear on the contest form the consumer filled out. Furthermore, Staff reports that some consumers also allege that the signature

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11. For example, Staff reviewed LOAs that authorize TropicTel to designate Winstar Gateway, Heartline or another carrier as the consumers' PIC; that authorize Millennium Telecom to designate WillTel as the consumers' PIC; that authorize TWC to designate Communications Gateway Network, US Tel, or another carrier as the consumers' PIC; and that authorize Texas Amtel to be the consumers' PIC.

that appears on the form is not their signature or, that while the signature is their's, the consumers did not sign the contest form. Staff has also reviewed complaints by consumers whose relatives or minor children had filled out the contest form.

Staff alleges that this marketing method and these disclosure statements violate Public Utilities Code (P.U. Code) Section 2889.5, California's anti-slamming legislation.

B. Heartline Is Providing Intrastate Service Without Commission Authorization

As Staff began to investigate these slamming complaints, it reports that it discovered an integrated operation whereby it appears that Heartline is providing intrastate service to California consumers. Staff informs us that it has not been able to firmly establish the exact arrangement Heartline has made to provide service within California because it has been unable to obtain the necessary information from Heartline.<sup>12</sup> The Staff has determined the following:

California consumers can designate only one carrier to be their primary interexchange carrier for all long distance calling and do not presently have the ability to have different presubscribed carriers for intrastate and interstate service (often referred to as dual PICs).<sup>13</sup> However, a review of the bills of consumers who alleged to have been slammed by Heartline

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12. Staff attempted to determine details of Heartline's operations by sending the company a data request. The Company requested and received from the Staff a three week extension of time to answer the data request. On the day before the data request was due, Heartline asked to withdraw A.94-09-025 and refused to respond to Staff's request to provide the requested information.

13. Consumers can use interexchange carriers other than their PIC but must dial the carriers' 10XXX access number before placing the call.

show that some consumers have dual company billings on their bills. Consumer bills may show the billing agent, U.S. Billing Inc. (USBI), billing consumers on behalf of Heartline for interstate and international service and on behalf of Texas Amtel or Telecare for intrastate service. Consumers who have been told that Heartline is their PIC may also have bills that show both intra and interstate calls billed by USBI on behalf of Texas Amtel or Telecare.

Staff has learned that Heartline had contracts with Texas Amtel and Telecare, carriers certified by this Commission to provide intrastate service, to market their service.<sup>14</sup>

Although consumers are told that Heartline is the consumers' PIC and Heartline is the entity that is submitting the PIC change requests, Texas Amtel and Telecare informed the Staff that they are these consumers' PIC and if Heartline's name is appearing on consumers' bills the name appears in error.

While Texas Amtel and Telecare may claim that they are these consumers' PIC, Staff questions this allegation. Staff's preliminary conclusion from the limited data it has been able to gather is that consumers are merely receiving "phantom" billing from Telecare and Texas Amtel but are receiving long distance service from Heartline. The conclusion is based on the following: (1) A consumer can have only one PIC; (2) the underlying carriers, Allnet and WilTel, and the billing agent, USBI, inform consumers that Heartline is the consumers' PIC; (3) Heartline tells the consumers that Heartline is the consumers' PIC; (4) the majority of the LOA's do not specifically "authorize" Texas Amtel or Telecare to be the consumers' PIC but many of the LOAs do "authorize" Heartline to be the consumers'

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14. Both of these carriers have informed the Staff that they have terminated their contracts with Heartline; however, Staff reports that recent consumer complaints show billings continuing under Texas Amtel's name.

PIC,<sup>15</sup> (5) the rates appearing on the consumers' bills for calls billed on behalf of Texas Amtel and Telecare do not match these carriers' intrastate tariff rates; and (6) Texas Amtel informed the Staff that it does not receive the revenues from the intrastate calls billed on its behalf but merely receives a monthly fee from Heartline.

If Staff's conclusion is correct, Heartline would be providing intrastate service within California without Commission authorization in violation of P.U. Code Section 1001.

## II. DISCUSSION

Staff's declarations and the allegations and facts they set forth greatly concern us. If these allegations are true, Heartline/TNT is slamming California consumers at an alarming rate in violation of P.U. Code Section 2889.5 and has provided intrastate service without authorization in violation of P.U. Code Section 1001.

