

State of Florida



Public Service Commission

CAPITAL CIRCLE OFFICE CENTER • 2540 SHUMARD OAK BOULEVARD
TALLAHASSEE, FLORIDA 32399-0850

-M-E-M-O-R-A-N-D-U-M-

DATE: August 21, 2018
TO: Carlotta S. Stauffer, Commission Clerk, Office of Commission Clerk
FROM: Samantha Cibula, Office of the General Counsel *S.M.C.*
RE: Docket No. 20040167-TP

Please file the attached materials in the docket file listed above.

Thank you.

Attachment

RECEIVED-FPSC
2018 AUG 21 PM 2:50
COMMISSION
CLERK

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

June 11, 2004

Mr. John Rosner
Chief Attorney
Joint Administrative Procedures Committee
Room 120, Holland Building
Tallahassee, Florida 32399-1300

RE: Docket No. 040167-TP – Commission Rules Nos. 25-4.082, 25-4.083, 25-24.490, and 25-24.845, F.A.C.

Dear Mr. Rosner:

I am in receipt of your letter dated June 4, 2004, in which your office provided comments on Commission proposed Rules 25-4.082 and 25-4.083. The following is my response to your comments.

Your first comment pertains to Rule 25-4.082, and you asked whether section 364.01, Florida Statutes, should be cited as law implemented. This section will be added to the law implemented for Rule 25-4.082.

You also commented on Rule 25-4.083. In regard to subsection (5) of the rule, you asked that the specific statutory authority supporting the requirement that providers shall not solicit, market or induce subscribers to request a freeze be identified. A PC Freeze prevents telephone service from being switched without the customer's authorization. By soliciting, marketing, or inducing subscribers to request a freeze on their telephone service, companies can create barriers that make it more difficult for customers to switch to another provider, and that is anticompetitive behavior. It is the Commission's duty, pursuant to section 364.01(4)(g), Florida Statutes, to "[e]nsure that all providers of telecommunications services are treated fairly, by preventing anticompetitive behavior. . . ." Section 364.01, Florida Statutes, will be added to the specific authority supporting this rule.

In regard to Rule 25-4.083(6)(c), you asked for the specific authority supporting the requirement that independent third parties must not be owned, managed or directly controlled by the provider or the provider's marketing agent; must not have any financial incentive to confirm freeze requests; and must operate in a different location than the provider. Section 364.603, Florida Statutes, specifically states that the Commission's rules preventing the unauthorized changing of a subscriber's telecommunications service must be consistent with the Telecommunications Act of 1996 (Act), and that the rules must provide for specific verification methodologies. In accordance with this statutory requirement, the Commission looked to the Act, codified in the Code of Federal Regulations, Title 47, Part 64, Subsection 1190, entitled Preferred Carrier Freezes, to ensure that the rule is in conformance

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Internet E-mail: contact@psc.state.fl.us

Mr. John Rosner
Page 2
June 11, 2004


with the Act. A copy of Part 64, Subsection 1190 is included with this letter. As you can see, section 64.1190(d)(2)(iii) has the exact same language as the language you question. Also, the requirement that third parties not be owned, managed or directly controlled, etc., is a way of defining "independent" in that sentence. Thus, in response to your question, the specific authority for this requirement is section 364.603, Florida Statutes.

You also asked about the meaning of "appropriately qualified" in Rule 25-4.083(6)(c). To ensure the clarity of our rules, I will recommend to the Commission that these two words be removed from the subsection (6)(c) of Rule 25-4.083.

The Commission has also received comments from another entity in regard to proposed Rule 25-4.082. Thus, I will bring my recommendation on your comment on Rule 25-4.083(6)(c), as mentioned above, as well as the comments raised by the other entity for the Commission's consideration at its July 20, 2004, agenda conference. As proposed Rules 25-24.490 and 25-24.845 directly reference proposed Rules 25-4.082 and 25-4.083, the Commission will be considering all of these rules at the July 20, 2004, agenda conference, and all the rules will be filed together once the Commission considers whether any changes to the rules should be made. I anticipate that the notice for hearing on Rules 25-4.082, 25-4.083, 25-24.490, and 25-24.845 will appear in the July 2, 2004, Florida Administrative Weekly.

I hope this response addresses your concerns. You can reach me at (850)413-6202, if you would like to discuss this matter further.

Sincerely,


Samantha M. Cibula
Senior Attorney

[Code of Federal Regulations]
[Title 47, Volume 3, Parts 40 to 69]
[Revised as of October 1, 2000]
From the U.S. Government Printing Office via GPO Access
[CITE: 47CFR64.1190]

[Page 251-252]

TELECOMMUNICATION

CHAPTER I--FEDERAL COMMUNICATIONS COMMISSION-- (CONTINUED)

PART 64--MISCELLANEOUS RULES RELATING TO COMMON CARRIERS--Table of Contents

Subpart K--Changing Long Distance Service

Sec. 64.1190 Preferred carrier freezes.

(a) A preferred carrier freeze (or freeze) prevents a change in a subscriber's preferred carrier selection unless the subscriber gives the carrier from whom the freeze was requested his or her express consent. All local exchange carriers who offer preferred carrier freezes must comply with the provisions of this section.

(b) All local exchange carriers who offer preferred carrier freezes shall offer freezes on a nondiscriminatory basis to all subscribers, regardless of the subscriber's carrier selections.

(c) Preferred carrier freeze procedures, including any solicitation, must clearly distinguish among telecommunications services (e.g., local exchange, intraLATA/intrastate toll, interLATA/interstate toll, and international toll) subject to a preferred carrier freeze. The carrier offering the freeze must obtain separate authorization for each service for which a preferred carrier freeze is requested.

(d) Solicitation and imposition of preferred carrier freezes.

(1) All carrier-provided solicitation and other materials regarding preferred carrier freezes must include:

(i) An explanation, in clear and neutral language, of what a preferred carrier freeze is and what services may be subject to a freeze;

(ii) A description of the specific procedures necessary to lift a preferred carrier freeze; an explanation that these steps are in addition to the Commission's verification rules in Secs. 64.1150 and 64.1160 for changing a subscriber's preferred carrier selections; and an explanation that the subscriber will be unable to make a change in carrier selection unless he or she lifts the freeze; and

(iii) An explanation of any charges associated with the preferred carrier freeze.

(2) No local exchange carrier shall implement a preferred carrier freeze unless the subscriber's request to impose a freeze has first been confirmed in accordance with one of the following procedures:

(i) The local exchange carrier has obtained the subscriber's written and signed authorization in a form that meets the requirements of Sec. 64.1190(d)(3); or

(ii) The local exchange carrier has obtained the subscriber's electronic authorization, placed from the telephone number(s) on which the preferred carrier freeze is to be imposed, to impose a preferred carrier freeze. The electronic authorization should confirm appropriate verification data (e.g., the subscriber's date of birth or social security number) and the information required in Secs. 64.1190(d)(3)(ii)(A) through (D). Telecommunications carriers electing to confirm preferred carrier freeze orders electronically shall establish one or more toll-free telephone numbers exclusively for that purpose. Calls to the number(s) will connect a subscriber to a voice response unit, or similar mechanism that records the required information regarding the preferred carrier freeze request, including automatically recording the originating automatic numbering identification; or

(iii) An appropriately qualified independent third party has obtained the subscriber's oral authorization to submit the preferred carrier freeze and confirmed the appropriate verification data (e.g.,

the subscriber's date of birth or social security number) and the information required in Sec. 64.1190(d)(3)(ii)(A) through (D). The independent third party must not be owned, managed, or directly controlled by the carrier or the carrier's marketing agent; must not have any financial incentive to confirm preferred carrier freeze requests for the carrier or the carrier's marketing agent; and must operate in a location physically separate from the carrier or the carrier's marketing agent. The content of

[[Page 252]]

the verification must include clear and conspicuous confirmation that the subscriber has authorized a preferred carrier freeze.

(3) Written authorization to impose a preferred carrier freeze. A local exchange carrier may accept a subscriber's written and signed authorization to impose a freeze on his or her preferred carrier selection. Written authorization that does not conform with this section is invalid and may not be used to impose a preferred carrier freeze.

