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STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the complaint of **COVENANT HOUSE MICHIGAN** and **GREAT LAKES TELECOM, INC.**, against **AMERICAN TELEPHONE & TELEGRAPH COMPANY** (a/k/a AT&T Corp. and AT&T, Inc.) and **TELEPORT COMMUNICATIONS GROUP, INC.**, (a/k/a Teleport Communications, TCG Detroit, and TCG Detroit Holdings I, Inc.).	)	Case No. U-12759
In the matter of the complaint of **MOLLY-MAID** and **GREAT LAKES TELECOM, INC.**, against **AMERICAN TELEPHONE & TELEGRAPH COMPANY** (a/k/a AT&T Corp. and AT&T, Inc.) and **TELEPORT COMMUNICATIONS GROUP, INC.**, (a/k/a Teleport Communications, TCG Detroit, and TCG Detroit Holdings I, Inc.).	)	Case No. U-12764

At the July 11, 2001 meeting of the Michigan Public Service Commission in Lansing, Michigan.

PRESENT: Hon. Laura Chappelle, Chairman
Hon. David A. Svanda, Commissioner
Hon. Robert B. Nelson, Commissioner

OPINION AND ORDER

I.

HISTORY OF PROCEEDINGS

On December 14, 2000, two closely-related complaints alleging violations of the Michigan Telecommunications Act, MCL 484.2101 et seq., MSA 22.1469(101) et seq. (the MTA), were filed against AT&T Communications of Michigan, Inc., and TCG Detroit (collectively, AT&T).[1] The first, in Case No. U-12759, involved claims by Covenant House Michigan (Covenant House) and Great Lakes Telecom, Inc. (Great Lakes), (collectively, CH&GL) to the effect that certain actions by AT&T in its provision of local service and its handling of billing disputes constituted violations of the MTA. The second, in Case No. U-12764, concerned similar claims brought by Molly-Maid and Great Lakes (collectively, MM&GL). AT&T filed answers to these complaints on February 1, 2001.

Pursuant to due notice, a joint prehearing conference was held in these cases on February 5, 2001 before Administrative Law Judge James N. Rigas (ALJ). CH&GL, MM&GL, AT&T, and the Commission Staff (Staff) participated in the proceedings. At that time, the ALJ adopted a schedule proposed by the parties, according to which the case would be completed by the 210-day statutory deadline. Subsequently, the ALJ conducted hearings on February 28 and March 28, 2001 concerning AT&T's motion for partial summary disposition and various parties' motions to strike, all of which were denied.

Joint evidentiary hearings were conducted on March 29 and 30, 2001, and a single transcript, consisting of 539 pages, was created for use in both cases. The parties offered a total of 61 exhibits, 57 of which were received into evidence.

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[1]Although both of the complaints list "American Telephone and Telegraph Company (a/k/a AT&T Corp., AT&T Inc.), Teleport Communications Group, Inc. (a/k/a Teleport Communications, TCG Detroit, and TCG Detroit Holdings I, Inc.)" as the respondents, the actual parties in interest--which have registered agents in Michigan--are AT&T Communications of Michigan, Inc., and TCG Detroit. Moreover, it should be noted that both of these companies are subsidiaries of AT&T Corp.

Briefs and reply briefs were provided for and submitted on April 12 and 23, 2001, respectively.[2] On May 24, 2001, the ALJ issued a Proposal for Decision (PFD) in each of these two cases.

On June 7, 2001, CH&GL, AT&T, and the Staff filed exceptions in Case No. U-12759, while MM&GL and AT&T filed exceptions in Case No. U-12764. Similarly, CH&GL and AT&T filed replies to exceptions in Case No. U-12759, and MM&GL and AT&T filed replies to exceptions in Case No. U-12764, all on June 14, 2001.

Due to the similarity of issues and interests involved, as well as the parties' reliance on a joint transcript and set of exhibits, this order will address the disputes arising in both Case No. U-12759 (concerning the CH&GL complaint) and those arising in Case No. U-12764 (concerning the MM&GL complaint).

II.

FACTUAL BACKGROUND AND POSITIONS OF THE PARTIES

Beginning in 1997, Covenant House became an AT&T customer, handling its own local and long distance telecommunications service needs by dealing directly with AT&T. According to its Director of Finance, Gregory Sevelis, Covenant House has been consistently and persistently overbilled by AT&T. Based on testimony provided by Mr. Sevelis, some of the disputed billings relate to lines that should have been disconnected and features that either were never ordered or, if ordered, were found to be unnecessary and requested to be discontinued. See, 4 Tr. 114-17. At their peak, those old billing disputes involved tens of thousands of dollars. However, a great

[2]Unlike the other parties, who filed briefs and reply briefs in each of their respective cases, the Staff submitted a brief (but not a reply brief) in Case No. U-12759, and filed neither a brief nor a reply in Case No. U-12764.

majority of those disputes have been resolved and, due to numerous credits issued by AT&T, the amount still at issue totals only $2,406.65. Exhibit C-1, p. 8.

In 1999, Covenant House began to seek alternative telecommunications service proposals in connection with its decision to relocate its headquarters to a new location. On June 7, 1999, Great Lakes made an initial proposal to Covenant House that would involve abandoning the Centrex system it then used and replacing it with a private branch exchange (PBX) system designed, installed, and maintained by Great Lakes. See, Exhibits R-8 and R-9. It was contemplated that, in addition to providing the hardware needed for Covenant House's PBX system, Great Lakes would be in charge of procuring (from other service providers like AT&T) all telecommunications services needed to operate the system. 4 Tr. 112-13. Great Lakes' owner, Ted Apostoleris, thus contacted AT&T account executive Daryl Peguese in September 1999 to obtain pricing information, including prices for T-1 trunks and direct inward dialing (DID) telephone numbers, necessary to prepare a formal bid for Covenant House's potential PBX system. 4 Tr. 218-19.

As explained by Mr. Peguese, a T-1 trunk is the line and associated equipment that connects the PBX, which is located on the customer's premises, with one of AT&T's switches. According to him, that trunk can be configured in a variety of ways. Specifically, he noted, it can be designed to permit DID or direct outward dialing (DOD), or both, in which case it would be referred to as a DID/DOD T-1 trunk. 4 Tr. 274-75. Mr. Peguese went on to note that DID telephone numbers are separate from the T-1 trunk itself and are generally purchased in groups or "blocks" of 10 to 20 numbers, with "a separate monthly recurring charge" for each number block that a customer orders. 4 Tr. 276. If a customer so desires, he continued, each telephone handset, fax line, or computer modem line within that customer's PBX system may be given its own telephone number so that a call placed to that number "rings" at the appropriate station "behind" the PBX. Id.