P.U. Code Section 2889.5 requires telephone corporations to thoroughly inform the subscriber of the nature and the extent of the service being offered and specifically establish whether the subscriber intends to make any change to the subscriber's telephone service provider. P.U. Code Section 2889.5 requires carriers that are soliciting subscribers in person to obtain the subscriber's signature on a document which fully explains the nature and extent of the action and furnish the subscriber with a copy of the signed document. If the

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15. Although the "LOA" may authorize the agent to designate another carrier as the consumers' PIC, P.U. Code Section 2889.5 requires that the subscriber be thoroughly informed about the service being offered. Staff does not believe that the subscriber can be thoroughly informed of the service being offered when the subscriber does not even know who the service provider will be.

carrier is soliciting subscribers by methods other than in person, the carrier must verify the change request and send the subscriber an information package seeking confirmation.

We are concerned that the contest forms allegedly used by Heartline/TNT to obtain its customers do not comply with P.U. Code Section 2889.5 requirements. The disclosure language does not appear to provide a subscriber with enough information to make an informed decision to change their service provider. According to the LOA, a customer could apparently be switched to a carrier of the agent's choice without the subscriber ever knowing anything about a carrier's rates and charges. We are further concerned about allegations that the contest forms did not contain any language authorizing a PIC switch, allegations that the forms did not require the subscribers' signatures, allegations that consumers' signatures were forged, and allegations that Heartline/TNT processed PIC changes when individuals other than the subscriber filled out the contest entry forms. Furthermore, we see no attempt by Heartline/TNT to verify any of the change order requests.

TNT has only been certified by this Commission to provide intrastate service since September 27, 1995. Since that time, Pacific Bell has received over 10,000 PIC disputes from California consumers alleging that TNT switched the consumers' PIC without the consumers' authorization. We are further concerned because TNT appears to be targeting minority consumers. As we have previously stated, the Commission has a responsibility to ensure that the public is protected from unscrupulous practices of telephone service providers, and its responsibility is particularly acute where the carrier is targeting consumers, who may not be knowledgeable with the competitive telecommunications marketplace, with aggressive or allegedly duplicitous marketing tactics. (D.95-12-019, at p. 11.)

The allegations of slamming by Heartline are exacerbated by the fact that Heartline was not authorized to

provide intrastate service within California.<sup>16</sup> P.U. Code Section 1001 requires carriers to obtain certification from this Commission prior to providing service within the state. It appears that Heartline was relying on contractual relationships with certified carriers to provide intrastate service to consumers that have been switched to Heartline. While on paper it may appear that Heartline was an intermediary alleging to provide marketing for certified carriers, in practice, it appears that Heartline was very possibly the consumers' PIC providing consumers intrastate service in violation of the Public Utilities Code.

If, in fact, Heartline and TNT are under common control, operating under one or both names, we are disturbed by the apparent misrepresentations Heartline/TNT has made to the Staff and to this Commission. Staff alleges that Heartline's counsel refused to respond to Staff's data requests which inquired into any affiliation with TNT. In a letter to Staff, Heartline's counsel stated that because Heartline withdrew its application "Heartline is not subject to the Commission's jurisdiction." If Heartline and TNT were under common control at the time Heartline provided Staff this response, Heartline would be subject to this Commission's jurisdiction. Furthermore, if Heartline and TNT were a combined entity at the time TNT filed its application for operating authority, it had an obligation to notify this Commission of its relationship with Heartline and Heartline's pending application. No such notification was received, and the Commission was not aware of any relationship between TNT and Heartline at the time we granted TNT operating

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16. Heartline/TNT may claim, if they have merged, that Heartline had operating authority as of the date we issued D.95-09-112 granting TNT a CPNC for intrastate operating authority. However, we note that Staff reports it has consumer complaints indicating Heartline was providing intrastate operations prior to the date of this decision.

authority. We want Staff to thoroughly investigate and report on whether it believes this amounted to a violation of Rule 1 of the California Public Utilities Commission's Rules of Practice and Procedure. Furthermore, because it has been difficult to identify the entities connected with Heartline, the following order allows this proceeding to address the practices and conduct of Heartline/TNT's affiliates whose identity we may not yet have identified today.

We will not tolerate deception, nor will we tolerate name games to thwart Commission review or to obtain operating authority. Moreover, the Commission has an important interest in protecting the public from unauthorized long distance service switches as well as protecting the competitive market for long distance service from unfair competition. Given the aggravated nature and level of the violations alleged in the Staff's declarations and given that TNT has allegedly engaged in these activities since we authorized them to provide intrastate service, we believe there is a substantial likelihood that harm to the public will continue and that there is probable cause to act. We find that the protection of the public requires the following steps pending a further order in this matter.

