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GREGORY R. MERZ  
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October 8, 2013

Dr. Burl W. Haar  
Minnesota Public Utilities Commission  
350 Metro Square Building  
121 Seventh Place East  
St. Paul, MN 55101-2147

Via: E-File

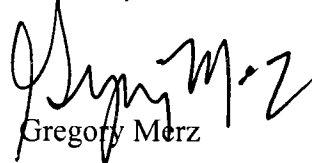
Re: In the Matter of the Farmers Mutual Telephone Company Complaint Against Frontier Communications of Minnesota, Inc. re Early Termination Fees

Dear Dr. Haar:

I am enclosing with this letter, on behalf of Farmers Mutual Telephone Company, as an initial filing a Verified Complaint and Request for Temporary Relief and Certificate of Service.

Please don't hesitate me if you have any questions. Thank you for your assistance in this matter.

Sincerely,



Gregory Merz

GRM/akm  
Enclosures

STATE OF MINNESOTA  
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger  
David C. Boyd  
Nancy Lang  
J. Dennis O'Brien  
Betsy Wergin

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of the Farmers Mutual Telephone Company  
Complaint Against Frontier Communications of  
Minnesota, Inc. re Early Termination Fees

Docket No. \_\_\_\_\_

**CERTIFICATE OF SERVICE**

I, Amy K. Milbradt, hereby certify that I have this day, served copies of the *Verified Complaint and Request for Temporary Relief* upon the person(s) listed below:

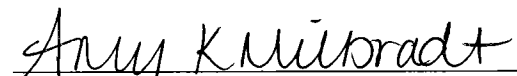
Kevin Saville  
Frontier Communications of Minnesota, Inc.  
2378 Wilshire Blvd.  
Mound, Minnesota 55364

Assistant Attorney General  
Office of the Attorney General  
Residential Utilities Division  
1400 Bremer Tower  
445 Minnesota Street  
St. Paul, MN 55101

Linda Jensen  
Office of the Attorney General  
Department of Commerce  
1800 Bremer Tower  
445 Minnesota Street  
St. Paul, MN 55101

by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at Minneapolis, Minnesota.

Dated this 8th day of October, 2013.

  
Amy K. Milbradt

STATE OF MINNESOTA  
BEFORE THE  
MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger	Chair
David C. Boyd	Commissioner
Nancy Lang	Commissioner
J. Dennis O'Brien	Commissioner
Betsy Wergin	Commissioner

In The Matter Of The Farmers Mutual Telephone Company Complaint Against Frontier Communications of Minnesota, Inc. re Early Termination Fees Docket No.

**VERIFIED COMPLAINT AND REQUEST FOR TEMPORARY RELIEF**

**INTRODUCTION**

Farmers Mutual Telephone Company (“Farmers”) submits this Verified Complaint and Request for Temporary Relief regarding the anticompetitive and unreasonable business practices of Frontier Communications of Minnesota, Inc. (“Frontier”), specifically, Frontier’s inappropriate imposition of early termination fees and use of automatic renewal of contract terms without first obtaining informed customer consent. Frontier’s use of these practices on existing and prospective customers has interfered with those customers’ ability to exercise their choice of provider of telecommunications services and have created a barrier to Farmers’ ability to effectively compete.

**PARTIES**

1. Farmers is a competitive local exchange carrier operating pursuant to a certificate of authority from the Minnesota Public Utilities Commission (“Commission”) and is a “telecommunications carrier” under Minn. Stat. §237.01, subd. 6.

2. Farmers is represented in this proceeding by its attorney:

Gregory R. Merz  
Gray, Plant, Mooty, Mooty, Bennett, P.A.  
500 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402  
(612) 632-3257 (telephone)  
(612) 632-4257 (facsimile)

3. Frontier is an Independent Local Exchange Carrier that is regulated by the Commission under Minn. Stat. ch. 237 as a “telephone company.”