In response to Mr. Apostoleris' inquiry, Mr. Peguese sent him a pair of faxes on September 16, 1999. The first fax included a price list for several services and indicated that, with a minimum annual revenue commitment (MARC) of $9,000, the price for a DID/DOD T-1 trunk ranged from $380 to $395 per month, depending on the term of the contract. See, Exhibit R-31. The lowest price was for a three-year term. Id. The second fax provided a price quote for Covenant House based on a MARC of $15,000. Exhibit R-32. Again, it was noted that the price of the T-1 trunk varied depending on whether a one-, two-, or three-year term was selected, with the lowest price being $340 per month for a three-year contract. Moreover, that fax specifically noted that the price for 800 DID numbers would be $180 per month and no term discounts were shown as being available for those numbers. Id. Mr. Apostoleris took the two prices listed on that second fax, namely the $340 for the T-1 trunk and the $180 for the 800 DID numbers, and handwrote the total "= $520.00" on that document. Id.; 4 Tr. 220.

With this information in hand, Mr. Apostoleris prepared a formal PBX system proposal for Covenant House dated October 14, 1999. See, Exhibit R-10. According to him, the pricing information for the T-1 trunk and the DID numbers provided by Mr. Peguese was specifically used by Great Lakes in connection with drafting this proposal. 4 Tr. 260. On November 12, 1999, Covenant House signed a purchase agreement for Great Lakes' proposed PBX-based system. Exhibit R-8. It also signed a letter appointing Great Lakes as its agent in all further dealings with all telecommunications providers like AT&T. 4 Tr. 192.

Mr. Apostoleris then contacted Livingston Taylor, an AT&T account executive who replaced Mr. Peguese on the Covenant House account, to work out the details of an agreement under which Covenant House would obtain from AT&T all local services necessary to the operation of the agreed-upon PBX-based system. Consistent with the prices previously quoted by Mr. Peguese, Mr. Taylor indicated that, for a 3-year term, a DID/DOD T-1 trunk would cost between $340 and $425 per month and 800 DID numbers would cost an additional $180 per month. 5 Tr. 413-14. The lower figure for the T-1 trunk was the rate if the customer agreed to a 3-year contract with a $15,000 MARC, and the higher figure was the rate for a three-year term without any revenue commitment. 4 Tr. 224, 241. Mr. Taylor further testified to reminding Mr. Apostoleris that the price for the telephone numbers themselves was based on a standard monthly rate of $4.25 for an initial block of 20 phone numbers and $2.25 per block for each additional block of 10 numbers. 5 Tr. 414. On November 12, 1999, Mr. Apostoleris faxed a preliminary service request to Mr. Taylor for a DID/DOD T-1 trunk and 1,019 telephone numbers. Exhibit C-37. Shortly thereafter, Mr. Apostoleris revised that request by reducing to 1,000 the quantity of telephone numbers sought by Covenant House.

In light of the impending move of Covenant House's headquarters to a new location, Mr. Apostoleris was eager to get some form of contract in place with AT&T. This was despite the fact that he was not yet sure whether to commit Covenant House to any particular MARC. Thus, on November 17, 1999, he signed and faxed to Mr. Taylor an "AT&T Local Telecommunications Service Agreement" containing a three-year term, but including no revenue commitment. Exhibit R-33. According to Mr. Apostoleris, he understood at that time that he was ordering both the T-1 trunk and 1,000 DID telephone numbers. 4 Tr. 227. He also recognized that, because he was not making any revenue commitment, the T-1 trunk alone would cost $425 per month, which was the high end of the $340-$425 range quoted by Mr. Taylor. Id. He further understood that the DID telephone numbers ordered at that time were priced separately from the T-1 trunk and that Covenant House would be charged $4.25 per month for the first block of 20 numbers and $2.25 per month for each of 98 additional 10-number blocks. Id. On December 10, 1999, AT&T

formally processed an order for Covenant House that precisely matched Mr. Apostoleris' understanding. See, Exhibit C-40, p. 2.

Despite the submission of the initial service agreement on November 17, 1999 (and its formal processing and implementation on December 10, 1999), Mr. Apostoleris continued negotiating with AT&T in hopes of getting a better deal for Covenant House's service. One of the things that was again discussed was the fact that if a customer was willing to commit to a $3,000, $6,000, $9,000, or $15,000 MARC, it could qualify for lower prices on some services. 4 Tr. 231. For example, the price for the T-1 trunk, local phone usage, and intraLATA toll service could all be reduced by increasing a customer's MARC. Id. After nearly two months of negotiations, Mr. Apostoleris signed and faxed to AT&T, on January 14, 2000, a new service agreement under which Covenant House committed to a $15,000 MARC. 4 Tr. 233-34. As reflected on Exhibit C-38, this resulted in (among other things) a reduced rate of $340 per month for the T-1 trunk, instead of the $425 per month price set forth in the November 17, 1999 agreement.

Shortly after signing the revised service agreement between Covenant House and AT&T, Great Lakes initiated negotiations on behalf of a second purchaser of its PBX-based systems. Specifically, Mr. Apostoleris contacted AT&T's Mr. Taylor, indicated that he needed a similar level of service for this second customer, Molly-Maid, and stated that he "wanted the same good deal that [Mr. Taylor] gave me on the Covenant House." 5 Tr. 495. After several discussions, Mr. Apostoleris submitted a service request on behalf of Molly-Maid that differed in only two ways from that previously submitted for Covenant House. First, it was based on a MARC of $6,000 (as opposed to $15,000 for Covenant House), and thus resulted in a monthly charge of $380 for the DID/DOD T-1 trunk. 5 Tr. 524-25. Second, Molly-Maid needed only 800, instead of 1,000, DID phone numbers. Id. A formal service agreement between Molly-Maid and AT&T was signed by Mr. Apostoleris and a representative of AT&T, respectively, on February 23 and March 6, 2000. Exhibit C-61.

Shortly thereafter, both Covenant House and Molly-Maid began receiving bills from AT&T that they claimed were in error. According to Mr. Apostoleris, those bills should not have listed any recurring monthly service fees beyond the T-1 trunk charges of $340 for Covenant House and $380 for Molly-Maid. Instead, he noted, Covenant House was also being billed $225 per month for its 1,000 DID phone numbers and Molly-Maid was being assessed a monthly charge of $180 arising from its use of 800 DID numbers. See, 4 Tr. 202; 5 Tr. 479.

Mr. Apostoleris testified that, during the later stages of his negotiations with Mr. Taylor, he was led to believe that AT&T would effectively waive the monthly DID number charges by including them in the flat monthly rates paid by Covenant House and Molly-Maid for T-1 trunks. According to him, he repeatedly asked AT&T's Mr. Taylor, "Is this the total cost for this customer?" and Mr. Taylor continually responded in the affirmative. 5 Tr. 505. Moreover, Mr. Apostoleris asserted that if AT&T had truly intended to impose a separate monthly fee for those DID numbers, it should have specifically spelled that out in the service agreements he signed on behalf of Covenant House and Molly-Maid. However, he stated, those agreements contained no mention of the charges for the DID number blocks purchased by these two customers. 5 Tr. 505-506.