(i) The written authorization shall comply with Secs. 64.1160(b), (c), and (h) of the Commission's rules concerning the form and content for letters of agency.

(ii) At a minimum, the written authorization must be printed with a readable type of sufficient size to be clearly legible and must contain clear and unambiguous language that confirms:

(A) The subscriber's billing name and address and the telephone number(s) to be covered by the preferred carrier freeze;

(B) The decision to place a preferred carrier freeze on the telephone number(s) and particular service(s). To the extent that a jurisdiction allows the imposition of preferred carrier freezes on additional preferred carrier selections (e.g., for local exchange, intraLATA/intrastate toll, interLATA/interstate toll service, and international toll), the authorization must contain separate statements regarding the particular selections to be frozen;

(C) That the subscriber understands that she or he will be unable to make a change in carrier selection unless she or he lifts the preferred carrier freeze; and

(D) That the subscriber understands that any preferred carrier freeze may involve a charge to the subscriber.

(e) Procedures for lifting preferred carrier freezes. All local exchange carriers who offer preferred carrier freezes must, at a minimum, offer subscribers the following procedures for lifting a preferred carrier freeze:

(1) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's written and signed authorization stating her or his intent to lift a preferred carrier freeze; and

(2) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's oral authorization stating her or his intent to lift a preferred carrier freeze and must offer a mechanism that allows a submitting carrier to conduct a three-way conference call with the carrier administering the freeze and the subscriber in order to lift a freeze. When engaged in oral authorization to lift a preferred carrier freeze, the carrier administering the freeze shall confirm appropriate verification data (e.g., the subscriber's date of birth or social security number) and the subscriber's intent to lift the particular freeze.

[64 FR 7762, Feb. 16, 1999]

STATE OF FLORIDA

COMMISSIONERS:
BRAULIO L. BAEZ, CHAIRMAN
J. TERRY DEASON
LILA A. JABER
RUDOLPH "RUDY" BRADLEY
CHARLES M. DAVIDSON



OFFICE OF THE GENERAL COUNSEL
RICHARD D. MELSON
GENERAL COUNSEL
(850) 413-6199

Public Service Commission

June 14, 2004

Mr. John Rosner
Chief Attorney
Joint Administrative Procedures Committee
Room 120, Holland Building
Tallahassee, Florida 32399-1300

RE: Docket No. 040167-TP – Commission Rules Nos. 25-4.082, 25-4.083, 25-24.490, and 25-24.845, F.A.C.

Dear Mr. Rosner:

I am in receipt of your letter dated June 8, 2004, in which your office provided comments on Commission proposed Rule 25-24.490. The following is my response to your comments.

Specifically, you asked for the statutory provision supporting proposed subsection (4) of Rule 25-24.490. Section 364.337(4), Florida Statutes, sets forth the sections that do not apply to interexchange telecommunications companies. Section 364.16, addressing the transferring or porting of telephone numbers, is not listed. Furthermore, section 364.337(4) specifically states that interexchange telecommunications companies may not be granted a waiver of the requirements of section 364.16. I will add section 364.337(4) as supporting authority for this rule.

As I stated in my response letter dated June 11, 2004, regarding your comments on proposed Rules 25-4.082 and 25-4.083, I will bring a recommendation for the Commission's consideration on your comment on Rule 25-4.083(6)(c), along with comments made by another entity on proposed Rule 25-4.082, to the Commission's July 20, 2004, agenda conference. As proposed Rules 25-24.490 and 25-24.845 directly reference proposed Rules 25-4.082 and 25-4.083, the Commission will be considering all of these rules at the July 20, 2004, agenda conference, and all the rules will be filed together once the Commission considers whether any changes to the rules should be made. I anticipate that the notice of hearing on Rules 25-4.082, 25-4.083, 25-24.490, and 25-24.845 will appear in the July 2, 2004, Florida Administrative Weekly.

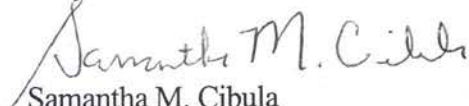
Mr. John Rosner

Page 2

June 14, 2004

I hope this response addresses your concerns. You can reach me at (850)413-6202, if you would like to discuss this matter further.

Sincerely,


Samantha M. Cibula
Senior Attorney

JAMES MEZA III
Attorney

BellSouth Telecommunications, Inc.
150 South Monroe Street
Suite 400
Tallahassee, Florida 32301
(305) 347-5561

February 11, 2002

Samantha M. Cibula
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, Florida 32399-0850

RECEIVED
02 FEB 12 AM 11:00
FLORIDA PUBLIC SERVICE COMMISSION
DIVISION OF APPEALS

**RE: Proposed Rule Development of Rules 25-4.082, 25-4.110, 25-24.490,
and 25-24.845, Florida Administrative Code, to adopt and amend
provisions relating to number portability and preferred carrier freezes**

Dear Ms. Cibula:

Pursuant to the Commission's January 30, 2002 Notice, BellSouth Telecommunications, Inc. hereby requests that the Commission conduct a workshop for the above-captioned proposed rules.

If you have any questions regarding the aforementioned, please call me directly at (305) 347-5561.

Sincerely,


(11)

James Meza III

JM/vf

cc: Marshall M. Criser III
R. Douglas Lackey
Nancy B. White



Law & Public Policy – Southern Region
1203 Governor's Square Boulevard, Suite 201
Tallahassee, FL 32301
FAX: 850-219-1018 or v922-1018

Date: 5/30/08

To: Samantha Cibula

Fax #: 413-6203 Phone #: 413-6202

From: Donna McNulty # of Pages (Including Cover): 16
850-219-1008 or v922-1008

MESSAGE:

*Samantha -
Our request for workshop & preliminary
comments for the PC rule is attached.
If you have any questions, please call.
Thanks -
Donna*

CONFIDENTIAL ATTORNEY CLIENT PRIVILEGED COMMUNICATION

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Rule Development for Proposed)
Adoption of Rule 25-24.082, F.A.C.,) Undocketed
and Proposed Amendment of Rules)
25-24.110, 25-24.490, and 25-24.845, F.A.C.) Filed: May 30, 2003

**REQUEST FOR WORKSHOP
AND PRELIMINARY COMMENTS OF AT&T AND MCI**

In response to the proposed rules regarding PC Freeze and 800 Number Portability published by staff of the Florida Public Service Commission (FPSC), AT&T Communications of the Southern States, LLC and TCG South Florida, Inc. (collectively "AT&T"), and MCImetro Access Transmission Services, LLC, and MCI WorldCom Communications, Inc. (collectively "MCI"), hereby file the following comments. AT&T incorporates by reference its previously filed comments related to this issue.

INTRODUCTION

AT&T and MCI oppose the use of preferred carrier ("PC") freezes. In light of the fact that Florida has existing statutes and rules regarding PC freezes, AT&T and MCI support most of staff's proposed changes to those rules. However, AT&T and MCI urge the staff to clarify the proposed rules by explicitly providing that local providers may not solicit, market, or induce a customer to request a PC freeze.

SPECIFIC COMMENTS

In 1995, the Florida Legislature took an enormous, progressive step by allowing competitive entry into Florida's local telecommunications market. Likewise, a year later

Congress passed the landmark Telecommunications Act of 1996. The Florida Legislature found that the competitive interest of telecommunications services to be in the public interest and that the transition from monopoly provision of local exchange service to competitive provision thereof will require regulatory oversight to protect consumers and to provide for fair and effective competition. (Section 364.01(3), Florida Statutes) The Florida Legislature also specifically charged the FPSC to eliminate any rule or regulation that will delay or impair the transition to competition and to ensure that all telecommunications providers are treated fairly by preventing anticompetitive behavior and eliminating unnecessary regulatory restraint. (Section 364.01(4), Florida Statutes)

During approximately the same time, in the long distance market there was an increase in the phenomenon now commonly called "slamming," where a customer's telecommunications service is converted to another provider without appropriate authorization. In addition to taking action against specific carriers, state commissions and the FCC promulgated detailed rules in an effort to prevent unauthorized customer conversions.