First, respondent(s) will submit no additional PIC changes to local exchange carriers in California. By this we prohibit respondent(s) or any of its agents from transmitting, in writing or electronically, to a local exchange carrier a request to change a subscriber's presubscribed or primary interexchange carrier. Respondent(s) may still market to consumers and consumers who want to switch their PIC to respondent(s) can still, on their own volition and by their individual affirmative action, submit such change requests directly to their local exchange carrier. Second, respondent(s) cannot sell or transfer any of its customers. A hearing is set for April 23, 1996 at 9:00 A.M. at 505 Van Ness Avenue, in San Francisco, to address continuing these conditions while Staff completes its investigation.

To expedite this proceeding and to assist Staff in completing all facets of its investigation, we direct respondent(s) and several Commission certified carriers to provide the Safety and Enforcement Division with information as ordered in ordering paragraphs 2, 7 and 8.

We, therefore, issue this OII and find that because of the apparent extremely high level of slamming and resulting harm to thousands of consumers, it is necessary to order a freeze of respondent-initiated primary interexchange carrier changes.

Good cause appearing, therefore,

IT IS ORDERED that:

1. An investigation on the Commission's own motion is hereby instituted into the operations of respondent(s), Heartline Communications, Inc., Total National Telecommunications (dba Total World Telecom, Inc.), any affiliated companies engaged in providing interexchange telecommunications service, and any successor of interest since 1994, to determine whether:

- a) respondent(s) violated P.U. Code Section 1001 by conducting intrastate utility operations without holding a certificate from this Commission;
- b) respondent(s) violated P.U. Code Section 2889.5 by switching subscribers' long distance service provider without the subscribers' authorization;
- c) respondent(s) should be ordered to cease and desist from any unlawful operations and practices;
- d) respondent(s) should pay any applicable user fees, restitution, and/or penalty pursuant to P.U. Code Sections 2107 and 2108; and
- e) in addition to fines for any violations of Section 2889.5 or other order, decision, rule, direction, or requirement of the the Commission which may be levied under Public Utilities Code Section 2107 or any other provision of law, respondent(s) is/are unfit to conduct

utility service and should have its certificate suspended or revoked.

2. To facilitate this investigation, and consistent with the provisions of Section 314 of the Public Utilities Code, respondent(s) is/are to provide the information identified below to Safety and Enforcement Investigator Mark Clairmont. The following information shall be provided within 10 days of the date this order is personally served on the respondent(s):

- a) a list of all names under which respondent(s) does business now and which it has used during the past 18 months;
- b) a list of the names, titles and business addresses of all current officers, directors, and owners of respondent(s), and any others serving in those capacities over the past 12 months, the dates on which they were elected/appointed and their terms of office;
- c) a list of all affiliates and subsidiaries of respondent(s) and the names, titles, and business addresses of all officers, directors, and owners of more than a 5 percent interest in these entities; and
- d) the date Heartline and TNT began having common control or ownership and copies of all merger or acquisition agreements.

The following information shall be provided within 30 days of the date this order is personally served on the respondent(s):

- e) answers to Staff's December 8, 1995 and December 20, 1995 data requests (attached);
- f) provide a full accounting, by customer and month, of all revenues received from billings made to all California consumers switched to respondent(s) from January of 1994 to the present;
- g) copies of all regulatory agency, District Attorney, and Attorney General actions

(e.g. orders, OIIs, complaints, etc.)  
taken against respondent(s);

- h) copies of all civil suit complaints filed against respondent(s) or any officer and director regarding alleged slamming or marketing practices; and
- i) a current organization chart of the operations of the respondent(s) with detail to the division and department level.

3. Respondent(s) shall also respond to all further Staff requests, including requests to obtain billing information from the billing agent, U.S Billing Inc. or other billing entities.

4. As a condition of respondent(s)' continuing authority to operate in California pending a final decision in this matter, starting on the fourth day after personal service of this order on respondent(s)' agent of service, respondent(s) is/are prohibited from:

- a) submitting PIC changes to local exchange carriers within California; and
- b) transferring or selling customers.