In response, Mr. Taylor testified that he never discussed the reduction or elimination of the number block rates at issue in these two cases. 5 Tr. 526. According to him, the rates for the purchase of number blocks like those sought by Covenant House and Molly-Maid are set forth in AT&T's tariffs and, to the best of his knowledge, charges like those are neither waived nor discounted by any local service providers. See, 5 Tr. 526-27. Moreover, Mr. Taylor stated, the point of his discussions with Mr. Apostroleris concerned whether, and to what degree, Covenant House and Molly-Maid could reduce the monthly charge for their respective T-1 trunks (as well as receive discounts on their local usage and intraLATA rates) by establishing a MARC, agreeing to a long-term commitment, or both. Finally, Mr. Taylor testified that he specifically told Mr. Apostoleris that the DID number block charges are separate from the T-1 trunk charges that would be assessed against these two customers, and that Mr. Apostoleris acknowledged that this conformed to standard industry practice. 5 Tr. 417 and 524.

While the dispute over DID number block charges simmered, another bill-related problem arose between AT&T and Covenant House. During the relocation of its headquarters in early to mid-2000, Mr. Apostoleris noted, Covenant House asked to have remote call forwarding initiated (at a monthly charge of $14.75 per line) for nine of its numbers. Unfortunately, bills subsequently received by this customer indicated that AT&T had placed this advanced service on approximately 85 of its lines, instead of just the 9 for which the service had actually been requested. See, Exhibit C-48. By September 2000, Covenant House was able to convince AT&T of its mistake. Covenant House therefore received both a bill credit covering the July through September 2000 portion of that non-requested service and a pledge by AT&T to immediately cancel remote call forwarding for the other 75 or 76 lines. Id.; 5 Tr. 384-87. However, AT&T somehow ignored its own service change order and, instead, continued billing Covenant House (through March 2001) for remote call forwarding on all of those numbers.

One final dispute arose from Molly-Maid's request, during late 2000, to have AT&T transfer its service to a new location. On October 18, 2000, Mr. Apostoleris informed AT&T that Molly-Maid was moving its headquarters and that it needed AT&T to install a DID/DOD T-1 trunk to serve the new location. Exhibit C-52. The next day, he advised AT&T that the new trunk would need to be in place by November 15, 2000. 5 Tr. 396. Douglas Minnis, a Customer Project Manager for AT&T, promptly contacted Mr. Apostoleris and advised him that (1) the requested start-up date fell well beyond the normal 45 business-day time frame for provisioning this service, (2) AT&T was having difficulty getting its underlying service provider, Ameritech Michigan, to meet the normal provisioning intervals, and (3) the "problem of reduced workforce" and "blackout dates" during the holidays would make swift implementation unlikely. 5 Tr. 397. As a result, Mr. Minnis continued, "the best possible date" that AT&T could give for initiating the requested service would be December 15, 2000, "but that was not guaranteed." Id.

Because AT&T was unable to transfer Molly-Maid's service to its new location within what it considered to be a reasonable period, Mr. Apostoleris stated that he advised Mr. Minnis, on or before October 23, 2000, that Molly-Maid "intended to obtain service from another provider at its new location, and to discontinue [AT&T's] service." 5 Tr. 483. However, after Mr. Minnis advised him that any issues regarding contract cancellation would be beyond his authority, Mr. Apostoleris contacted AT&T's Sales Manager, Jeffry Kiefer.

According to Mr. Apostoleris, Mr. Kiefer told him that the contract "permitted cancellation under those circumstances" and that AT&T would waive the remainder of its three-year agreement in view of its "inability to provide service to Molly-Maid to coincide with its move to its new headquarters." 5 Tr. 488. However, Mr. Kiefer's version of that conversation is significantly different. Specifically, Mr. Kiefer testified that when he and Mr. Apostoleris discussed Molly-Maid's impending move, he merely stated that "there would have to be arrangements made" if the customer's new location took it "out of the AT&T footprint." 5 Tr. 374. Furthermore, Mr. Kiefer stated, because he "didn't get the address they were moving to," it was never determined whether

Molly-Maid's new location would be in or out of the geographic area then being served by AT&T. Id.

Mr. Apostoleris went on to assert that, in apparent retaliation for Molly-Maid's failure to pay various disputed bills and its decision to take service from another provider, AT&T was slow to provide the information necessary to accomplish that change. 5 Tr. 487. Nevertheless, he noted that Molly-Maid was able to obtain its needed T-1 trunk and 800 DID numbers from another provider, "KMC," at a total cost of approximately $700 per month. 5 Tr. 504. Notwithstanding this fact, he pointed out, AT&T continued billing Molly-Maid even after the transfer of service to KMC.

Based on their view of the facts, CH&GL and MM&GL argue that AT&T violated the MTA in at least four ways. First, with regard to the $2,406.65 in unresolved billing disputes dating back before Great Lake's involvement as an agent for Covenant House, CH&GL allege that these charges arose from optional services that were either added to the customer's service package without the express authorization of that customer--in violation of the anti-cramming[3] provisions set forth in Section 507(1) of the MTA--or in the form of charges for a subscribed service that the end-use customer never ordered--in violation of Section 502(1)(b). Second, CH&GL claim that AT&T was again guilty of cramming, in violation of Section 507(1), by including within Covenant House's package of services remote call forwarding on approximately 75 lines for which no such service was expressly requested. Third, CH&GL and MM&GL contend that AT&T's employees made representations regarding the rates, terms, or conditions of providing DID number blocks that were false, misleading, or deceptive within the meaning of Section 502(1)(a) of the MTA, and

[3]Cramming" refers to the practice of placing charges for unrequested services on end-users' utility bills.

that AT&T's written agreements concerning that service were structured in a way that caused a probability of confusion or misunderstanding as to the legal rights, obligations, or remedies available to both Covenant House and Molly-Maid, in violation of Section 502(1)(h) of the MTA. Fourth and finally, MM&GL argue that by continuing to bill Molly-Maid after it cancelled its contract with AT&T and began taking service from KMC, AT&T violated Sections 502(1)(a), 501(1)(c), and 501(1)(h) of the MTA.

In response to these assertions, AT&T claims that its actions with regard to Covenant House and Molly-Maid have given rise to none of the violations alleged in either of the two complaints. With regard to the initial $2,406.65 that is still in dispute, AT&T contends that this represents charges due for services that were, in fact, provided at the customer's request. Because CH&GL failed to prove otherwise, AT&T continues, no violation of the MTA can be found. As for the second claim, AT&T points out that Covenant House specifically ordered remote call forwarding and, at most, the application of the $14.75 monthly fee to more lines than the customer wanted was a mere billing error and thus not actionable under any section of the MTA. As for Mr. Apostoleris' claim that it agreed to provide 1,800 DID telephone numbers to Covenant House and Molly-Maid free of charge, AT&T states that this conflicts with the great weight of the evidence. Finally, AT&T asserts that Molly-Maid had no right to unilaterally void its three-year contract simply because AT&T would not commit to transferring service to a new location under a deadline that it knew it could not satisfy. Thus, AT&T continues, the violations of Sections 502(1)(a), 502(1)(c), and 502(1)(h) alleged by MM&GL must also be rejected.