4. Upon information and belief, Frontier is represented in this proceeding by its attorney:

Kevin Saville  
Frontier Communications of Minnesota, Inc.  
2378 Wilshire Blvd.  
Mound, MN 55364

### **JURISDICTION**

5. Pursuant to Minn. Stat. §237.081, the Commission has authority to investigate whenever it “believes that a service is inadequate or cannot be obtained or that an investigation of any matter relating to any telephone service should for any reason be made.”

6. Upon a complaint made against a telephone company by any other provider of telephone service that “any rates, tolls, tariffs, charges, or schedules, or any regulation, measurement, practice, act, or omission affecting or relating to the production, transmission, delivery, or furnishing of telephone service or any service in connection with telephone service is in any respect unreasonable, insufficient, or unjustly discriminatory, or that any service is inadequate or cannot be obtained,” the Commission shall investigate the matters raised by the complaint.

## **ALLEGATIONS OF UNREASONABLE PRACTICES**

7. Farmers provides competitive telecommunications services in a number exchanges where Frontier is the incumbent local exchange carrier.
8. Frontier routinely imposes early termination fees<sup>1</sup> (“ETFs”) on its former customers for: 1) local telephone service; and 2) high speed internet service. Attachment 1 reflects one former customer’s invoice upon porting away from Frontier.
9. Frontier relies on purported service contracts with customers as the basis for imposing these ETF charges. Frontier also relies on claimed “automatic renewal” of contracts, which, together with ETFs, have the effect of locking customers in to continuing to receive Frontier service and preventing customers from exercising choice in their selection of a provider of telecommunications services.
10. When former Frontier customers balk at paying ETFs pursuant to a contract they did not know existed, Frontier eventually turns the matter over to a collection agency (see Attachment 2).
11. Farmers has over fifty (50+) customers who have been charged ETFs from Frontier.
12. Generally, these customers do not recall entering into a contract, or if a contract had been entered into, they were not aware that the contract automatically renewed at the end of the initial and subsequent contract terms, extending the imposition of ETFs.
13. When Frontier customers have contacted Frontier disputing the existence of a contract and objecting to the imposition of ETFs, Frontier has routinely refused to produce a

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<sup>1</sup> Frontier invoices refer to these fees as “Loyalty Term Fees” or “EDLP Penalty Fees”

signed copy of the contract or a transcript of the sales call evidencing the customer's informed acceptance of the terms. Frontier's invoices refer customers to the Frontier website.

14. Frontier's practices have been the subject of regulatory scrutiny elsewhere. In particular, four years ago, the New York Attorney General's office found Frontier had not spelled out the existence of early termination fees and contract renewals to its customers, and as a result required Frontier to refund these fees to New York customers.<sup>2</sup>

15. Farmers contacted the Department of Commerce ("DOC") in an effort to resolve this matter informally. While the DOC's informal contacts with Frontier resulted in adjustments to a handful of customers' bills, Frontier was unwilling, on an informal basis, the DOC's expressed concerns with respect to the majority of the impacted customers.

16. Despite the fact that these customers had already unsuccessfully contacted Frontier to dispute these charges, in some cases repeatedly, Frontier's proposed "resolution" was that each customer would best be served by contacting Frontier's service representatives directly to discuss the specific circumstances of his or her situation.

17. Frontier's proposed resolution is inadequate.

18. Frontier's unreasonable conduct, as described in this complaint, is ongoing, to the substantial detriment of Minnesota consumers and competition. Accordingly, action by this Commission is necessary.

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<sup>2</sup> NY AG's Office Requires Frontier to Refund ETFs: <http://www.ag.ny.gov/press-release/attorney-general-cuomos-office-requires-rochesters-frontier-communications-refund> (See Attachment 3)

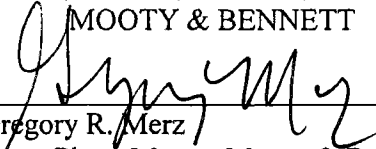
## RELIEF SOUGHT

Farmers requests that the Commission:

1. Commence an investigation into Frontier's use of ETFs and automatic contract renewals;
2. Grant temporary relief enjoining Frontier from further efforts to collect ETFs from its former customers pending a completion of the Commission's investigation;
3. Based upon the record developed through its investigation, grant appropriate relief, including but not limited to:
  - a. Requiring Frontier, upon request, to produce a copy of the signed contract authorizing the imposition of an ETF as well as setting forth all terms, conditions, and circumstances under which the ETF applies, or, absent a signed contract, requiring Frontier to produce a recording of the sales discussion wherein the terms relating to ETFs are explained to, and agreed upon by, the customer;
  - b. Requiring Frontier to refund any ETF charged to any customer for whom Frontier is unable to produce either a signed contract or recorded sales call authorizing the imposition of an ETF;
  - c. Requiring Frontier, upon request, to produce documentation that any terms and conditions regarding automatic contract renewal – including any term relating to the application of ETFs during any renewal term, were explained to, and agreed upon by, the customer;
  - d. Ordering such other and further relief as may be supported by the record.

Dated: ~~September~~ <sup>October 2</sup> \_\_, 2013

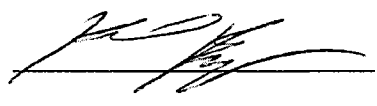
GRAY, PLANT, MOOTY,  
MOOTY & BENNETT

By:   
Gregory R. Merz  
Gray, Plant, Mooty, Mooty & Bennett, P.A.  
500 IDS Center  
80 South Eighth Street  
Minneapolis, MN 55402-3796  
(612) 632-3257 (phone)  
(612) 632-4257 (fax)

ATTORNEYS FOR FARMERS MUTUAL  
TELEPHONE COMPANY  
**VERIFICATION**

I, Kevin Beyer, General Manager of Farmers Mutual Telephone Company, state that I have first-hand knowledge of the matters set forth above and hereby verify, under penalty of perjury, that, to the best of my knowledge and belief, all of the allegations and statements contained herein are true and correct.

Dated: 10-02-2013





# Attachment 1





Date [REDACTED]  
Account Number [REDACTED]

**CURRENT BILLING SUMMARY**

Local Service from 04/20/13 to 05/19/13

Qty Description	Charge
<b>Basic Charges</b>	
TumTiki (tumtiki.com) FREE	.00
Prorated Charges-Detailed Below	1.21CR
Federal Tax	.03CR
Federal USF Recovery Charge	.07CR
MN State Sales Tax	.08CR
<b>Total Basic Charges</b>	<b>1.39CR</b>
<b>Optional Services</b>	
Frontier Mail - Standard	.00
Prorated Charges-Detailed Below	197.00
<b>Total Optional Services</b>	<b>197.00</b>
<b>TOTAL</b>	<b>195.61</b>

**CUSTOMER TALK**

Effective April 1, 2013, the Federal Universal Service Fund (USF) Surcharge applied to certain services is decreasing to 15.5%. The USF is critical to keeping service affordable in rural markets and provides discounts on communications services purchased by schools, libraries and rural health care providers. USF funds allow Frontier to continue to invest in high-cost areas bringing advanced services to our customers.

If you have Frontier as your long distance carrier, the Long Distance Federal USF Surcharge is also decreasing to 15.5%.

**\*\* ACCOUNT ACTIVITY \*\***

Qty Description	Order Number	Effective Dates	
<b>Prorated Charges</b>			
HSI Loyalty Term Fee	PROMOTION	4/20 5/19	200.00
Telephone Line - Reside			
Access Recovery Charge			
Federal Subscriber Line Charge			
Broadband Max	086279150	4/18 4/19	3.00CR
320/508-7897			
			Subtotal 195.79
			<b>Subtotal 195.79</b>

<b>Prorated Charges</b>			
HSI Loyalty Term Fee	PROMOTION	4/20 5/19	200.00



July 16, 2013

[Redacted]

Please be advised that your account is seriously past due in the amount of \$389.23. Your failure to respond to this debt will initiate additional collection proceedings, which may include referral to an outside collection agency within 10 days of this letter. We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

If payment has been sent, please disregard this letter. If payment has not been sent, we urge you to make payment in full immediately. To ensure proper credit, please include your account number on all correspondence.

