Kitty sat glaring at the telephone. She was stunned! She had just received a call from a collection agency regarding her AT&T account. Just over a month before, AT&T had cut off the land line service to her house in the southern part of the state, rendering her alarm service useless. What had happened to AT&T's customer service? Kitty had spent months trying to straighten out the problems with her account.

Kitty remembered dealing with AT&T's customer service three years before, when she had decided to reduce her phone bill and called to eliminate some of the options that were included. When she made that call, after a one or two minute wait she heard the familiar recording, “This call will be monitored to assure quality service…,” but thought nothing of it. After she finally connected with a service representative and during the requests for AT&T to eliminate certain services, a more experienced representative cut into the call and took over. He carefully explained to her, with computations, that many of her options were “bundled” such that the inclusion of all of her current options actually cost her less than eliminating some and keeping others. She appreciated the help and realized that this monitoring activity had saved her from making a costly change to her billing plan, as well as saving AT&T the cost of a dissatisfied customer and of having to reconfigure her account.

The current trouble began approximately ten months earlier. For several years, Kitty had been receiving her billing statements by email, which allowed her to open the statement to examine the items and the amounts billed and then send payment online. For some strange reason, ten months earlier, she was unable to open the current month’s statement. She could see the total amount billed but could not examine the specific items, nor could she pay online. Instead, she found the payment address from the company’s web site and sent a check by mail.

The first month this happened, Kitty decided to call to request that particular month’s bill and all future bills be sent to her by U.S. mail. Since she was going to have to call, she decided that she would also request that her internet service be discontinued, a call she had been postponing. Her home computer had stopped working several months ago, but because she had easy access to her daughter's computer, she had no plans to replace her own. She had continued to pay for the internet service to avoid calling AT&T. Kitty had recently experienced some hearing loss and...
this made conducting business by telephone more difficult. Each month after her computer had broken, she had looked at the cost of the internet included in her statement and resolved to have the service discontinued. But each month, she decided that the cost of paying for the unnecessary service was better than the agony of calling the company.

Kitty finally made the dreaded call only to hear what soon became an all too familiar recording, “The service department is experiencing a large number of calls during this peak time. Call back at a different time or plan to wait longer than usual to speak with a representative.” She was given no idea what time would be a non-peak time and, after waiting on hold for ten minutes, decided to call back later.

After repeated attempts to call AT&T, Kitty ultimately resolved to tolerate the wait time and take care of this problem once and for all. After an extremely long wait, she finally received instructions to begin the recorded “respond by pressing a number” routine, which seemed to be confusing and time-consuming. At long last, she heard the ring tone indicating that she had actually gotten through to a service representative’s phone. Yet, after only two or three rings, she was completely cut off and heard only the dial tone.

At that point, Kitty decided never to call AT&T again. She was not going to endure that level of frustration and waste that much time waiting for customer service to respond. She wondered what had happened at AT&T that had changed the call center's customer service. Were that many customers having problems, or had the number of customers increased dramatically in the past several years?

Determined that this and any further correspondence with AT&T would be by U.S. mail, she wrote a letter requesting paper bills and discontinuance of internet service, and complaining about the quality of her cell phone reception. She sent this to two different addresses included on the company web site.

Kitty was unpleasantly surprised the following month to receive email notification that her bill was ready for payment. Once again, she was unable to open the billing statement. She waited a few days, thinking that AT&T may also be sending the bill by U.S. mail as she had requested, but received nothing. For a second time, she found the payment address to send her payment by mail. And for a second time she sent the same letter to the addresses she had previously used as well as to a different address from the web site. She also enclosed the letter along with her payment to the payment address. Even though she knew that the payment address was simply a drop box, she hoped someone had to read the letter to determine what account to credit. She hoped that her letter would be sent to someone who would take care of her problem.

She received the same unpleasant surprise for the third and fourth months, and each month sent the same two letters to the two different AT&T addresses, and also with her payment to the payment address. During the fourth month, a family member's cell phone on her calling plan deteriorated to the extent that it was impossible to use. So, after having been completely ignored by AT&T, she decided that rather than acquiring a new cell phone through AT&T, she would
change service providers. She did, however, keep her land line because her home security
system was connected to it.

As she contracted with the new cell phone company, she thought about the numerous
promotional letters she had received from AT&T attempting to recruit her as its customer. The
letters included valuable incentives to attract new customers to use AT&T services. She thought
about the high cost to AT&T to attract a new customer; yet, the company would have incurred
very little cost to keep her business. Somehow that made no sense. The company simply threw
away a loyal customer of 47 years, but was willing to incur large costs to attract new customers.

This continued until the seventh month when she did not even receive an email notice that her
bill was ready for payment and, once again, nothing by U.S. mail. In complete frustration she
sent yet another letter requesting paper copies of the past seven months' bills plus all future bills.
She also requested a response either by mail or suggested AT&T call her between 1:30 p.m. and
5:00 p.m.