III.

DISCUSSION

In the PFDs prepared in these cases, the ALJ rejected all of the complainants' claims except one. With regard to that claim (involving AT&T's failure to cease imposing remote call forwarding charges on approximately 75 lines for which Covenant House specifically requested cancellation of that service), the ALJ found AT&T to have violated Section 502(1)(c) of the MTA and recommended imposing a substantial fine. Various parties excepted to each of the ALJ's conclusions and recommendations, as discussed below.

Covenant House's Pre-existing Billing Disputes

According to the ALJ, CH&GL failed to prove that violations of the MTA occurred with regard to the remaining $2,406.65 in pre-existing charges for which Covenant House still seeks a bill credit. In reaching this conclusion, he noted that CH&GL relied almost exclusively on page 8 of Exhibit C-1 to support these claims. However, he continued, that document is nothing more than a "spreadsheet which shows only differences in billing computations" between what Mr. Sevelis believed Covenant House should be required to pay and what AT&T was demanding. PFD, p. 9. Thus, he concluded that CH&GL "failed to demonstrate by a preponderance of the evidence that [AT&T] violated the cited provisions of the MTA." Id.

CH&GL except to this conclusion on the grounds that the ALJ's review of the record was unreasonably narrow. According to them, page 8 of Exhibit C-1 "is merely the final spreadsheet summarizing the [other] 121 pages of monthly spreadsheets and memos that Mr. Sevelis testified he provided" to AT&T and assembled as Exhibit C-1. CH&GL's exceptions, p. 6. [Emphasis omitted.] Had the ALJ examined this underlying documentation when reviewing page 8 of that exhibit, they contend, he would have been forced to agree that AT&T continues to seek recovery for charges that were inappropriately included in Covenant House's bills and for which credits are still owed.

In response, AT&T claims that all valid requests for adjustment of those charges have been processed and that no reasonable basis has been presented by Covenant House for its continuing failure to pay the remaining $2,406.65. As for the 121 pages of supporting documents upon which CH&GL now rely, AT&T points out that they suffer from the same deficiency as the summary on page 8 of Exhibit C-1. Specifically, AT&T continues, "they only document amounts that Covenant House refused to pay and requested be credited to its account, but they do not establish the merits of any such claim to a credit." AT&T's replies to exceptions in Case No. U-12759, p. 2. [Emphasis omitted.] AT&T goes on to note that attempts by CH&GL to "identify, explain, and categorize some of these charges" in their exceptions constitute nothing more than "unsubstantiated explanations" that are neither self-evident from the face of Exhibit C-1 nor supported by citations to other portions of the record. Id. Therefore, AT&T asserts, the Commission should adopt the ALJ's recommendation and reject CH&GL's claims with regard to the $2,406.65 in disputed charges.

The Commission agrees with AT&T and finds that these claims should be rejected, as recommended by the ALJ. Neither the portions of Exhibit C-1 dealing with this $2,406.65 in alleged overcharges nor any references to it in the testimony offered by Mr. Sevelis provide the sort of detailed basis necessary to conclude that the underlying charges were inappropriate. All they depict is the frequency with which Covenant House took issue with bills submitted by AT&T and the dates upon which Mr. Sevelis brought those disputes to AT&T's attention. Thus, as noted by the ALJ, CH&GL "failed to demonstrate by a preponderance of the evidence that [AT&T] violated the cited provisions of the MTA" with regard to these disputed charges. PFD, p. 9. The Commission therefore adopts the ALJ's recommendation and rejects all claims to the effect that AT&T violated Sections 502(1)(b) and 507(1) with regard to its assessment of this $2,406.65 in alleged overcharges.

Violations Relating to the Provision of Remote Call Forwarding

The ALJ next rejected claims by CH&GL to the effect that, by billing Covenant House for unordered remote call forwarding for approximately 75 lines, AT&T was guilty of cramming in violation of Section 507(1) of the MTA. According to him, cramming involves the "intentional inclusion or addition of optional services in the end-user's telecommunications service package that the end-user did not authorize." PFD, p. 13. In this case, he concluded, the requisite intent was not shown to be present. Instead, the ALJ stated, all that has been proven is that "an error in billing an account for an optional service took place." Id.

Nevertheless, the ALJ noted that AT&T's own project manager (Mr. Minnis) placed an order on behalf of Covenant House to remove remote call forwarding from all but nine of that customer's lines. The ALJ went on to state that, due to what AT&T later described as "a system glitch," billing for those services continued for nine months after cancellation had been requested. Id. This, the ALJ concluded, constituted a violation of Section 502(1)(c) of the MTA, which specifically states that a provider of telecommunications service shall not "charge the end-user for service provided after the effective date that the service was cancelled." MCL 484.2502(1)(c); MSA 22.1469(502)(1)(c). As a result, the ALJ continued, AT&T has left itself open to imposition of fines and other penalties pursuant to Section 601 of the MTA.

Both the Staff and CH&GL except to the ALJ's conclusion that no cramming was shown in this case. According to these parties, the ALJ was wrong in asserting that complainants must prove that a violation of Section 507(1) of the MTA was intentionally committed. Rather, they contend, "Section 507(1) is a strict liability provision for which no *mens rea* need be established by the Complainant." Staff's exceptions, p. 2. Thus, because the record shows that AT&T included (as part of Covenant House's package of services) remote call forwarding on approximately 75 lines for which the customer did provide express authorization, the Staff and CH&GL assert that AT&T was guilty of cramming. The Staff goes on to note that AT&T could have avoided any fines for that violation of Section 507(1) by showing that the violation "was an unintentional and bona fide error notwithstanding the maintenance of procedures reasonably adopted to avoid the error." MCL 484.2506(3); MSA 22.1469(506)(3). Nevertheless, the Staff continues, AT&T provided no significant evidence in support of such a proposition. As a result, the Staff and CH&GL assert, AT&T committed a cramming violation under Section 507(1) for which the fines set forth in Section 506 of the MTA may be imposed.

As for AT&T, it excepts to the ALJ's conclusion that it somehow violated Section 502(1)(c). According to AT&T, Covenant House did not actually cancel one of its services; instead, it "merely instructed an AT&T Product Manager to reduce the number of lines upon which remote call forwarding would apply." AT&T's exceptions in Case No. U-12759, p. 3. Moreover, AT&T notes that nowhere in the complaint filed by CH&GL is there any assertion that Section 502(1)(c) was somehow violated. As a result, AT&T contends that it was denied reasonable notice and opportunity to rebut this claim. For these reasons, AT&T asserts that the Commission should reject the ALJ's recommendation and rule that no actionable violation of Section 502(1)(c) occurred.