Florida's "slamming rules" became effective in 1998 and apply to all long distance, local, and local toll providers. (Portions of Rules 25-4.118, and 25-4.110, Florida Administrative Code. Of interest to this proceeding, one FPSC rule requires companies that bill for local service to provide notification with the customer's first bill or via letter, and annually thereafter that a PC Freeze is available. The rule also requires that existing customers be notified annually that a PC Freeze is available. (Currently, this is Rule 25-4.110(16), F.A.C.) The purpose of the PC Freeze is to provide an additional method for a customer to protect him/herself against slamming.

Also in 1998, the Florida Legislature required the Florida Public Service Commission to adopt rules to prevent the unauthorized changing of a subscriber's telecommunications service. Section 364.603, Florida Statutes, specifically provides that such rules:

... shall be consistent with the Telecommunications Act of 1996, provide for specific verification methodologies, provide for the *notification* to subscribers of the ability to freeze the subscriber's choice of carriers at no charge . . . (emphasis added)

Staff now proposes to modify its "PC Freeze" rule substantially, providing details for its application and lifting. Although most of the proposal is not objectionable, the section regarding solicitation of PC freezes causes extreme concern with respect to competition in the local market. Rather than providing for *notification* as set forth by statute and current rule, the staff proposal goes much further and allows for *solicitation*, which is much broader than notification. In particular, solicitation of PC freezes can have a particularly adverse impact on competition. Local competition in Florida is nascent and simply has not developed to the point where such a program would provide any genuine, meaningful consumer protection against slamming.

The FCC and numerous state commissions have recognized the potentially detrimental impact that local PC Freezes can have on local competition, recognizing that the local PC Freeze must be offered in a way that is competitively neutral and nondiscriminatory. The local PC Freeze can be a tool with powerful anti-competitive potential.

AT&T and MCI recognize that the Legislature has required the FPSC to adopt rules providing for the notification to subscribers of the ability to freeze the subscribers choice of carriers at no charge. The proposed rule as currently drafted, however, goes

well beyond the notification required by statute, and does nothing to prevent a local company from offering a local PC freeze on every call. The fact that most telephone users must communicate with the incumbent local exchange company to obtain equipment and service on their premises gives the incumbent a built-in advantage that would be unfair to competitive local exchange carriers ("CLECs").

The PC freeze system provides a degree of protection against slamming, but only at enormous and unnecessary cost to competitors and consumers, especially if it is overbroad in its implementation. Local freezes have proven to have a detrimental impact on local competition resulting in competitors' lost revenue, delayed local service orders, rejected local service orders, lost sales, increased cost of sales and most importantly customer dissatisfaction due to these negative impacts.

The PC freeze locks the customer into a specific carrier and then requires additional work on the part of the customer to open this "lock" if the customer chooses to migrate to another carrier. The customer may first be required to speak with a representative (with or without a CLEC representative on the line), or sign a letter of authorization before the customer migrates to the CLEC. Accordingly, a customer might need to be persistent to pursue a change in carriers, something a customer is not likely to do in an environment where local competition is still in its infancy.

Because most customers will be migrating from incumbent local exchange carriers ("ILECs") to a CLEC, allowing local providers, in particular the incumbent local providers, to solicit for PC freezes increases exponentially the negative impact of PC freezes on local competition.

Even the Federal Communications Commission ("FCC") has specifically recognized the potential for abuse of the local service freeze ("LSF") process:

[W]e recognize, as several commenters observe, that preferred carrier freezes can have a particular adverse impact on the development of competition in markets soon to be or newly open to competition. These commenters in essence argue that incumbent LECs seek to use preferred carrier freeze programs as a means to inhibit the ability or willingness of customers to switch to the services of new entrants. We share concerns about the use of preferred carrier freeze mechanisms for anticompetitive purposes. We concur with those commenters that assert that, where no or little competition exists, there is no real opportunity for slamming and the benefit to consumers from the availability of freezes is significantly reduced. Aggressive preferred carrier freeze practices under such conditions appear unnecessary and raise the prospect of anticompetitive conduct.

Second Report and Order, In the Matter of Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, CC Docket No. 94-129, FCC 98-334, released December 23, 1998, at para. 36. [Footnotes omitted, emphasis added.]

Furthermore, the FCC has expressly stated that individual state commissions may prohibit the implementation or solicitation of preferred local carrier freezes, should such a prohibition be either necessary or appropriate:

We make clear, however, that states may adopt moratoria on the imposition or solicitation of intrastate preferred carrier freezes if they deem such action appropriate to prevent incumbent LECs from engaging in anticompetitive conduct. We note that a number of states have imposed some form of moratorium on the implementation of preferred carrier freezes in their nascent markets for local exchange and intraLATA toll services. [Footnote omitted referencing decisions in New Jersey, California, and Texas.] We find that states – based on their observation of the incidence of slamming in their regions and the development of competition in relevant markets, and their familiarity with those particular preferred carrier freeze mechanisms employed by LECs in their jurisdictions – may conclude that the negative impact of such freezes on the development of competition in local and intraLATA toll markets may outweigh the benefit to consumers. *Id.*, at para. 38. (Emphasis added)

This language describes exactly the situation here in Florida. Any proposal allowing for the solicitation of PC freezes has the potential for the incumbents to lock in their existing market share contrary to the intent of Section 364.01, Florida Statutes.

The Public Utility Commission of Texas also has recognized that even where PC freezes are available, the carrier should not be able to solicit the freezes. The Texas Commission ordered:

All information provided by a telecommunications utility about freezes shall have the sole purpose of educating customers and providing information in a neutral way to allow the customer to make an informed decision, and **shall not market or induce the customer to request a freeze**.... (Order issued on September 26, 2002 in Project No. 26131.) (emphasis supplied)

Accordingly, AT&T and MCI urge staff to propose rules that prohibit all local providers from soliciting for PC freezes because of the detrimental effect it would have on competition. Because solicitation of PC Freezes would have a significant detrimental impact on local competition in Florida, the proposed rule would be contrary to the intent of Section 364.01, Florida Statutes, to promote and encourage competition in the local exchange market in Florida. Allowing local providers to solicit for freezes effectively gives the incumbent local providers a Commission-approved means to lock in their existing market share and prevent the development of local competition to the detriment of Florida consumers.

AT&T and MCI suggest alternative language to staff's proposal. (Attachment 1) The alternative proposal provides for notification of PC Freeze, which is consistent with Section 364.603, Florida Statutes, and enumerates requirements for specific notification material. The alternative proposal also prohibits *all* local providers from soliciting,

marketing or inducing customers to request a PC Freeze, which is consistent with Section 364.01, Florida Statutes.

CONCLUSION

For all of these reasons, the FPSC must carefully weigh the directives of the Legislature and balance the need for consumer protection with the mandate to encourage and foster local competition. The two goals are not mutually exclusive. The solution is for the FPSC to allow for notification, which provides subscribers with protection against slamming if they desire, and to prohibit solicitation of PC freezes, which ensures that the PC Freeze is not used as a tool with powerful anti-competitive potential.

AT&T and MCI propose alternative rule language that achieves these goals in Attachment 1. Further, AT&T and MCI respectfully request staff to schedule a workshop to consider the portion of the rule discussed in these comments.

Respectfully submitted this 30th day of May, 2003.

Donna Canzano McNulty for

Virginia Tate
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1200 Peachtree Street, N.E.
Suite 8100
Atlanta, GA 30309
(404) 810-4922

Attorney for AT&T Communications of the
Southern States, LLC and TCG South
Florida, Inc.

and

Donna Canzano McNulty

Donna Canzano McNulty
MCI
1203 Governors Square Boulevard
Suite 201
Tallahassee, FL 32301
(850) 219-1008

Attorney for MCI WorldCom
Communications Inc., and MCI metro
Access Transmission Services, LLC

ATTACHMENT 1

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

25-4. 083 Preferred Carrier Freeze

A PC Freeze prevents a change in a subscriber's preferred provider selection unless the subscriber gives the provider from whom the PC Freeze was requested consent to remove the PC Freeze.

(1) A PC Freeze shall not be imposed on a subscriber's account without the subscriber's authorization and shall not be required as a condition for obtaining service.

(2) A PC Freeze shall be implemented or removed at no charge to the subscriber.