5. A hearing is set for April 23, 1996 at 9:00 A.M. at 505 Van Ness Avenue, San Francisco, solely to allow the respondent(s) an opportunity to present evidence that the PIC freeze and other requirements ordered in paragraph 4 are not warranted, and to show cause, if any, to modify or vacate ordering paragraph 4.

6. All advice letters submitted by respondent(s) after today will be consolidated with this OII for consideration.

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7. Texas Amtel and Telecare are ordered to provide the following information, submitted under penalty or perjury, within 30 days of the effective date of this order:

- a) a list of all current California customers, listed by name and telephone number, obtained through contractual relationships with Heartline;
- b) a full accounting, by customer and telephone number, of all revenues received from billings to customers obtained through contractual relationships with Heartline; and
- c) a full description of the carrier's current relationship with the respondent(s).

8. Allnet Communications Services, WilTel Network Services, and Qwest Communications are ordered to provide, within 30 days of the effective date of this order, a description of the procedures it has in place to ensure that it does not sell service for resale within California to carriers that are not licensed by this Commission to provide intrastate service.

9. A prehearing conference shall be scheduled and held for the purpose of setting a schedule for the exchange of written testimony, determining which of the Staff's percipient and collaborative witnesses will need to testify, and addressing any discovery issues.

The Staff will continue discovery and will continue to investigate the operations of the respondent(s) as there are several important issues which it needs to finish investigating. Any additional information which Staff wishes to advance as direct showing evidence in this investigatory proceeding shall be provided to the respondent(s) in advance of any hearings in accordance with the schedule directed by the Administrative Law Judge. Staff will respond to discovery requests directed at Staff's prepared testimony offered in this proceeding.

At the first evidentiary hearing held in this investigatory proceeding, the respondent(s) shall submit testimony on the subject of whether a bond or some other collateral should be required to assure funding to guarantee compliance with any orders which may ultimately be issued in connection with this proceeding.

The Executive Director shall cause the order, complete with the declarations submitted by Staff to support the PIC freeze ordered in ordering paragraph 4, to be personally served on the registered agent of service of the respondent(s). Service on Heartline/TNT is deemed effective on all affiliated companies:

The Prentice-Hall Corporation System, Inc.  
1455 Response Road, Suite 250  
Sacramento, CA 95815

If personal service cannot be made on respondent(s), despite diligent efforts, then service may be made by mailing a copy by certified mail to respondent(s) at the addresses of record.

A copy of the order and declarations shall also be personally served on the counsel of record for the respondent(s):

GOODIN, MACBRIDE, SQUERI, SCHLOTZ & RITCHIE  
505 Sansome Street, 9th Floor  
San Francisco, CA 94111

A copy of this order shall also be sent by certified mail to the utilities ordered to provide information:

Texas Amtel (Amtel Corp. Inc)  
Charles Fletcher, President  
1960 Post Oak Road  
Denton, TX 76205

Roudebush Communications (Telecare)  
Pam Marshall, Executive Vice President  
444 Lafayette Road  
Noblesville, IN 46060

Allnet Communications Services, Inc.  
J. Scott Nicholls, Manager of Regulatory Affairs  
1990 M Street, Suite 500  
Washington D.C. 20036-4510

WilTel Network Services  
Blaine Gilles, Regulatory Contact  
P.O. Box 21348  
MD 28-11  
Tulsa, OK 74172

Qwest Communications Corp.  
Peter R. Geddis, Executive Vice President  
1745 Old Springhouse Lane, Suite 417  
Atlanta, GA 30338

This order is effective today.

Dated April 10, 1996, in Sacramento, California

DANIEL WM. FESSLER  
President  
P. GREGORY CONLON  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
Commissioners

State of California

Public Utilities Commission  
San Francisco

D A T A R E Q U E S T

Date : December 8, 1995

To : Thomas J. MacBride, Jr  
Regina M. DeAngelis  
GOODLIN, MACBRIDE, SQUERI, SCHLOTZ, & RITCHIE  
505 Sansome Street, 9th Floor  
San Francisco, CA 94111

From : Mark Clairmont, Investigator  
Safety and Enforcement Division  
505 Van Ness Avenue, 2D  
San Francisco, CA 94102

Subject: A.94-09-025 - Heartline Communications, Inc.

Request No.: Heartline - 001

Due Date: December 22, 1995

Please provide the following information by December 22, 1995.  
If you are unable to meet this due date, please call either Mark  
Clairmont or Monica McGrary.