The Commission finds the exceptions of the Staff and CH&GL, concerning the question of whether a Section 507(1) cramming violation occurred, to be well taken. The pertinent portions of the MTA states as follows:

> Sec. 507. (1) A telecommunications provider shall not include or add optional services in an end-user's telecommunications package without the express oral or written authorization of the end-user.
>
> (2) Upon the receipt of a complaint filed by a person alleging a violation of this section or upon the commission's own motion, the commission may conduct a contested case as provided under section 203.

MCL 484.2507; MSA 22.1469(507). As correctly noted by the Staff and CH&GL, nothing in these provisions requires showing that the provider's inclusion of an unauthorized service was intentional. Thus, all that CH&GL needed to prove was that AT&T included, as part of Covenant House's package of telecommunications services, remote call forwarding on one or more lines for which no express authorization existed.

The record is not clear regarding how many lines Covenant House initially authorized for remote call forwarding. Nevertheless, the change order submitted by Mr. Minnis and the related documents included in Exhibit C-48 prove that, as of September 14, 2000, (1) such authorization existed only for nine of Covenant House's phone numbers and (2) remote call forwarding was still listed as being applied, without the requisite express authorization, to dozens of other numbers assigned to this customer. In light of these facts, the Commission concludes that AT&T violated Section 507(1) of the MTA.

The Commission goes on to conclude that this cramming violation leaves AT&T exposed to all of the penalties provided for in Section 506 of the MTA. As correctly noted by the Staff, Section 506(3) allows a service provider to be spared the imposition of a fine for a Section 507(1) violation only if it is shown that the violation resulted from a bona fide error that occurred despite the company's use of procedures specifically designed to avoid such an error. This portion of the MTA goes on to declare that "the burden of proving that a violation was an unintentional and bona fide error is on the provider." MCL 484.2506(3); MSA 22.1469(506)(3). In this case, AT&T failed to satisfy that burden. Nowhere in its testimony did AT&T discuss what, if any, procedures it has implemented to avoid the cramming problem that arose with regard to Covenant House. Moreover, it failed to provide any reasoned indication of how this problem occurred, at least beyond the cryptic statement that a "system glitch" was somehow at fault.

As for AT&T's exceptions, the Commission disagrees with the assertion that no actionable violation of Section 502(1)(c) arose in this case. In arguing against the ALJ's conclusion that it violated this section, AT&T effectively asserts that Covenant House's decision to instruct AT&T's Product Manager to reduce the number of lines authorized for remote call forwarding is somehow different than "canceling" that particular service. The Commission finds this to be a distinction without a difference. The record indicates that Mr. Minnis submitted a change order on behalf of Covenant House on September 14, 2000. Exhibit C-48. Moreover, uncontroverted testimony shows that this request to discontinue Covenant House's remote call forwarding for all but nine of its phone numbers was ignored by AT&T, resulting in continued billings with regard to that unwanted, as well as unauthorized, service. 5 Tr. 377-78. This runs afoul of Section 502(1)(c), which states that, "if an end-user has canceled a service," the telecommunications service provider "shall not . . . charge the end-user for service provided after the effective date the service was canceled." MCL 484.2502(1)(c); MSA 22.1469(502)(1)(c). It is beyond dispute that AT&T charged Covenant House for unwanted remote call forwarding services on at least six occasions (i.e., each bill issued between October 2000 and March 2001, inclusive) after cancellation of that service.[4]

The Commission further finds unpersuasive AT&T's claim that it was denied a reasonable opportunity to defend itself against this charge. Although CH&GL did not specifically cite Section 502(1)(c) in the complaint, testimony and proposed exhibits attached to the complaint indicated that Covenant House was being inappropriately billed for call forwarding services that were not a part of its then-existing service request. See, Exhibit C-1, pp. 2-3; 4 Tr. 205 and 206.

For all of these reasons, the Commission finds that AT&T's actions with regard to its provision of, as well as billing for, remote call forwarding services to Covenant House violated Sections 502(1)(c) and 507(1) of the MTA.

Claims Regarding the Imposition of Charges for Number Blocks

The common thread, as well as the majority of the discussion, arising in the context of these two complaint cases concerns the question of whether AT&T violated Sections 502(1)(a) and 502(1)(h) of the MTA through its imposition of DID number block charges. As noted earlier, CH&GL and MM&GL contend that AT&T's employees made representations regarding the rates, terms, or conditions of providing DID number blocks that were false, misleading, or deceptive within the meaning of Section 502(1)(a). Moreover, they asserted that AT&T's written agreements concerning that service were structured in a way that caused a probability of confusion or misunderstanding, thus violating Section 502(1)(h).

[4]Although CH&GL assert that July, August, and September should also be included, particularly in light of the fact that Mr. Minnis directed his company's billing department to issue credits covering those months, the September 14, 2000 change order constitutes the record's first specific showing of a service cancellation request.

The ALJ ruled against the complainants on both of these questions. According to him, CH&GL and MM&GL failed to demonstrate by a preponderance of the evidence that AT&T's inclusion of DID number block charges in the bills issued to Covenant House and Molly-Maid constituted violations of the MTA. Specifically, he held that the record lacked an adequate showing that AT&T personnel made false, deceptive, or misleading representations regarding whether those charges would either be waived or included as part of the monthly charges for the purchase of a T-1 trunk. Similarly, he found that the complainants failed to prove that AT&T's form agreements were somehow inherently confusing. The ALJ therefore recommended that the Commission reject each of these claims.

CH&GL and MM&GL except to the ALJ's recommendation. According to these parties, Mr. Apostoleris asked one of AT&T's account executives, Mr. Taylor, whether the $340 charge for Covenant House and the $380 charge for Molly-Maid "was the total price" for those customers. With regard to both of those proposed customers, they assert, Mr. Taylor advised Mr. Apostoleris that it was. CH&GL and MM&GL contend that this testimony, when coupled with the fact that both customers' bills ultimately included separate monthly charges for DID number blocks, serves as adequate proof that AT&T made a material misrepresentation in violation of Section 502(1)(a).

These parties go on to assert that the way AT&T designed its system for preparing contracts, with such a strong emphasis on establishing a specific MARC (from which the discount levels applied to numerous services could then be derived) virtually guaranteed that confusion would result. This is due to the fact, CH&GL and MM&GL contend, that the written documents signed at the close of negotiations do not specifically set forth all other fixed, recurring charges. As a result, they assert, the ALJ was wrong in concluding that a violation of Section 502(1)(h) had not been proven.

In response, AT&T notes that Mr. Apostoleris never asserted that Mr. Taylor specifically told him that AT&T would waive all DID number block charges or that the "total price" of $340 for Covenant House and $380 for Molly-Maid included both the cost of the T-1 trunk and the DID number block charge for each of those customers. Rather, AT&T continues, the record indicates that every time Mr. Apostoleris mentioned the phrase "total price," Mr. Taylor took him to mean "the total price for the T-1 trunk." According to AT&T, this is logical because the parties were negotiating the price of the T-1 trunk (based on various MARC levels) at the time. Moreover, AT&T asserts, the record is replete with indications that Mr. Apostoleris (who, AT&T points out, has significant experience in negotiating telecommunications service agreements) was--or should have been--well aware that DID number block charges would be imposed on Covenant House and Molly-Maid in addition to their respective T-1 trunk charges. As a result, AT&T concludes, the ALJ was correct in concluding that no Section 502(1)(a) violation arose in either case.