(3) A PC Freeze shall be offered on a nondiscriminatory basis to all subscribers, regardless of the subscriber's provider selections.

(4) The subscriber's authorization shall be obtained for each service for which a PC Freeze is requested. Procedures implemented by local exchange providers, ~~including any solicitation,~~ must clearly distinguish among telecommunications services (e.g., local, local toll, and toll) subject to a PC Freeze.

(5) ~~All solicitation and other material~~ All notification material regarding PC Freezes must include:

- (a) An explanation of what a PC Freeze is and what services are subject to a Freeze;
- (b) A description of the specific procedures necessary to lift a PC Freeze and an explanation that the subscriber will be unable to make a change in provider selection unless the subscriber authorizes lifting of the PC Freeze; and
- (c) An explanation that there are no charges for implementing or removing a PC Freeze.

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

(6) A local provider may not solicit, market or induce customers to request a PC freeze.

(7~~6~~) A local exchange provider shall not implement a PC Freeze unless the subscriber's request to impose a freeze has first been confirmed in accordance with one of the following procedures:

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

- (a) The local exchange provider has obtained the subscriber's written or electronically signed authorization in a form that meets the requirements of subsection (7); or
- (b) The local exchange provider has obtained the subscriber's electronic authorization, placed from the telephone number(s) on which the PC Freeze is to be imposed. The electronic authorization should confirm appropriate verification data (e.g., the subscriber's date of birth or the last four digits of the subscriber's social security number) and the information required in subsection (7) (a) through (d). Telecommunications providers electing to confirm PC Freeze orders electronically shall establish one or more toll-free telephone numbers exclusively for that purpose. Calls to the number(s) will connect a subscriber to a voice response unit, or similar mechanism that records the required information regarding the PC Freeze request, including automatically recording the originating automatic numbering identification;
- or
- (c) An appropriately qualified independent third party has obtained the subscriber's oral authorization to submit the PC Freeze and confirmed the appropriate verification data (e.g., the subscriber's date of birth or the last four digits of the subscriber's social security number) and the information required in subsection (7) (a) through (d). The independent third party must not be owned, managed, or directly controlled by the provider or the provider's marketing agent; must not have any financial incentive to confirm

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

(d) PC Freeze requests for the provider or the provider's marketing agent; and must operate in a location physically separate from the provider or the provider's marketing agent. The content of the verification must include clear and conspicuous confirmation that the subscriber has authorized a PC Freeze.

(7) A local exchange provider shall accept a subscriber's written and signed authorization to impose a PC Freeze on a preferred provider selection. A written authorization shall be printed with a readable type of sufficient size to be clearly legible and must contain clear and unambiguous language that confirms:

- (a) The subscriber's billing name and address and the telephone number (s) to be covered by the PC Freeze;
- (b) The specific service, (e.g., local, local toll, and toll), separately stated, on which a PC Freeze will be imposed.
- (c) That the subscriber understands that to make a change in provider selection, the subscriber must lift the PC Freeze; and

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

- (d) That there will be no charge to the subscriber for a PC Freeze.
- (8) All local exchange providers shall, at a minimum, offer subscribers the following procedures for lifting a PC Freeze:
 - (a) Acceptance of a subscriber's written or electronically signed authorization; and
 - (b) Acceptance of a subscriber's oral authorization along with a mechanism that allows the submitting provider to conduct a three-way conference call between the provider administering the PC Freeze and the subscriber. The provider administering the PC Freeze shall confirm appropriate verification data (e.g., the subscriber's date of birth or the last four digits of the subscriber's social security number) and the subscriber's intent to lift a specific PC Freeze.
- (9) Information obtained under (6) and (8) (a) shall be maintained by the provider for a period of one year.
- (10) A PC Freeze shall not prohibit a LP from changing its wholesale customer's services when serving the same end user.
- (11) Local providers shall make available an indicator on the customer service record that identifies whether the subscriber currently has a PC Freeze in place.
- (12) Local providers shall make available the ability for the subscriber's new local provider to initiate a local PC Freeze using the local service request.

NOTICE OF PROPOSED RULE DEVELOPMENT
UNDOCKETED
AT&T AND MCI ALTERNATIVE PROPOSAL

(13) Local providers shall ensure that the local service order will not
reject while the local freeze lift request is in progress.

Specific Authority: 350.127, 364.603, F.S.

Law Implemented: 364.603

History-- New xx-xx-x.

May 30, 2003

Mr. Ray Kennedy
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32312

RE: Proposed PC Freeze and Number Portability Rules

Dear Mr. Kennedy:

Per our previous phone conversations and our input at the previous workshops on these proposed rules, Sprint – Florida and Sprint Communications Company, LLP, has two issues with the draft rules as currently proposed. The following are Sprint's comments on these two issues.

Rule 25-4.083 (13) Violates the Federal Slamming Rules

All local exchange providers that administer preferred carrier freeze services are bound by the Federal Communication Commission's Slamming Rules which maintains the requirement that only subscribers can implement or lift a preferred carrier freeze through contact with their local carrier. In its Third Report and Order (CC 94-129), the FCC stated that, "the essence of a preferred carrier freeze is that a subscriber must specifically communicate his or her intent to request or lift a freeze and it is this limitation on lifting preferred carrier freezes that gives the freeze mechanism its protective effect." Under the Federal Rules the subscriber has access to several methods of lifting a preferred carrier freeze; e.g., a local exchange carrier must accept a subscriber's oral authorization stating his or her intent to lift a freeze and must offer a mechanism that allows a submitting carrier to conduct a three-way conference call with the carrier administering the freeze and the subscriber in order to lift a freeze. Sprint Local Telephone Company fully complies with these requirements, and upon receipt of the customer's authority to lift the freeze, a switch change request would be completed. Until the preferred carrier freeze is lifted by the customer, the Federal Rules demand that the old local service provider reject the service order. In addition, the old service provider cannot unilaterally hold a local service order when a preferred carrier freeze exists on an account. The old service provider has no visibility to the fact that the freeze may at some future time be lifted.

Based on the Federal Rules regarding the administration of preferred carrier freeze services, Sprint believes that Rule 25-4.0083(13) should be deleted.

25-4.082 (2) Number Portability Encourages Consumer Fraud

(2) A working number or a number in Temporary Disconnect status shall be ported regardless if a balance is owed.

Sprint proposes that the Commission allow local service providers to deny a customer's request to port their number when the customer has failed to pay all charges due. Sprint has long supported the position that the local service provider should be permitted to collect all charges due prior to a delinquent customer moving on to another provider. Customers do not own numbers. Numbers of customers that have been suspended for non-pay have been disconnected and are considered unassigned numbers.

If Sprint is required to port customers with a number in Temporary Disconnect status, we will be negatively impacted systematically, operationally, and financially. Currently, Sprint's systems are not equipped to port numbers that are in delinquent status and system enhancements would be required. Please refer to the comments Sprint provided on May 23, 2002 regarding this proposed rule.

Sprint respectfully requests the Commission consider preserving the local service provider's authority to refuse to port the number of a delinquent customer.

If you have any questions regarding Sprint's position on these two issues, please contact me at (850) 847-0173.

Sincerely,

Sandra A. Khazraee

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Rule Development for Proposed Adoption of Rules 25-4.082, 25-4.083, and Proposed Amendment of Rules 25-4.003, 25-24.490 and 25-24.845, F.A.C.

Undocketed

COMMENTS OF VERIZON FLORIDA INC.

Verizon Florida Inc. (Verizon) hereby submits its comments on the Notice of Proposed Rule Development, issued April 16, 2003, regarding the adoption and amendment of rules addressing number portability and preferred carrier (PC) freezes.

I. INTRODUCTION

On November 25, 2002, Staff held an undocketed workshop to solicit industry input on number portability and PC freeze rules. Verizon generally agrees with the proposed rules that were issued in the wake of that workshop. These comments focus only on the few (albeit important) rules that require modification.

If Staff accepts Verizon's proposed modifications, it is not necessary to conduct further workshops before the Commission takes further action on the proposed rules. However, if Staff rejects Verizon's proposed modifications, Staff should conduct further workshops to develop acceptable alternatives to the modifications suggested herein.

