

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

LeRoy Koppendraye
Marshall Johnson
Ken Nickolai
Thomas Pugh
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Buzz Telecom Corporation and
Business Options, Inc.'s Transfer of Customer
Base

ISSUE DATE: January 12, 2007

DOCKET NO. P-5331,6189/PA-05-621

In the Matter of the Revocation of Buzz
Telecom's Certificate of Authority

DOCKET NO. P-6189/RV-05-1597

In the Matter of the Commission's
Investigation of UMCC Holding's Provision of
Telephone Service in Minnesota

DOCKET NO. P-999/CI-07-24

CEASE AND DESIST ORDER REVOKING
AUTHORITY, REQUIRING
DISCONNECTION, AND OPENING AN
INVESTIGATION

PROCEDURAL HISTORY

On June 6, 1996, the Commission granted Business Options, Inc. (Business Options) a certificate of authority to provide interexchange telecommunications services in Docket No. P-5331/NA-96-308.

On December 11, 2002, the Commission granted Buzz Telecom Corporation (Buzz) a certificate of authority to provide interexchange telecommunications services in Docket No. P-6189/NA-02-1637.

On April 18, 2005, a letter was filed by Buzz stating that it would receive a transfer of long distance customers from Business Options on June 1, 2005 or shortly thereafter.

On May 17, 2005, the Residential and Small Business Utilities Division of the Office of Attorney General (RUD-OAG) reported that it had received complaints that Buzz and Business Options (the Companies) had slammed¹ customers in the Worthington exchange. The RUD-OAG also reported that Business Options and Buzz had a record of violations for improper billing and collections for

¹ The term "slamming" refers to the act of changing a person's telecommunications provider without his or her consent.

untariffed charges and promotions in other states and the Federal Communications Commission (FCC). In addition, the RUD-OAG stated that Business Options did not have its own tariff and that the companies did not send the required information about service to new customers acquired during telephone solicitations.

The RUD-OAG recommended that the Commission not approve any petition to transfer customers for the Companies unless and until the Companies remedied all past tariff violations and provided proof of customer credits for their untariffed charges. The RUD-OAG also recommended that the Commission place conditions on the acquisition approval to prevent further violations.

On June 23, 2005, Buzz submitted a letter requesting that its notice of a proposed transfer be withdrawn because the proposed transfer of customers would not be consummated.

On November 13, 2006, the Minnesota Department of Commerce (the Department) filed comments summarizing its investigation of violations and recommending that the Companies be required to show cause why their certificates of authority should not be revoked.

On November 14, 2006, the RUD-OAG filed comments supporting the Department's recommendation for a show cause order.

On December 12, 2006, the RUD-OAG filed the Affidavits of Mary McKinley and Colleen Crossley and supporting documentation documenting Buzz and Business Option's record of violations in other states and with the FCC. The Affidavits also reported recent Minnesota customer complaints against these Companies received by the RUD-OAG.

Neither Buzz nor Business Options filed reply comments.

On December 18, 2006, the RUD-OAG filed additional information with the Commission, including a letter from the Companies dated December 13, 2006.

The Commission met to consider this matter on December 21, 2006.

FINDINGS AND CONCLUSIONS

I. Revocation of Authority

On December 13, 2006, Buzz Telecom Corporation (Buzz) and Business Options, Inc. (Business Options) informed the RUD-OAG by letter that they had ceased providing long distance service to their entire customer bases. Buzz and Business Options (the Companies) stated that they had sold all company assets to UMCC Holdings, Inc., including trade names, and conveyed all rights to service and bill Buzz customers. They stated that they no longer had office facilities, employees, or revenues. They requested to withdraw their Commission certifications to provide long distance service.

On December 18, 2006, the RUD-OAG submitted information to support revocation of the Companies' certificates of authority. In addition to submitting a copy of the Companies' December 13, 2006 letter, the RUD-OAG provided affidavits reporting that Buzz has failed to respond to the RUD-OAG's attempts to contact it on behalf of citizens, and has also failed to respond to citizens contacting it directly regarding their complaints of slamming.