AT&T goes on to point out that the respective local service agreements entered into on behalf of Covenant House and Molly-Maid specifically state that the rights and obligations of the parties are to be derived from three sources, namely (1) the local service agreement itself, (2) AT&T's standard contract tariff, and (3) the applicable tariffs on file with the Commission. Because neither the local service agreement nor the standard contract tariff suggests that some other rate is to be substituted for the DID number charges set forth in its filed tariffs, AT&T contends, it is clear that those charges will be imposed in every instance. As a result, AT&T concludes, no valid basis exists for claiming that the use of these documents creates a probability of confusion in violation of Section 502(1)(h) of the MTA. AT&T therefore asserts that the Commission should adopt the ALJ's recommendation and reject all claims regarding the alleged violation of Sections 502(1)(a) and 502(1)(h).

The Commission agrees with AT&T's assertion and finds that it should adopt the ALJ's recommendation with regard to this issue. This is true for the claims raised in Case No. U-12759, as well as those presented in Case No. U-12764, as discussed below.

The record assembled with regard to Covenant House fails to support the claims of misrepresentation that were set forth in Case No. U-12759. Rather, testimony and exhibits received in this case indicate that Covenant House's agent either was, or should have been, aware of the fact that separate DID number block charges would be included in all bills received from AT&T. For example, upon commencing discussions with AT&T in September 1999, Mr. Apostoleris received a written quote from Mr. Peguese specifically showing that this customer would be responsible for a monthly charge of $340 for the T-1 trunk alone, with an additional charge of $180 per month for the 800 DID numbers being sought at that time. Exhibit R-32; 4 Tr. 240. According to Mr. Apostoleris, this proposed imposition of separate charges for the T-1 trunk and the DID numbers constituted the "usual practice" throughout the industry. 4 Tr. 212. Moreover, Mr. Apostoleris seemingly confirmed his understanding that Covenant House would be assessed both charges when he wrote their total, $520, on the document received from Mr. Peguese and then included that figure in the PBX system proposal that he later provided to Covenant House. 4 Tr. 213-24; Exhibit R-10, p. 5. Even in his subsequent negotiations with Mr. Taylor, Mr. Apostoleris concedes, he was never directly told that the DID numbers would be free and that the $340 would constitute the entire recurring monthly charge for this customer. <u>See</u>, 4 Tr. 241. This is consistent with Mr. Taylor's testimony to the effect that, although Mr. Apostoleris asked if the $340 price for the T-1 trunk included the cost of the DID numbers for Covenant House, Mr. Taylor told him it did not. 5 Tr. 457.

Likewise, a review of the record developed with regard to Case No. U-12764 shows that MM&GL failed to satisfy the burden of proof regarding the allegations of misrepresentation arising from the Molly-Maid contract. As with his previous negotiations concerning Covenant House, Mr. Apostoleris began with the knowledge that AT&T's pricing structure included separate charges for T-1 trunks and DID number blocks. Furthermore, he was unable to cite any subsequent conversations in which Mr. Taylor or some other AT&T employee directly stated that Molly-Maid could have its DID numbers for free. See, 5 Tr. 493-96. Finally, in direct contravention of the complainants' claims of misrepresentation, Mr. Taylor specifically testified that he neither told Mr. Apostoleris that AT&T would waive any charges for DID number blocks nor advised him that Molly-Maid's $380 T-1 trunk cost included the cost of those DID numbers. 5 Tr. 532.

As for claims to the effect that AT&T's contract structure creates a probability of confusion or misunderstanding, the Commission finds that these also are not borne out by the record. Exhibits C-38 and C-61 constitute the local service agreements for Covenant House and Molly-Maid, respectively. As noted by AT&T, each of these documents states, in two places, that the parties' rights and obligations are to be derived from the agreement itself, the attached standard contract tariff, and the local service tariffs on file with the Commission. Both exhibits go on to state that, unless otherwise provided in either the agreement or the standard contract tariff, the prices set forth on the local service tariffs (which include the price to be charged by AT&T for the provision of DID number blocks) will apply. Because the intent of these provisions is neither vague nor difficult to understand, the Commission agrees with the ALJ and finds that the contract structure used by AT&T does not create a probability of confusion or misunderstanding.

For the reasons set forth above, the Commission concludes that it should adopt the ALJ's recommendation and reject, in Cases Nos. U-12759 and U-12764, respectively, all claims by CH&GL and MM&GL regarding alleged violations of Sections 502(1)(a) and 502(1)(h) of the MTA as they relate to AT&T's imposition of charges for DID number blocks.

AT&T's Continued Billing of Molly-Maid

As noted earlier, MM&GL alleged that although AT&T agreed to release Molly-Maid from its three-year service agreement, it continued billing that former customer for services that it was not providing. As a result, MM&GL asserted, AT&T violated Section 502(1)(a) by making a misrepresentation, violated Section 502(1)(c) by continuing to bill for service after that service had been canceled, and violated Section 502(1)(h) by causing the probability of confusion or misunderstanding.

After reviewing the positions of the parties and the evidence presented, the ALJ concluded that MM&GL failed to demonstrate any violation of the MTA. To prevail on this issue, the ALJ said, MM&GL needed to show (1) that Molly-Maid expressed a desire to cancel its service agreement with AT&T, (2) that the service agreement permitted cancellation when the customer relocated to an area beyond AT&T's geographic range of service, and (3) that AT&T agreed to cancel the agreement in light of its inability to provide service to Molly-Maid's new headquarters. The ALJ further noted that:

> In support of these allegations, Complainants presented the unsupported statements of their witness, Mr. Apostoleris. No substantiating evidence has been presented and Respondents have disputed Complainant's account with the testimony of their own witness. Given that the contract specifically addresses termination and there has been no showing that the termination provisions have been satisfied, the [ALJ] finds that Complainants have failed to carry the necessary burden of proof in this regard. Complainants have not shown that they were successful in terminating the contract.

PFD in Case No. U-12764, p. 13. According to the ALJ, MM&GL also failed to show that AT&T was "under any obligation to agree to provide new service to a new location." Id. As a result, the ALJ recommended dismissing this entire set of claims.

MM&GL except to that recommendation and contend, among other things, that the ALJ misconstrued the record with regard to this issue. Contrary to the ALJ's conclusion, they assert, AT&T did not dispute Mr. Apostoleris' account of his conversation with Mr. Kiefer. Rather, they claim that:

> Mr. Kiefer admitted that he told Mr. Apostoleris that AT&T would release a customer from its contract when it could not provide service because the customer's new location was outside its "footprint." This corroborated Mr. Apostoleris' testimony that Mr. Kiefer told him Molly-Maid would be released from the contract.

