

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LOTEL, INC. d/b/a)	
COORDINATED BILLING SERVICES)	
_____)	CASE NO. 2000-224
)	
ALLEGED VIOLATION OF KRS 278.535)	

O R D E R

This is a case in which several consumers¹ allege that Lotel, Inc., d/b/a Coordinated Billing Services, switched their long-distance provider without authorization. The Commission entered an Order on August 29, 2000 directing Lotel, Inc. to show cause why it should not be found to have violated KRS 278.535.

Lotel, Inc. responded to the Order and provided tapes it alleged authorized the switch for Alfred Hieb, Concentra Managed Care and Better Back Store. Based upon the tapes submitted, the counts concerning Concentra Managed Care and Hieb should be dismissed. However, the tape provided for Better Back Store does not comply with KRS 278.535 or 807 KAR 5:062 because the tape does not verify that the customer fully understood PIC changes or that Better Back Store could be required to pay a PIC change fee.

Lotel, Inc. did not provide a tape or letter of agency for Sturm Insurance, William Gallrein or Mary Queen of the Holy Rosary. In response to the allegations by these customers, Lotel, Inc. provided typewritten memoranda alleging that the customers

¹ The consumers are Better Back Store; William Gallrein; Mary Queen of the Holy Rosary; Sturm Insurance Company; Concentra Managed Care; and Alfred Hieb.

authorized the switch of their long-distance providers. These memoranda do not satisfy either KRS 278.535 or 807 KAR 5:062.

On October 17, 2000, Commission Staff held an informal conference by telephone to discuss these allegations. At that conference, Lotel, Inc. stated that it had terminated its relationship with four telemarketing firms because of problems with those agencies. It also stated that it has initiated remote monitoring of its telemarketing agents to confirm quality control. Lotel, Inc. has also changed its independent third-party verification company because of problems that agency had with preparing and duplicating tapes of customer authorizations. Further, Lotel, Inc. issued credits, including PIC change fees, to each of the foregoing customers. Finally, Lotel, Inc. voluntarily ceased marketing its services in Kentucky in May 2000 due to issues unrelated to this case.

Subsequent to the informal conference, Lotel, Inc. tendered to this Commission a proposed settlement as set forth in the November 17, 2000 letter attached as Appendix A to this Order.

Based upon the foregoing and being otherwise sufficiently advised, IT IS HEREBY ORDERED that:

1. The Concentra Managed Care and Alfred Hieb counts are dismissed.
2. The settlement offer as set forth in Lotel, Inc.'s November 17 letter, Appendix A hereto, is hereby accepted.
3. Within thirty (30) days of the date of this Order, Lotel, Inc. shall pay a penalty in the amount of \$8,000.00 for the Sturm Insurance, Mary Queen of the Holy Rosary, William Gallrein and Better Back Store counts. It shall make this payment by

check made payable to the Kentucky State Treasurer and shall mail same to the Office of the General Counsel, Public Service Commission, 211 Sower Boulevard, P. O. Box 615, Frankfort, Kentucky 40602.

4. Lotel, Inc. shall immediately notify the Commission should it begin to market its services in the Commonwealth of Kentucky in the future.

Done at Frankfort, Kentucky, this 8th day of January, 2001.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE
KENTUCKY PUBLIC SERVICE COMMISSION

IN CASE NO. 2000-224

DATED JANUARY 8, 2001

LoTel, Inc.
d/b/a Coordinated Billing Services
4946 Devonshire Circle
Excelsior, Minnesota 55331

Telephone: 952-470-2023
Fax: 952-881-9302
Email: cbstecon@uswest.net

RECEIVED

NOV 20 2000

GENERAL COUNSEL

VIA FACSIMILE
502-564-7279

November 17, 2000

Commonwealth of Kentucky
Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602

ATTN: Mr. Doug Hendrix, Staff Attorney

RE: **Lotel, Inc. d/b/a Coordinated Billing Services**
Case No. 2000-224
Alleged Violation of KRS 278.535

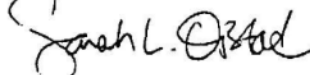
Dear Mr. Hendrix:

As discussed in our conversation this morning LoTel, Inc. d/b/a Coordinated Billing Services offers to settle Case No. 2000-224 with the Kentucky Public Service Commission for the sum of \$8,000. This represents \$2,000 in each of the following matters: (1) Mary Queen of the Holy Rosary, (2) Sturm Insurance Agency, (3) William Gallrein Farms; and (4) The Better Back Store. We also understand the remaining two cases will be dismissed, namely: (1) Concentra Managed Care, Inc. and (2) Mr. and Mrs. Alfred Hieb.

LoTel, Inc. requests 30 days from the date of the Commission's Order on this matter to remit the above amount.

We will await your reply.

Sincerely,



Sarah L. Oistad
Corporate Counsel