

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF CALIFORNIA**

UTILITY CONSUMERS' ACTION NETWORK)	
(UCAN))	
Complainant,)	
)	
v.)	
)	Case No. 06-10-023
MCI Communications Services, Inc. (U-5378-C))	
Defendant.)	
_____)	

**PREHEARING CONFERENCE STATEMENT OF THE UTILITY
CONSUMERS' ACTION NETWORK ("UCAN")**

The Utility Consumers' Action Network ("UCAN") hereby submits a Prehearing Conference Statement in preparation for the Prehearing Conference scheduled for December 14, 2006. This Pre-hearing Conference Statement includes comments on the setting of the schedule to be considered in this proceeding. UCAN has received MCI's answer December 6 and has had brief discussions with MCI's attorney, Robin Wofford, regarding various options for resolution. None have advanced to any stage that offers promise of an immediate resolution.

I. ISSUES RAISED

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MCI's answer only minimally addresses Administrative Law Judge Reed's request in the initial ALJ ruling that "MCI shall set forth the specifics of any investigation it has performed on the unauthorized charges issue outlined in the complaint." (Page 2) Administrative Law Judge Reed went on in the next sentence to request, among other things, "the detailed findings" of MCI's investigations. UCAN plans to pursue the details behind:

- a) The cause of the billing problems conceded by MCI and the attendant repair of the problem.

- b) The propriety of the refunds and the handling of customer complaints about the problem.
- c) The steps that MCI has taken to ensure that similar billing errors are not repeated.

Specifically, in its answer, MCI admits to an error, referred to as a “computer coding error,” resulting in the erroneous billing of local service only customers such as Mr. Duclo, of the “Basic Monthly Fee” and associated fees and surcharges (MCI’s answer Paragraph 9). However, MCI provides little evidence of the root cause of this billing system failure which was allegedly discovered in October and remedied by November 2, 2006 under Senior Manager Amanda Childs (Page 12). MCI simply says that “hard-coded logic was not applied to a new billing component implemented June 1, 2006 increasing the ‘Basic Monthly Fee’ to \$5.95.”

MCI claims on page 13 that “on November 2, 2006, MCI implemented the appropriate fix into the billing system, thus precluding this problem in the future.” UCAN believes that the Commission deserves a more detailed explanation of the investigation’s results as to the root cause of the billing error, as well as the “appropriate fix” that was implemented. In addition, this explanation does not clearly address how the initial erroneous charge of \$4.95(May 3, 2006 to June 2 billing cycle) was caused by the mentioned billing coding error and the reasons why it took so long for the problem to be remedied.

A critical deficit in MCI’s answer includes ambiguity as to the size and nature of the affected class and the overall process of crediting both the erroneous “Basic Monthly Fee” and all associated “fees and surcharges.” MCI states that it “admits that customers who have selected MCI only for local telephone service should not be charged a long distance ‘Basic Monthly Fee’ and associated taxes, fees, and surcharges” (Paragraph 22). However, on page 4 of MCI’s answer, MCI states that it is “without knowledge or information as to whether customers not identified by Complainant have authorized the billing of long distance charges and associated taxes, fees, and surcharges, and therefore denies this allegation.”(page 4) This appears to be a direct contradiction, because if the affected class includes only Local service only customers, then it is not clear why this

allegation is denied. If the customers truly are local-only customers, MCI has already stated they should not be charged the erroneous charges, and therefore the page 4 statement that MCI doesn't know if other local only customers might have authorized long-distance charges conflicts with the basic notion that these are local-only customers. This highlights the need for greater detail on the affected group of customers.

As to the size of the affected class and the process for crediting the admitted erroneous charges, MCI states that "all customer accounts affected by the error were identified and MCI is in the process of issuing auto credits to those customers." (Pages 13-14) While UCAN applauds MCI's efforts to credit customers, it is not specified whether the "auto-credit" process includes refunds for associated fees and surcharges. Moreover, the only tangible statistics provided are on page 14, where MCI states that "the systematic credit recovery process identified 1137 customers in California still deserving credits totaling \$8,156.51." "Still deserving credits" suggests other credits were issued. UCAN wants MCI to address specifically what MCI claims was the total number of affected customers during the entire period of the erroneous charges, and the total amount to be refunded to the entire affected class.

While MCI has admitted the erroneous charges and the time they were identified, October 9, MCI has not addressed whether or not these erroneous charges were reported to the CPUC. UCAN requests answers as to when, how, and if the CPUC was notified of the erroneous charges.

There are also some very troubling factual disputes between UCAN and MCI that are not resolved. For example, characterization of Mr. Duclo's refunds as "far in excess" (page 13) of what he was due is incorrect, as Mr. Duclo was simply issued modest courtesy credits. These "courtesy" credits can be considered miniscule when placed in the context of a nearly six month recurring billing which required Mr. Duclo to repeatedly contact MCI to be credited for erroneous charges he never authorized. And UCAN also plans to inquire into the reasons why Mr. Duclo was subjected to almost six-months of effort to address what should have been a readily-diagnosed billing problem.

II. **PROPOSED SCHEDULE**

In establishing a schedule for this proceeding, the Commission requested the parties to consider the following matters.

1. **Discovery.** The discovery in this case should not be intense, focusing on the issues discussed above, including root cause of MCI's technological problems, as well as MCI's subsequent actions to fully credit all customers affected by the "computer coding error," as well as the nature and size of the total affected class and all credits. UCAN plans to serve its First Set of Data Requests on MCI well before the end of the year. Based on the limited information to be requested, discovery should take no more than 90 days to complete assuming timely discovery responses.
2. **Need for Hearings.** While UCAN believes that the above issues can be resolved in a settlement process, as UCAN has done with Cingular and Sprint this year, we recognize that the factual and legal issues raised in the Complaint and the disputed material facts that have been raised in the Answer filed by MCI could likely require hearings. These material issues of disputed facts include those identified above, including the details surrounding the purported technological "computer coding error" and its root cause, MCI's subsequent actions to correct the error, the total universe of affected customers. The Commission should schedule no less than one week of evidentiary hearings. As set forth above, these hearings should be preceded by 90 days for discovery.
3. **Opportunities for Alternative Dispute Resolution.** UCAN has utilized the Commission's ADR process with great success and is open to continuing to use this service. After discovery has been completed.

Respectfully submitted,

Dated: December 14, 2006

/s/

Michael Shames

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PROOF OF SERVICE

I, Laura Impastato, declare: I am employed in the City and County of San Diego, California. I am over the age of 18 years and am not a party to this action. In the absence of an official service list in this proceeding, on December 14, 2006, I served the UCAN PHC Statements upon the defendants in this case as well as the ALJ.

/s/

Laura Impastato