II. RECOMMENDATIONS

A. Section 25-4.082 Number Portability.

Verizon recommends a single minor modification to the proposed number portability rules. Subsection (3) provides that "A local provider shall not disconnect a subscriber's service for a working number . . . upon receiving a local service request from another local provider." This subsection should be modified to provide that "A local

provider shall not disconnect a subscriber's working number . . . upon receiving a local service request from another local provider." This minor modification simplifies the rule and makes it easier to understand.

B. Section 25-4.083 Preferred Carrier Freeze.

Verizon recommends three substantive changes to the proposed PC freeze rules.

Subsection (10) provides that "A PC Freeze shall not prohibit a LP from changing its wholesale customer's services when serving the same end user." This subsection should be modified to permit any telecommunications carrier, relying on the facilities of an underlying carrier for the provision of any type of service (i.e., local, intraLATA toll and/or interLATA toll), to migrate its end users to a new underlying carrier. This modification is necessary because carriers rely on the facilities of underlying carriers to provision more than just local service (e.g., "switchless resellers" rely on the facilities of underlying long distance carriers to provide intraLATA or interLATA toll services). In light of the foregoing, Verizon recommends that subsection (10) be modified to read as follows: "A PC Freeze shall not prohibit a telecommunications carrier, relying on the facilities of an underlying carrier for the provision of any type of service (i.e., local, intraLATA toll and/or interLATA toll), to migrate some or all of its end users to a new underlying carrier."

Subsection (12) provides that "Local providers shall make available the ability for the subscriber's new local provider to initiate a local PC Freeze using the local service request." This subsection should be modified in two respects. First, it should be revised to limit the types of carriers that can request or lift a PC freeze on an end user's

behalf. Only ALECs that rely on the facilities of an underlying carrier to provide service, such as switchless resellers, should be permitted to submit freeze implementation and lift requests directly with their underlying network providers. Even then, the ALECs should be required to verify all end-user freeze implementation requests in accordance with Federal Communications Commission (FCC) rules, and ALECs should be allowed to request freeze lifts only on the end user's explicit instruction. Under no circumstance should interexchange carriers (IXCs) be permitted to initiate freezes or request freeze lifts from a local exchange carrier (LEC) because such a practice would violate subsections (1) and (6) of this Commission's proposed PC freeze rules as well as the FCC's PC freeze rules, see 47 C.F.R. Section 64.1190, and it would undermine the very purpose of such freezes. Second, subsection (12) should be revised to permit the ALECs described above to request and lift freezes on all service categories (i.e., local, intraLATA toll and interLATA toll) because they are required to perform all LEC functions for their own end users. In light of the foregoing, Verizon recommends that subsection (12) be modified to read as follows: "Local providers shall not prohibit those alternative local exchange carriers that rely on a underlying provider to provision service from initiating or lifting a freeze for any type of service (i.e., local, intraLATA toll and/or interLATA toll), so long as the alternative local exchange carrier obtains appropriate authorization from the subscriber in accordance with FCC and FPSC rules.

Subsection (13) provides that "Local providers shall ensure that the local service order will not reject while the local freeze lift request is in progress." This subsection should be deleted because there is no reasonable way for LECs to synchronize the handling of carrier change requests and freeze removals. The LEC cannot synchronize

these two processes because it does not control when the carrier change requests and freeze removals will be transmitted, and these two transmissions do not typically occur simultaneously.¹ Because Verizon does not control the timing of these transmissions, there is no way for the LEC to ensure that the carrier change will not reject while the local freeze lift is in process. Therefore, Verizon recommends that this subsection be deleted in its entirety.

III. CONCLUSION

For the foregoing reasons, the Commission should modify its proposed rules in accordance with the recommendations set forth herein.

Respectfully submitted on May 30, 2003

By: _____

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Attorney for Verizon Florida Inc.

¹ Most carrier change requests are transmitted electronically, whereas most freeze lift requests are made over the telephone or in writing to the LEC business offices.

Nancy B. White
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RECEIVED
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FLA PUBLIC SERVICE COMM.
OFFICE OF THE
GENERAL COUNSEL

May 30, 2003

Ms. Samantha M. Cibula
Office of the General Counsel
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

**Re: Undocketed Matter:
Number Portability and Preferred Carrier Freezes**

Dear Ms. Cibula:

Enclosed is BellSouth Telecommunications, Inc.'s Comments in the captioned matter. Also, at this time, BellSouth would like to request a workshop.

Sincerely,


Nancy B. White (KA)

Enclosures

cc: Marshall M. Criser III
R. Douglas Lackey

Pursuant to the FPSC staff's notice of proposed Rule development issued on April 16, 2003, BellSouth submits the following comments and requests for clarification regarding the proposed additions to 25-4.003 (definitions), and the creation of proposed Rule 25-4.083, Florida Administrative Code (Preferred Carrier Freeze).

25-4.003 – Definitions and 25-4.082 Number Portability

The staff proposes defining a Temporary disconnect as a disruption of telephone service to a customer for a period of no less than 14 days prior to permanent disconnect. BellSouth does not believe it is necessary to add a definition for Temporary Disconnect. If staff believes that adding a definition of temporary disconnect is required, the definition should be flexible in nature to allow all companies to run their business in an efficient manner. BellSouth does not believe that a specified time period before a denied service can be disconnected should be required by rule. BellSouth recommends defining temporary disconnect as a disruption of telephone service to a customer prior to permanent disconnect.

FPSC rule 25-4.113 (Refusal or Discontinuance of Service by Company) (1) (e) and (f) allows the company to re-use or discontinue telephone service under certain conditions, provided 5 working days' written notice is given to the customer before suspension or termination. Under FPSC rule 25-4.003 (53), the staff proposes a definition of Temporary disconnect to be "a disruption of telephone service to a customer for a period of no less than 14 days prior to permanent disconnect." The staff further proposes the creation of 25-4.082 (Number Portability) which states: "a local provider shall not disconnect a subscriber's service for a working number or block porting of a number in temporary disconnect status upon receiving a local service request from another local provider."

As stated above, BellSouth does not believe that a specified time period is required by rule before a denied service can be disconnected. However, based on the staff's proposed rule, BellSouth would like to request clarification as to how the current FPSC rule and the proposed rule work together (i.e., Currently a local provider is only required to provide 5 working days' written notice before a customer is suspended or terminated -- Does the proposed rule add to that time period?).

25-4.083 Preferred Carrier Freeze

Section (1) of the staff's proposed rule states that "A PC Freeze shall not be imposed on a subscriber's account without the subscriber's authorization and shall not be required as a condition for obtaining service." BellSouth requests clarification regarding the intent of the proposed rule. Specifically, is the intent of the proposed rule to ensure that the authorization of placing freezes on accounts does not occur automatically?

Section (3) of the staff's proposed rule states " A PC Freeze shall be offered on a non-discriminatory basis to all subscribers regardless of the subscribers provider selections." While BellSouth currently does not proactively offer a PC freeze on every call, when a PC freeze is offered it is done on a non-discriminatory basis regardless of the subscriber's provider selections.

Pursuant to Florida Statute 364.603 and FPSC rule 25-4.110 (16), BellSouth provides notification with the customer's first bill, and annually thereafter that a PC Freeze is available.

BellSouth requests clarification that 25-4.083 (3) of the staff's proposed rule does not require BellSouth to affirmatively offer a PC freeze on every call.

Section (5) of the proposed rule requires all solicitation and other materials regarding PC freezes must include certain information. As stated above, pursuant to FPSC rule 25-4.110 (16), BellSouth provides notification with the customer's first bill, and annually thereafter that a PC Freeze is available. Are the specifications in Section (5) (a-c) of this proposal referring to what should be in the annual notice as required in 25-4.110 (16)? Also, BellSouth requests clarification as to what the staff is referring to in regards to "all solicitation and other materials"?

Additionally, Section 64.1190 (d)(1) (i-iii) of the FCC rules requires that all carriers provide solicitation and other materials regarding preferred carrier freezes must include certain information. BellSouth requests that the staff's proposed rule (5) (a-c) be consistent with the FCC rule (attached).