MM&GL's exceptions, p. 9. [Emphasis added.] MM&GL therefore contend that, in light of (1) Mr. Kiefer's admission that a customer could be released from its local service agreement if AT&T was unable to provide service at a new location outside the provider's footprint, (2) the "undisputed testimony that Mr. Apostoleris advised Mr. Kiefer that, under the circumstances, he was obliged to opt to cancel the contract," and (3) Mr. Apostoleris' testimony that "Mr. Kiefer advised him that, under the circumstances, AT&T would release Molly-Maid from its agreement," the alleged violations of the MTA were supported by a preponderance of the evidence. Id., p. 12.

AT&T responds in three ways. First, it points out that no evidence on the record shows that AT&T was formally notified to cancel Molly-Maid's service. Second, it states that MM&GL patently misrepresented the actual testimony provided by Mr. Kiefer regarding his discussions with Mr. Apostoleris concerning the provision of service to Molly-Maid's new location. Third and finally, AT&T notes that MM&GL's apparent belief that Molly-Maid could unilaterally terminate a three-year commitment without incurring any liability conflicts with the terms of the service agreement. Thus, AT&T asserts that the Commission should reject all arguments offered by MM&GL and adopt the ALJ's conclusions instead.

The Commission agrees with AT&T and finds that the ALJ's evaluation of these claims was correct. Given any reasonable reading, Mr. Kiefer's testimony directly contradicts, rather than corroborates, Mr. Apostoleris' view of their conversations. Thus, absent additional proof, the Commission finds it impossible to conclude that AT&T agreed to voluntarily release Molly-Maid from the three-year local service agreement that it signed on February 23, 2000. Moreover, the remaining claims presented by MM&GL (to the effect that Molly-Maid could unilaterally terminate its contract with AT&T and begin taking service from another supplier without adverse consequence) conflict with the terms of that agreement. Specifically, with regard to "Discontinuance," the agreement states, in pertinent part:

> The Customer may discontinue this Contract Tariff prior to the end of the Term of the Contract Tariff, provided the Customer replaces this Contract Tariff with other [AT&T] Local Services having: (i) a MARC which is equal to or greater than the MARC under this Contract Tariff, and (ii) a new term equal to or greater than the term remaining under this Contract Tariff.
>
> If the Customer discontinues this Contract Tariff for any reason other than specified above, prior to the expiration of the Term of the Contract Tariff, a Termination Charge will apply. The Termination Charge will be an amount equal to 100% of the unsatisfied MARC for the year in which the Customer discontinues this Contract Tariff and 100% of the MARC for each year remaining in the Term of the Contract Tariff.

Exhibit C-61, p. 6.

The Commission therefore finds that it should adopt the ALJ's recommendation and reject the assertion by MM&GL that AT&T violated Sections 502(1)(a), 502(1)(c), and 502(1)(h) of the MTA by continuing to bill Molly-Maid following the relocation of its headquarters.

Remedies for Violations of the Act

Having found that AT&T's actions regarding the provision of unauthorized remote call forwarding services to Covenant House violated Sections 502(1)(c) and 507(1) of the MTA, the Commission must now determine which, if any, of the numerous remedies requested by CH&GL should be granted.

a. Fines

As noted earlier in this order, the ALJ concluded that by continuing to charge Covenant House for remote call forwarding on dozens of numbers with regard to which that service had been canceled, AT&T violated Section 502(1)(c) of the MTA. The ALJ further concluded that, as a result, the Commission should impose a fine against AT&T pursuant to Section 601 of the MTA. A substantial level of dispute then arose among the parties regarding the appropriate manner in which to compute that fine.

The Commission finds that it need not address that dispute in light of its previous finding that AT&T's actions with regard to remote call forwarding also constitute a cramming violation under Section 507(1) of the MTA. Rather than fining AT&T twice for the same transgression, the Commission finds that a single fine should be imposed covering both violations. Moreover, the Commission concludes that the more appropriate penalty provision to be applied is that developed specifically to cover cramming and slamming, and set forth in Section 506(2). As a result, three issues must be resolved. These entail (1) establishing the number of violations or occurrences to which that fine would apply, (2) determining the appropriate size of the fine, within the range established by Section 506 of the MTA, and (3) reaching a conclusion regarding what portion, if any, of that fine should be paid directly to the customer who suffered the cramming violation.

With regard to the first issue, the salient question is whether AT&T's actions should be viewed as a single instance of cramming, whether a separate violation should be found for each of the numbers to which the unauthorized remote call forwarding service was applied, or whether each bill reflecting the addition of that unauthorized service should be deemed to constitute a separate instance of cramming. In the present case, the Commission finds that the first of these three options is best supported by the law and facts. Specifically, Section 507(1) of the MTA speaks in terms of adding unauthorized services to "an end-user's telecommunications package." MCL 484.2507(1); MSA 22.1469(507)(1). Because the quoted language is stated in the singular, it does not appear to support treating each of an end-user's phone numbers separately. Rather, it seems to envision treating them as a group. The Commission therefore concludes that AT&T's actions can best be viewed as constituting one instance of cramming, for which a single fine should be imposed.

As for the second issue, Section 506(2)(a) of the MTA provides a range of fines for cramming of "not less than $20,000.00 or more than $30,000.00" for the first offense. MCL 484.2506(2)(a); MSA 22.1469(506)(2)(a). Because the Commission views cramming as a serious violation and AT&T presented no evidence regarding steps taken to avoid additional violations, it finds that the maximum allowable penalty should be imposed for this offense. The Commission therefore concludes that AT&T should be fined $30,000 for its violation of Section 507(1).

The third and final issue to be resolved stems from the provision set forth in Section 506(2)(c) of the MTA that the Commission may order between 10% and 50% of any cramming fine to be paid directly to the customer that suffered the violation. In this case, the record shows a long history of problems with Covenant House's bills from AT&T. The Commission therefore finds that the most appropriate result would be to order AT&T to pay the maximum amount allowed, namely 50%, of its cramming fine directly to Covenant House.

b. Attorney Fees

In addition to the imposition of fines, the ALJ recommended that "reasonable attorney fees be awarded to CH&GL pursuant to Section 601(f) of the MTA." PFD in Case No. U-12759, p. 23.

AT&T excepts to that recommendation on two grounds. First, it contends that CH&GL are not deserving of such an award because a majority of the claims pursued in this case were rejected. Second, it asserts that even if the Commission finds that attorney fees should be awarded, Great Lakes should be specifically precluded from participating in that award because Covenant House (and not Great Lakes) is the actual ratepayer.