1. What is Heartline's relationship with Total National Telecommunications (TNT)? If TNT recently purchased Heartline, please provide the following information:
  - a. What percentage of Heartline did TNT purchase?
  - b. Is Heartline still a separate entity (i.e. a subsidiary of TNT)?
  - c. Does TNT own any other interexchange telephone corporations? If yes, please provide a list of the companies owned and a list of the states each company operates in.
2. How many California citizens are currently being provided long distance telephone services by Heartline and TNT(1)?
3. Please provide copies of all formal and informal complaints received, nationwide, by Heartline and TNT for 1995. This should include complaints made directly to Heartline and TNT

1 Requests throughout this data request for information on TNT assumes that TNT has purchased Heartline. If TNT has not purchased Heartline, only information regarding Heartline need be provided.

and those made to state and federal regulatory agencies and forwarded to Heartline and TNT.

4. For each complaint provided in response to question 3 above that is from a California customer complaining about having their long distance service switched without their authorization, please provide the following:
  - a. A list of the names, addresses and telephone numbers of the complainants.
  - b. A copy of that customer's Letter of Authorization (LOA). If no LOA exists for a complainant, please provide an explanation as to why the customer's telephone service was switched.
  - c. All correspondences made to and received from the customers concerning the complaints.
5. Please provide a list of all marketing agents Heartline and TNT used in 1995.
  - a. For each agent, please list all solicitation methods used.
  - b. Please provide copies of all solicitation materials used by these agents.
6. If Heartline and TNT solicit customers using their own employees, please describe the solicitation methods used and provide copies of all solicitation materials.
7. Please explain Heartline's and TNT's relationship with:
  - a. TropicTel
  - b. TWC
  - c. Texas Amtel
8. Besides the regulatory actions taken against Heartline in Louisiana and Texas, have any additional state or federal regulatory actions been taken against Heartline and TNT for its marketing practices (this would include actions for switching customers' long distance carrier without authorization).

Please provide your response to Mark Clairmont. If you have any questions concerning this request, please contact Mark Clairmont at (415) 703-2070 or Monica McCrary at (415) 703-1288.

I.96-04-024 L/bjk

State of California

Public Utilities Commission  
San Francisco

D A T A R E Q U E S T

Date : December 20, 1995

To : Thomas J. MacBride, Jr  
Regina M. DeAngelis  
GOODLIN, MACBRIDE, SQUERI, SCHLOTZ, & RITCHIE  
505 Sansome Street, 9th Floor  
San Francisco, CA 94111

From : Mark Clairmont, Investigator  
Safety and Enforcement Division  
505 Van Ness Avenue, 2D  
San Francisco, CA 94102

Subject: A.94-09-025 - Heartline Communications, Inc.

Request No.: Heartline - 002

Due Date: January 3, 1996

Please provide the following information by January 3, 1996. If you are unable to meet this due date, please call either Mark Clairmont or Monica McCrary.

1. What is Heartline's relationship with Total World Telecommunications (TWT)?
2. How many California citizens are currently ~~receiving~~ being provided long distance telephone services by TWT?
3. Please provide copies of all formal and informal complaints received, nationwide, for TWT in 1995. This should include complaints made directly to TWT and those made to state and federal regulatory agencies and forwarded to TWT.
4. For each complaint provided in response to question 3 above that is from a California customer complaining about having their long distance service switched without their authorization, please provide the following:
  - a. The customer's name, address and telephone number.
  - b. A copy of that customer's Letter of Authorization (LOA). If no LOA exists for a complainant, please provide an explanation as to why the customer's telephone service was switched.
  - c. All correspondences made to and received from the customers concerning the complaints.
5. Please provide a list of all marketing agents used by TWT in 1995.
  - a. For each agent, please list all solicitation methods used and provide copies of all solicitation materials.

6. If TWT solicits customers using their own employees, please describe the solicitation methods used and provide copies of all solicitation materials.
7. Have any state or federal regulatory actions been taken against TWT for its marketing practices (this would include actions for switching customers' long distance carrier without authorization)? If yes, please provide copies of all filings associated with these actions.
8. Does Heartline provide service under any additional names besides TWT and TNT? If yes, please answer questions 1 through 7 for all of the named companies.

Please provide your response to Mark Clairmont. If you have any questions concerning this request, please contact Mark Clairmont at (415) 703-2070 or Monica McCrary at (415) 703-1288.

END OF ATTACHMENT