Specifically, as a part of what should be included on "all solicitation and other materials", Section (5)(c) of the proposed rule states that it should include "An explanation that there are no charges for implementing or removing a PC Freeze." Section 64.1190 (d) (1) (iii) of the FCC rules state that "An explanation of any charges associated with the preferred carrier freeze" should be included. While BellSouth does not currently charge for a PC freeze in any of its nine state region, BellSouth would request the staff's proposed rules be consistent with the FCC rules.

Section (8) of the staff's proposed rule states that all local exchange providers shall, at a minimum, offer subscribers certain procedures for lifting a PC Freeze. The proposed rule provides (a) a local provider can accept a subscriber's written or electronically signed authorization; **and** (b) acceptance of a subscriber's oral authorization along with a mechanism that allows the submitting provider to conduct a three way conference call between the provider administering the PC Freeze and the subscriber. BellSouth requests clarification regarding what is required by the proposed rule. If (a) and (b) are provided as options to be utilized by the local provider in lifting a PC Freeze, BellSouth believes that there should be an "**or**" instead of "**and**" when referring to what shall be offered.

Section (10) of the staff's proposed rule states "A PC Freeze shall not prohibit a LP from changing its wholesale customer's services when serving the same end user." Bellsouth believes that this rule refers to the situation when an ALEC wants to change wholesales services (from resale to UNE-P) when serving the same customer, and a local service freeze is on the account. BellSouth requests affirmation from the staff as to the intent of this portion of the proposed rule.

BellSouth requests clarification of Section (13) of staff's proposed rule. The proposed rule states "local providers shall ensure that the local service order will not reject while the local freeze lift request is in progress." BellSouth believes that the phrase should refer to a local service "request" instead local service order.



Sandra A. Khazraee
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Florida

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May 24, 2002

Mr. Rick Moses
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

RE: Undocketed – Post Workshop Comments on Porting of Suspended Numbers

Dear Mr. Moses:

At the May 2, 2002 workshop, Sprint explained that it is against Sprint policy to port a number of a customer that has been suspended for non-pay. Sprint has this policy for two reasons. First of all, Sprint believes that allowing porting of suspended numbers will only encourage fraud and carrier hopping. Second, Sprint has Operational Support Issues which do not allow the porting of suspended numbers.

Porting numbers suspended for non-pay would allow customers to leave one LEC with a large unpaid bill and switch to another carrier while keeping the phone number associated with the account that has the unpaid balance. Sprint believes that there are no legal or regulatory constraints that would prevent a carrier from denying a port-out to a customer that has a past balance due and has been disconnected from service (i.e., disconnected for non-pay or DNP). Although the FCC has not specifically addressed this point in any of its LNP orders, Sprint believes that such a policy is consistent with its LNP rules and policy. In particular, 47 CFR 52.51(k) states, "The term number portability means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." Thus, by definition, number portability refers to the ability of a telecommunications service user to retain a number when switching service providers. Sprint believes, therefore, that a prerequisite to porting is that a customer must actually be a current telecommunications service user. In other words, if a customer does not currently have access to the telecommunications service then the customer is not eligible to port a number. Thus, a customer whose service has been suspended is unable to make or receive calls and has, for all intents and purposes, been disconnected from the public switched telephone network (PSTN). (If the directory number is not reachable through the PSTN then services are not retained.)

Aside from the policy issue, Sprint also has an operational issue with porting suspended numbers. Sprint's Operational Support Systems (OSS) will not allow a suspended number to be ported to another carrier. OSS modifications would be required in order to

port suspended numbers. An initial estimate of \$250,000 - \$500,000 would be required to modify the OSS.

When an account is suspended for non-pay, Sprint's Suspend & Restore System (SRS) initiates a disconnect order (D order). If no payment is received on the account within 14 days, the D order is automatically activated within the system and the customer's service is permanently disconnected. This disconnect order is a normal D order and does not show the number as "ported". The D order is issued by SRS on the 14th day of suspension because payment has not been received. Modifications would be required to both the SOE and SRS systems if Sprint were required to port suspended numbers. SOE would need to look at a porting request and determine if the number was in suspension with a pending D order. SRS would be modified to cancel the pending D order and to notify SOE that the pending 14-day D order has been removed. SOE would then need to initiate a regular D order for porting that sets the porting indicator so that the number is not double assigned by two carriers.

In conclusion, Sprint believes that carriers should not be required to port numbers that have been suspended for non-pay as this will encourage fraud and carrier hopping. If, however, Sprint were required to port suspended numbers, then modifications would be required to OSS systems at an estimated cost of \$250,000 - \$500,000.

If you have any additional questions, please feel free to direct them to me.

Sincerely,



Sandra A. Khazraee

Sprint-IT:Inc. 1313 Blair Stone Road Tallahassee, FL 32301 MC: FLTL1100107

FAX

Date: 5/24/02
 Number of pages including cover sheet: 3

To: Rick Moses

 Phone: 913-658.3
 Fax phone: 913 658.3
 CC: _____

From: Sandra A. Khazraee

 Phone: 850-847-0173
 Fax phone: 850-878-0777

REMARKS: Urgent For your review Reply ASAP Please comment

Rick.
Our comments on the porting
of suspended number issue.
I'll bring a hard copy by and leave
it for you on Tuesday
Sandy

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Rule Development for Proposed)
Adoption of Rule 25-24.082, F.A.C.,) Docket No. Undocketed
and Proposed Amendment of Rules)
25-24.110, 25-24.490, and 25-24.845, F.A.C.) Filed: May 23, 2002
_____)

AT&T'S COMMENTS

On January 30, 2002, pursuant to Section 120.54 of the Florida Statutes, the Florida Public Service Commission ("Commission") staff initiated a rulemaking for the development of Rules 25-24.082, 25-24.110, 25-24.490, and 25-24.845, Florida Administrative Code. The rulemaking language was created to propose and amend provisions relating to number portability and preferred carrier freezes ("PC freezes").

On May 9, 2002, the Commission Staff held a Workshop to discuss the proposed rule changes and to hear comments from the parties. In addition to clarifying existing rules relating to PC freezes, the staff indicated that the intent of the proposed changes is to resolve two specific issues, based on complaints received by the staff. As such, staff maintains a desire to limit the scope of the proposed rulemaking to these two issues: 1) Incumbent Local Exchange Carrier's ("ILECs") failure to port numbers when a temporary disconnect is administered for non-payment of a customer's account; and 2) ILEC processes which may prevent Alternative Local Exchange Carriers ("ALECs") from efficiently migrating wholesale customers from resale to UNE-P when a PC freeze is in place on the customer's account.

At the conclusion of the Workshop, staff asked parties to provide their comments regarding the rulemaking language. AT&T hereby complies with that request as follows:

NUMBER PORTABILITY

On the issue of requiring ILECs to port numbers if the customer has been temporarily disconnected, staff's proposed language simply puts in place the Federal Communications Commission's ("FCC's") existing rules relating to number portability. AT&T supports staff's proposed language.

PC FREEZES

The purpose of the preferred carrier ("PC") freeze system is to provide an additional method for a customer to protect him/herself against slamming. While the PC freeze is designed to assist the customer in insuring that no unauthorized carrier *wrongfully* changes the customer's selected service, it should not make it more difficult than necessary for the customer to change carrier service when he or she genuinely wishes to do so, or when the ALEC chooses to migrate that customer from one wholesale service to another. The PC freeze should not needlessly get in the way of the customer's *bona fide* decision. The current system provides a degree of protection against slamming, but only at enormous and unnecessary cost to competitors and consumers in the form of needless frustrating impediments to customers seeking to make *bona fide* changes to their preferred carrier, or as stated above, when an ALEC chooses to change the underlying wholesale services of their existing customers. The existing system – except when administered by an ILEC on its own behalf – is unfriendly to both the consumer and the ALEC. That anti-consumer bias is, for this reason, seriously anti-competitive.