The Commission finds that AT&T's exceptions on this issue are not well taken. Although CH&GL did not prevail on every claim presented, they succeeded in proving multiple and serious violations of the MTA resulting in a $30,000 fine. Thus, a valid basis exists for awarding attorney fees. Moreover, it should be noted that the array of remedies described in Section 601 of the MTA are specifically open not only to ratepayers, but also to "other persons" who have been harmed as a result of the violation. MCL 484.2601; MSA 22.1469(601). Thus, because Great Lakes was forced to litigate this dispute in conjunction with Covenant House, it should not be banned from sharing in the recovery of attorney fees. For these reasons, the Commission finds that it should adopt the ALJ's recommendation and order AT&T to pay all reasonable attorney fees and costs incurred by CH&GL in litigating Case No. U-12759.

c. Service Credits

The complaint filed by CH&GL sought, among other things, to have Covenant House's bill credited for all charges in excess of those that it contracted to pay. Although numerous credits had been issued by the close of the record, it appears that a significant portion of the balance still being carried on Covenant House's account arose from the unauthorized remote call forwarding charges that form the basis for the violations found in Case No. U-12759. Moreover, one of AT&T's own witnesses, Mr. Minnis, specifically stated that credits should be issued for all such charges billed during and after June 2000. See, C-48; 5 Tr. 378.

The Commission therefore finds that, unless they were provided subsequent to the close of the record, bill credits should be issued to Covenant House in an amount sufficient to cover all unauthorized remote call forwarding charges billed since June 2000.

d. Economic Losses

Although the complaint filed by CH&GL requested recovery of economic losses, the ALJ concluded that insufficient evidence was presented to support that claim. CH&GL except to that conclusion. They contend that, based on testimony offered by Messrs. Sevelis and Apostoleris, an adequate record exists for ordering AT&T to pay economic damages to both Covenant House and Great Lakes.

The Commission disagrees with that assessment and finds that the ALJ reached the right conclusion. The evidence cited by CH&GL consists of a few lines of testimony regarding the amount of time spent dealing with AT&T on billing-related matters. No additional detail is provided to show what that time actually represents. Moreover, no estimate is offered regarding the value of that time, thus precluding any attempt to compute the alleged damages. Furthermore, the fact that 50% of the fine imposed in this case will be paid to Covenant House, as well as the fact that CH&GL will be reimbursed for their attorney fees and costs, should help offset any economic losses incurred by these parties. For these reasons, the Commission concludes that it should adopt the ALJ's recommendation and reject the request for recovery of alleged economic losses.

e. Cease and Desist Order

In their complaint and elsewhere, CH&GL request that AT&T be ordered to cease and desist from further violations of the MTA. According to these parties, this includes avoiding the issuance of bills in excess of the amounts Covenant House has contracted to pay and refraining from all threats to terminate service for non-payment of disputed charges.

Although AT&T questions its necessity, none of the parties expressly object to the issuance of such an order. As a result, the Commission finds that it should grant the request of CH&GL for a cease and desist order covering those activities.

The Commission FINDS that:

a. Jurisdiction is pursuant to 1991 PA 179, as amended, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.; 1969 PA 306, as amended, MCL 24.201 et seq.; MSA 3.560(101) et seq.; and the Commission's Rules of Practice and Procedure, as amended, 1992 AACS, R 460.17101 et seq.

b. AT&T's provision of, as well as billing for, unauthorized remote call forwarding services to Covenant House violated Sections 502(1)(c) and 507(1) of the MTA.

c. AT&T should pay fines totaling $30,000 for its violations of the MTA. Of that amount, $15,000 should be paid directly to Covenant House.

d. AT&T should reimburse CH&GL for all reasonable attorney fees and costs incurred in litigating Case No. U-12579.

e. AT&T should issue all bill credits necessary to remove from Covenant House's current outstanding balance all unauthorized remote call forwarding charges billed since June 2000.

f. AT&T should cease and desist from issuing bills for amounts in excess of those that Covenant House has contracted to pay, threatening to terminate Covenant House's service for non-payment of disputed charges, and committing any further violations of the MTA.

g. The complaints filed by CH&GL and MM&GL should be dismissed with prejudice in all other respects.

THEREFORE, IT IS ORDERED that:

A. Within 30 days of the issuance of this order, AT&T Communications of Michigan, Inc., and TCG Detroit shall pay fines totaling $30,000 for violations of the Michigan Telecommunications Act, MCL 484.2101 et seq.; MSA 22.1469(101) et seq. Of that amount, $15,000 shall be paid directly to Covenant House Michigan and the remainder shall be paid to the State of Michigan.

B. Also within 30 days of the issuance of this order, AT&T Communications of Michigan, Inc., and TCG Detroit shall reimburse Covenant House Michigan and Great Lakes Telecom, Inc., for their reasonable attorney fees and costs incurred in litigating Case No. U-12579.

C. AT&T Communications of Michigan, Inc., and TCG Detroit shall issue, within 30 days of the issuance of this order, all bill credits necessary to remove from Covenant House Michigan's current outstanding balance all unauthorized remote call forwarding charges billed since June 2000.

D. AT&T Communications of Michigan, Inc., and TCG Detroit shall cease and desist from issuing bills for amounts in excess of those that Covenant House Michigan has contracted to pay, threatening to terminate Covenant House Michigan's service for non-payment of disputed charges, and committing any further violations of the Michigan Telecommunications Act, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.

E. In all other respects, the complaints filed by Covenant House Michigan and Great Lakes Telecom, Inc., in Case No. U-12759 and by Molly-Maid and Great Lakes Telecom, Inc., in Case No. U-12764 are dismissed with prejudice.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

(S E A L)

/s/ Laura Chappelle
Chairman

/s/ David A. Svanda
Commissioner

By its action of July 11, 2001.

/s/ Dorothy Wideman
Its Executive Secretary

/s/ Robert B. Nelson
Commissioner

D. AT&T Communications of Michigan, Inc., and TCG Detroit shall cease and desist from issuing bills for amounts in excess of those that Covenant House Michigan has contracted to pay, threatening to terminate Covenant House Michigan's service for non-payment of disputed charges, and committing any further violations of the Michigan Telecommunications Act, MCL 484.2101 et seq.; MSA 22.1469(101) et seq.

E. In all other respects, the complaints filed by Covenant House Michigan and Great Lakes Telecom, Inc., in Case No. U-12759 and by Molly-Maid and Great Lakes Telecom, Inc., in Case No. U-12764 are dismissed with prejudice.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so in the appropriate court within 30 days after issuance and notice of this order, pursuant to MCL 462.26; MSA 22.45.

MICHIGAN PUBLIC SERVICE COMMISSION

Laura Chappelle

Chairman

Commissioner

By its action of July 11, 2001.

Robert B. Nelson

Its Executive Secretary

Commissioner

PROOF OF SERVICE

STATE OF MICHIGAN)

Case No. U-12759
Case No. U-12764

County of Ingham)

Marcia Hoskins being duly sworn, deposes and says that on July 11, 2001, A.D. she served a copy of the attached order, by mailing copies thereof by first class mail, postage prepaid, or by inter-departmental mail, to the persons as shown on the attached service list.

Marcia Hoskins

Subscribed and sworn to before me
this 11th day of July 2001

Sharon Allen
Notary Public, Ingham, County, Michigan
My Commission expires August 16, 2004

SERVICE LIST FOR DOCKET # U - 12759- CASE #
DATE OF PREPARATION: 07/09/2001

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