If you need to contact our office, please do so at 800-921-8105, between the hours of 8am through 5pm local time.

**Thank You!**

Sincerely,

Frontier  
National Collections Center

Account Number	[Redacted]
Past Due Date	07/16/13
Final Due Date	07/27/13
Amount Due	\$389.23

**Please detach the payment slip below and include with your payment in the return envelope provided. Please write your account number on your check.**

ALLPW

6



# Attachment 2



July 16, 2013

[Redacted]

Please be advised that your account is seriously past due in the amount of \$389.23. Your failure to respond to this debt will initiate additional collection proceedings, which may include referral to an outside collection agency within 10 days of this letter. We may report information about your account to credit bureaus. Late payments, missed payments, or other defaults on your account may be reflected in your credit report.

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**Thank You!**

Sincerely,

Frontier  
National Collections Center

Account Number	[Redacted]
Past Due Date	07/16/13
Final Due Date	07/27/13
Amount Due	\$389.23

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# Attachment 3



Home > Media Center > Press Releases > October 5th 2009

### Attorney General Cuomo's Office Requires Rochester's Frontier Communications To Refund Early Termination Fees To Consumers

ROCHESTER, N.Y. (October 5, 2009) - Attorney General Andrew M. Cuomo today announced that his office has reached an agreement with Rochester-based Frontier Communications, Inc. over its failure to properly notify consumers about substantial early termination fees for its services.

In January 2009, Attorney General Cuomo's Office began investigating Frontier Communications and its subsidiaries after receiving dozens of complaints from consumers who were unexpectedly charged early termination fees.

"Frontier failed to spell out in its contracts the existence of costly fees," said Attorney General Cuomo. "The company is now fixing the issue by providing written notices of these fees and paying back consumers who were wrongfully charged."

Frontier, located on South Clinton Avenue in Rochester, provides high speed broadband Internet service (Frontier iFiber) and local and long distance telephone service. Between January 2007 and September 2008, Frontier sold bundles of various services under one-, two- or three-year agreements known as Price Protection Plans that offered a lower rate than month-to-month service as well as a promise that the subscription rate would not increase during the term of the plan. However, Frontier charged early termination fees to consumers who terminated a service before the end of the term. These fees typically ranged between \$50 and \$400, depending on the contents and services included in the package.

The Attorney General's investigation determined that consumers who purchased one-year bundle agreements were never provided with written notice of the term or the existence of an early termination fee. The investigation also uncovered that consumers were not notified in their monthly billing statement that their agreements contained early termination fees. Therefore, many consumers first learned about the fee only after they cancelled their service with Frontier and the charge appeared on their final bill.

In at least one instance, Frontier automatically re-enrolled a consumer to a term commitment after the initial term expired and then charged an early termination fee when she cancelled after the initial term.

Through an agreement with Attorney General Cuomo's Office, Frontier must pay up to \$50,000 in refunds and credits of early termination fees paid by eligible consumers who filed complaints prior to December 31, 2008. The company has provided the Attorney General's Office a list of eligible refund and credit consumers that have been identified.

Other consumers who believe they are eligible for a refund or credit may submit a claim to the Attorney General's Office by December 21, which will review the claims and act as the final arbiter for eligibility for reimbursement. Consumers wishing to file a complaint can download a claim form from [www.ag.ny.gov](http://www.ag.ny.gov). Consumers may also call the Attorney General's Rochester Regional Office at 585-327-3240.

Frontier must also pay \$35,000 in fees and costs. Frontier will send written notices to all customers who subscribe to new services regarding early termination fees. The company will not collect any such fee until after the notice has been sent. Frontier must also include a written notice of the term of any service agreement on consumers' monthly billing statement for any agreement with an early termination fee.

The case was handled by Assistant Attorney General Benjamin Britce under the supervision of Assistant Attorney General-in-Charge of the Rochester Regional Office Debra Martin.

New York City Press Office: (212) 416-8060

Albany Press Office: (518) 473-5525

nyag.pressoffice@ag.ny.gov

Twitter: @AGSchneiderman

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