At this time, AT&T opposes a preferred local carrier freeze program in Florida. Competition has simply not developed to the stage where such a program would provide any genuine, meaningful consumer protection against slamming. Additionally, preferred

local carrier freezes are detrimental to the overall development of competition in the state. However, in light of the existing rules in Florida, AT&T supports the staff's efforts to clarify the existing PC freeze language in Rule 25-24.110. Specifically, clarification of the current rule to stipulate that PC freezes not be placed on a customer's account without his or her explicit consent is imperative to ensuring competition in the local, local toll and long distance markets. However, in an effort to further build on this Commission's existing rules to protect consumers, AT&T recommends that the staff adopt the existing FCC Rule language for the administration of PC freezes (47CFR64.1190). This Commission has already opted in to the FCC's Slamming Rules. Therefore, adopting the FCC's rules would be consistent with this Commission's previous "opt-in" and would further its goal to protect the consumers of Florida.

Although the staff has certainly taken a step in the right direction by proposing that a PC freeze can only be placed at the customer's request, further requirements regarding how the customer's request is obtained are necessary. Without further requirements, there is the very real potential for carrier abuse. For example, a carrier could easily claim that a customer requested a PC freeze. However, without independent verification of that customer request through an LOA or TPV, the Commission or other carriers cannot validate that PC freeze request. There must be some rules in place to prove that a customer actually requested the freeze. Thus, adopting the existing FCC rules will further protect Florida consumers and remain consistent with the Florida Commission's decision to opt into the FCC's Slamming rules. A red-lined version of the staff's rulemaking language, incorporating the FCC language, is attached as Exhibit A.

While it has chosen not to impose a nationwide prohibition on the implementation of preferred local carrier freezes by incumbent local exchange carriers, the FCC has specifically recognized the potential for abuse of the preferred carrier freeze process:

[W]e recognize, as several commenters observe, that preferred carrier freezes can have a particular adverse impact on the development of competition in markets soon to be or newly open to competition. These commenters in essence argue that incumbent LECs seek to use preferred carrier freeze programs as a means to inhibit the ability or willingness of customers to switch to the services of new entrants. We share concerns about the use of preferred carrier freeze mechanisms for anticompetitive purposes. We concur with those commenters that assert that, where no or little competition exists, there is no real opportunity for slamming and the benefit to consumers from the availability of freezes is significantly reduced. Aggressive preferred carrier freeze practices under such conditions appear unnecessary and raise the prospect of anticompetitive conduct.

Second Report and Order, In the Matter of Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996, CC Docket No. 94-129, FCC 98-334, released December 23, 1998, at para. 36. [Footnotes omitted.]

Furthermore, the FCC has expressly stated that individual state commissions may prohibit the implementation of a preferred local carrier freeze, should such a prohibition be either necessary or appropriate:

We make clear, however, that states may adopt moratoria on the imposition or solicitation of intrastate preferred carrier freezes if they deem such action appropriate to prevent incumbent LECs from engaging in anticompetitive conduct. We note that a number of states have imposed some form of moratorium on the implementation of preferred carrier freezes in their nascent markets for local exchange and intraLATA toll services. [Footnote omitted referencing decisions in New Jersey, California, and Texas.] We find that states – based on their observation of the incidence of slamming in their regions and the development of competition in relevant markets, and their familiarity with those particular preferred carrier freeze mechanisms employed by LECs in their jurisdictions – may conclude that the negative impact of such freezes on the development of competition in local and intraLATA toll markets may outweigh the benefit to consumers.

Id., at para. 38.

This language describes exactly the situation here in Florida. Competition in the local exchange market is nascent. At this time, ILEC administration of local freezes has less to do with state's concerns for consumer protection, but rather is a thinly disguised attempt to lock-in the ILEC's existing market share.

The New York Public Service Commission has also chosen to exercise caution when addressing the issues associated with implementing this type of preferred local carrier freeze. After seeking comments on a proposal by Verizon, the NYPSC noted:

The nine initial commenters overwhelmingly oppose the Local Service Provider Freeze option. They state that the filing is premature and inappropriate, especially since it allows the carrier with the most to gain by freezing customers, Verizon, to be the custodian of the freeze process. Many also stated that the incidence of local slamming complaints is not sufficient to warrant local service freezes. . . .

In its comments, the Office of the Attorney General (OAG) states that instituting a freeze would create an unnecessary risk to local competition, especially since Verizon has a monopoly on facilities essential to local competition and is the overwhelmingly dominant carrier in its service territory.

Order of the New York Public Service Commission in Case 00-C-0897 et. al., issue and effective March 23, 2001, at page 21.

The NYPSC went on to hold that, "in light of the rapidly changing local telecommunications market and our competitive concerns related to the current PIC freeze system, Verizon's proposed tariff revisions should not become effective during our evaluation of the entire freeze system."

Although outside the scope of this rulemaking, AT&T believes that the industry should begin the transition from a carrier change and PC freeze administration that presumes that the ILECs are the monopoly providers of local services to a competitively

neutral system that assumes a multiplicity of local service providers. The migration of the existing PC freeze and carrier change functionalities to a neutral third party administrator is commercially viable and clearly superior in every respect to the current ILEC-centric system. If a truly multi-carrier competitive market is to develop and grow in Florida, it will be essential that no carrier continue to play the dual roles of competitor and gatekeeper/umpire. Simply put, in order for competition in the local market to flourish in Florida, it is essential that the industry adopt a neutral administration of the PC freeze process.

Moreover, AT&T would like to point out that complaints, similar to the one leading to his particular rulemaking, are only the tip of the iceberg with regard to problems relating to ILEC control over the PC freeze process. These types of complaints bring to light the problems ALECs experience in the new and budding local service market. (See section D.1 & D.2 herein). While AT&T is not currently offering consumer local service on a resale basis in Florida, this problem is indicative of the ILECs control over the administration of PC freezes and how that administration is anti-competitive and potentially harmful to Florida consumers.

AT&T acknowledges that the issue of a neutral PC administration is outside the scope of the instant rulemaking proceeding. However, AT&T provides the following information because the problems underlying the proposed rule changes would be better solved by a new PC administration mechanism. AT&T recommends that this proposal be addressed in a future rulemaking or other proceeding.

AT&T believes that a neutral administration in whole, or even in part, will significantly improve the functionality and reliability of the PC Freeze carrier change

program for customer use, and a neutral administrator will ensure that the ILECs are not and could not be the fox guarding the henhouse. Assigning responsibility to a neutral entity for PC freeze administration and associated functions for accomplishing PC changes should consolidate and decrease the amount of effort a customer must expend to administer their phone service selection, and may increase customer faith in such a program.

First, a neutral third party PC and carrier change administration system guarantees an improvement in the customer's experience. The current system used by ILECs and ALECs works badly. The system used by ILECs works better only for the ILECs because the ILECs discriminate in favor of their own carrier representatives. A better solution is to bring everyone's customer service standards to the highest non-discriminatory level. A third party administrator can accomplish this objective.

A neutral administrator would enhance the customer's experience by eliminating the need for a three-way call between the customer and two competing carriers. Neutral administration should also reduce the number of calls required of the customer to one call, and thereby effect a more expeditious implementation of the customer's PC change request. In contrast, even if a customer is aware that they have a PC freeze, the customer must make several calls, if not more, over the course of 7-10 days to lift a PC freeze, place a carrier change order and then re-impose a PC freeze on their new service. If a customer is unaware that they have a PC freeze and submits a service change order which is consequently rejected by the ILEC, it may take the customer at least five calls spaced over the course of approximately 12-19 days to accomplish the PC change and re-impose a PC freeze. Moreover, as it is, a PC freeze is not an actual block in the network or on

the switch that controls which carrier serves as a customer's pre-subscribed carrier for inter-exchange service. Rather, to administer the PC freeze system, it appears that the ILEC has a "note" in its local service record billing system that rejects a submitting carrier's order if a PC freeze exists. If any-distance competition is to be encouraged, allowing one competitor to administer the blocking mechanism on all carrier orders is rife with anticompetitive possibilities. Additionally, with further regulation of customer information privacy, the ILEC might be concerned with any legal obligations to withhold customer account information such as a PC freeze, and refuse to reveal the status of a PC freeze to a submitting carrier. The ILEC should not be required to singularly bear the tension between safeguarding a customer's privacy rights on account information while at the same time making this information available to competitors on a real time basis so that customer service changes proceed without undue difficulty. Surely it would be best for customer privacy protection if carriers accessed a neutral entity, rather than the ILEC.