While the letter was rather sarcastic, it did get results—though somewhat feeble. A customer
service representative attempted to call Kitty, but the representative’s work shift ended at noon.
As clearly stated in her letter, Kitty could not be reached by phone until the afternoon. The
company, however, had chosen a representative who could call only in the morning.

Through persistent calling, the representative did finally reach Kitty while Kitty was on a break.
The conversation was extremely short, however, because Kitty’s break was limited and the
representative’s shift was almost ending. The urgency to complete the conversation that Kitty
detected in the representative’s voice led her to question whether AT&T punished its employees
who worked overtime.

The only problem solved with that abbreviated telephone conversation was that Kitty finally did
receive all of her previous months’ bills. As suspected, she found several items that should not
have been charged to her account, as well as payments she had mailed in that were not credited.
She then sent AT&T a letter requesting the following corrections to her account:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, per statement</td>
<td>$459.63</td>
</tr>
<tr>
<td>Deduct internet service charges for five months, beginning with the April 14 bill, at $27.95 per month</td>
<td>-139.75</td>
</tr>
<tr>
<td>Deduct Contract Termination Fee from the June 14 bill, items number 4, 5, 6, total</td>
<td>-142.11</td>
</tr>
<tr>
<td>Deduct late payment charges of $5.20 on the July 14 bill and $8.76 on the August 14 bill.</td>
<td>- 13.96</td>
</tr>
<tr>
<td>Payments not credited</td>
<td>-457.25</td>
</tr>
<tr>
<td>Credit balance</td>
<td>-293.44</td>
</tr>
</tbody>
</table>
In the letter she explained that AT&T effectively terminated the cell phone plan by not responding to her requests for help with the quality of service. Kitty also requested that the long distance service on the land line be eliminated.

Kitty received no reply to her letter, and no further bills were mailed to her. In fact, AT&T made no further attempt to communicate with her. So, at the end of the eighth month, she sent yet another letter, once again requesting paper bills and she enclosed a copy of the previous letter disputing the amount owed.

Two weeks later, the company simply cut off her land line, with no notice or warning. She wondered about the ethics of a company that would leave a widow, who lived alone in a somewhat isolated area, vulnerable to a home invasion with no protection from her alarm system. Moreover, since she worked away from home for extended times during the year, the loss of a monitored alarm system left her home unprotected from burglary.

Cutting off a customer’s phone was a normally effective cost saving measure for the company. Because AT&T had a virtual monopoly on land lines in her area, many customers would be willing to pay the bill, even though they didn’t owe it, in order to keep the land line. The company would receive the revenue without incurring the cost of having an employee take time to work with the customer to determine the amount actually owed.

Finally, one month after the phone service was terminated Kitty received a billing statement from AT&T. That statement, however, had not credited her for any of the items requested and further stated that since her bill was overdue, payment was required by the 16th day of the month (the same day she received the bill). Two days later, on the 18th, Kitty received a call from a collection agency informing her that AT&T had turned her account over to the agency for collection. She was distraught; she knew that this would severely damage her exemplary credit record. In total disgust, she wondered if this was another cost saving measure of AT&T. In order to prevent damage to their credit record, some customers might simply pay the bill, even though not owed. Again, the company received the revenue without incurring the cost of having an employee spend time working through the bill to determine exactly how much was owed.

Kitty was fuming. She fired up her daughter's computer and wrote a letter to the Public Service Commission -- the regulatory body over telecommunications companies in Louisiana -- with copies to Mr. Randall Stephenson, Chairman, Chief Executive Officer and President of AT&T Inc., as well as to the collection agency. The letter to the Public Service Commission detailed every attempt she had made to resolve the billing and service problems.

Upon receipt of these letters, AT&T, at long last, contacted Kitty. The representative was helpful and agreed to credit her account as requested, except for the contract termination fee for the cell phones. The representative explained that although her division sent all of the billing statements for both divisions, the cell phone division was not under her jurisdiction, and that Kitty would need to request a credit for that fee directly from that division. Reluctantly, Kitty
agreed to talk to the cell phone division only if a representative called her, but also emphatically stated that she was not going to pay the fee.

Shortly after that conversation, a representative from the cell phone division did contact her. Because of the extremely harsh tone in his voice, however, Kitty, having never been subjected to such nastiness by any other AT&T employee, decided to minimize her conversation with him. She informed him that his problem was not with her, but with the division that was supposed to send the bills on behalf of the cell phone division. The other division had not fulfilled its duties as agreed, causing the cell phone division to lose money on the contract.

As an outsider to the company, with no control over how, when, or if her bill was sent, she felt that she was not responsible for the breach of contract and not liable for a fee. In her opinion, the company had breached the contract by not sending her bills as required by law. The representative’s defense that the other division was supposed to send the bill was invalid. Kitty did not think that contracting with someone else to send the bills relieved the cell phone division of its responsibility to make sure its bills were sent properly. As expected, she never heard from that representative again. She never received a credit for the termination fee, either.

Because she had received such poor service, Kitty wondered if AT&T had reduced its customer service. It certainly seemed to her that the quality of AT&T’s customer service had diminished. Had AT&T’s competitors also reduced customer service? What would the financial statements reveal?