The RUD-OAG noted that Buzz stated in its December 13, 2006 letter that it will not be responding to current or future customer inquiries and reported that e-mails sent to the e-mail address in Buzz's letter appear to trigger an automatic e-mail response directing customers to submit inquiries to addresses that are no longer correct, further misdirecting customers as to Buzz's location and licensure status. The RUD-OAG concluded that Buzz continues to fail to respond to customer inquiries in a meaningful way and in compliance with the Commission's rules.

In addition, the RUD-OAG reported that it continues to receive complaints of Buzz's conduct, making Buzz's failure to respond a matter of immediate concern. Specifically, the RUD-OAG reported it currently has 36 complaints of slamming and cramming. The complainants all state that they never authorized a change in long distance carrier or signed up for service with Buzz or its sister company, Business Options, Inc.

Finally, the RUD-OAG reported actions recently taken against Buzz by other states: Georgia, Kentucky, and Iowa.

In these circumstances, the Commission finds that it is in the public interest to revoke the authority of Buzz Telecom Corporation and Business Options, Inc. to provide interexchange telecommunications service in Minnesota and to order all telephone companies in Minnesota to disconnect any service to Buzz Telecom Corporation and Business Options, Inc.

In their letter dated December 13, 2006, the Companies assured the RUD-OAG that they have ceased providing long distance service to their entire customer bases and that all rights to service and bill Buzz customers have been conveyed to UMCC Holdings. Consistent with the Commission's decision to revoke the Companies' certificates of authority and in light of the on-going receipt of complaints about the Companies' activity, the Commission finds it prudent to order them to cease and desist billing any new customers, collecting for any service provided to prior customers, or disconnecting any customers. As a further safeguard, the Commission will require that the Companies not take any action in the future to bill new customers in Minnesota, to collect bills allegedly owed by prior customers in Minnesota, or to offer service to any customers in Minnesota before verifying to the RUD-OAG their authority to do so.

II. Investigation of UMCC Holdings, Inc.'s Provision of Telephone Service in Minnesota

In their December 13, 2006 letter to the RUD-OAG, Buzz and Business Options stated that Qwest suspended services to Buzz and contacted Buzz, suggesting that Buzz sell all company assets to UMCC Holdings, Inc. (UMCC). Buzz stated that since UMCC was already a Qwest reseller and no primary interexchange carrier (PIC) change was necessary, UMCC was able to quickly turn on Buzz's former customers' long distance service with minimal disruption.

The RUD-OAG reported in its December 18, 2006 letter that UMCC is not registered with the Secretary of State and does not hold a certificate of authority to provide telecommunications service in Minnesota.

In these circumstances the Commission finds grounds to believe that UMCC may be reselling Qwest's long distance telephone service without authority to do so. The Commission will open an investigation into the telecommunications activities of UMCC in Minnesota and request that Qwest provide it with any information which it has or which comes into its possession regarding UMCC's provision of telephone service in Minnesota.

ORDER

1. The authority granted to Buzz Telecom Corporation in Docket No. P-6189/NA-02-1637 and to Business Options, Inc. in Docket No. P-5331/NA-96-308 is hereby revoked.
2. All telephone companies in Minnesota shall disconnect any service to Buzz Telecom Corporation and Business Options, Inc.
3. Buzz Telecom Corporation and Business Options, Inc. shall cease and desist billing any new customers, collecting for any service provided to prior customers, or disconnecting any customers without prior transfer to other carriers. The Companies shall not take any action in the future to bill new customers in Minnesota, to collect bills allegedly owed by prior customers in Minnesota, or to offer service to any customers in Minnesota before verifying to the RUD-OAG that they have acquired authority from the Commission to do so.
4. The Commission hereby opens a new docket, Docket No. P-6189/RV-05-1597 to investigate whether UMCC Holdings, Inc. is providing service in Minnesota and, if so, whether it is authorized to do so. As part of that investigation, the Commission requests that Qwest report to the Commission any information it has or may receive regarding UMCC providing service in Minnesota.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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