Similarly, with the creation of a neutral administrator to facilitate provision to all carriers of the current PC freeze status of the customer in compliance with any applicable customer privacy regulations, there is a guaranteed improvement in the ease and efficiency that a customer will experience in effectuating its desired carrier change. At the same time, a neutral administrator ends the risk that the ILEC is able to perform a PC freeze lift more easily than its competitors in order to switch a customer to that ILEC.

Finally, but of great significance going forward, a third party administrator of the PC freeze carrier change process will facilitate both the PC freeze and the intercarrier exchange processes in a multi-carrier environment. The existing system simply cannot accommodate either of these objectives.

Accordingly, AT&T makes the following proposal with respect to neutral administration of the PC freeze program.

AT&T Proposal

AT&T proposes that a neutral entity be established to (1) serve as a central repository or clearinghouse of PC freeze status and some of the basic elements of the local customer service record ("CSR"), and (2) have a third party verification division to accept requests to impose and lift PC freezes from customers calling directly and/or from customers transferred by carriers. The amount of "administration" required is minimal. To serve as a neutral PC freeze administrator, the data store or clearinghouse and its TPV division would merely have to be allowed to communicate the PC freeze status updates to all local service providers ("LSPs") and interexchange carriers ("IXCs") involved in individual PC change requests, and receive daily updates of customer account

information from carriers. For neutral PC freeze administration to succeed, it would be mandatory for all carriers to participate in this program. For purposes of this proposal, this neutral entity shall be referred to as the Neutral PC Freeze Administrator (NPFA).

A. NPFA CENTRAL DATA STORE

In a multi-local carrier environment, a PC freeze program designed (i) to work for all customers, rather than just ILEC local customers, and (ii) to offer a local PC freeze in addition to local toll and long distance freezes, will not work unless carriers know which other carrier serves as the customer's LSP. Additionally, PC freezes are just one of the primary reasons that ILECs may unnecessarily reject a *bona fide* customer PC change request submitted by a LSP or IXC.¹ Accordingly, AT&T recommends that the neutral

¹ For example, a LEC may reject a PC change request submitted by an ALEC or IXC with the following TCSI codes: 2104 (Billing telephone number not found); 2122 (Billing name does not match the billing

entity maintain a data store of the following basic necessary information pertinent to placing a proper order to change customer service:

1. Billing Telephone Number (BTN)
2. Billing Name and Address
3. Working Telephone Numbers (WTNs) under this BTN
4. Residence/Business indicator
5. Line Status (active, disconnect, blocked, etc)
6. PC Freeze Indicator (populated Yes or No) at Service Level (Local Toll, LD)
7. Date of most recent record update
8. Some type of indicator to Identify CICless resellers
9. Local Service Provider (LSP) ID.

~~Without having real time access to this information, neither an LSP nor an IXC,~~
can be sure that it is submitting a PC change request to the correct local service provider, or that the request is sufficiently compatible with the LSP's customer account information so as not to be rejected by the LSP. With local service competition in Florida, it is appropriate that all carriers have equal real time access to this basic information so as not to confer a competitive advantage on the customer's incumbent local service provider, who may also be marketing local toll or long distance service.

In order to initially establish this neutral, centralized data store, each current local service provider serving Florida markets would be required to provide a one time data

name for this account on the LEC record); 2124 (Billing address does not match the billing address for the account on the LEC record); 2166 ("the PC freeze reject" -- end user request that PC activity on the account be limited to orders initiated with ILEC. ALEC/IXC requests to change PC are not accepted and this code indicates the account is PC'd to another carrier).

transfer of the above-listed customer account information for all their local customers.²

On an ongoing basis, all LSPs would be required to provide daily updates to the NPFA data store of any changes to the required customer account information.

Correspondingly, the NPFA would provide, at a minimum, a daily update of PC freeze status changes to each affected local service provider.³ Once established, the neutral data store would then -- with all due regard for customer privacy as set forth in more detail below -- allow all carriers with appropriate customer permission to access the data store for a real time individual customer account status query in order to prevent needless order rejections. Conceptually, the real time access and inquiry would take place while the customer was on the phone with a carrier he or she was speaking to about a service change. The carrier's service representative would be able to read a computer screen with the pertinent information. The NPFA's data store would be accessible on a non-profit transactional fee basis for carriers who queried it to determine a customer's PC freeze status and basic account information.

AT&T, as a local service provider who would transfer customer information to a neutral entity, is committed to safeguarding customer account information. It is not intended that any and all carriers could access this data store at any time and for any purpose such as marketing. Rather, it is proposed that each carrier wishing to access such

² See Order on Reconsideration and Petitions for Forbearance, CC Docket No. 96-115 (FCC 99-223, rel. Sept. 3, 1999), ¶ 146-47 (customer name, address and telephone number are not CPNI and constitute information for the purposes of § 272(c)(1) and if the BOC makes such information available to its 272 affiliate, it must make it available to non-affiliated entities).

³ This would advantage the LSPs to some extent. If a LSP wished to also market local toll or long distance service to the customer, the LSP would only have to access its internal records to determine if there were any PC freezes on the lines and could avoid the cost of accessing the NPFA's neutral data store. Additionally, in the future and especially if the NPFA were allowed to administer local service freezes, the neutral data store would assist a LSP by providing them real time access to the PC freeze status of customer who has a different LSP.

information must enter an appropriate general agreement with the NPFA prior to gaining access. As may be specified in such a general agreement and as would be consistent with observance of certain CPNI regulations, "each customer would have to grant the carrier whatever permission necessary to access a customer account record as maintained by the NPFA."

B. NPFA TPV DIVISION AND PC FREEZE ADMINISTRATION

As a centralized administrator of the PC freeze program, the neutral data store should be associated with a separate division that conducts third party verifications of PC freeze imposition or lift orders. The NPFA's third party verification ("TPV") division would perform just as industry TPV vendors currently perform, by audio recording and preserving customer requests for service changes and PC freeze impositions and/or lifts.⁴

To the extent that the NPFA TPV division performs as a TPV vendor, it is anticipated that fees for the service should be competitive with current industry TPV vendors. However, the NPFA TPV division itself could be operated on a non-profit

⁴ Third party verification and/or oral authorization from the subscriber is sufficient. The applicable FCC rules state: "No local exchange carrier shall implement a preferred carrier freeze unless the subscriber's request to impose a freeze has first been confirmed in accordance with one of the following procedures: . . . (iii) An appropriately qualified independent third party has obtained the subscriber's oral authorization to submit the preferred carrier freeze and confirmed the appropriate verification date (e.g., the subscriber's date of birth or social security number) and the information required in Sec. 64.1190(d)(3)(i)(A) through (D). The independent third party must not be owned, managed, or directly controlled by the carrier or the carrier's marketing agent; must not have any financial incentive to confirm preferred carrier freeze requests for the carrier or the carrier's marketing agent; and must operate in a location physically separate from the carrier or the carrier's marketing agent. The content of the verification must include clear and conspicuous confirmation that the subscriber has authorized a preferred carrier freeze. . . . (e) Procedures for lifting preferred carrier freezes. All local exchange carriers who offer preferred carrier freezes must, at a minimum, offer subscribers the following procedures for lifting a preferred carrier freeze: (1) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's written and signed authorization stating her or his intent to lift a preferred carrier freeze; and (2) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's oral authorization stating her or his intent to lift a preferred carrier freeze and must offer a mechanism that allows a submitting carrier to conduct a three-way conference call with the carrier administering the freeze and the subscriber in order to lift a freeze. When engaged in oral authorization to lift a preferred carrier freeze, the carrier administering the freeze shall confirm appropriate verification data (e.g., the subscriber's date of birth or social security number) and the subscriber's intent to lift the particular freeze." 47 C.F.R. § 64.1190 (d)(2)(iii) and (e)(2).

basis, thereby perhaps offering better pricing than other TPV vendors. Or, if the NPFA TPV was non-profit but offered the market price, any monies made could be used to offset the costs of neutral PC Freeze administration. Obviously, the advantage to both carriers and customers of this arrangement is that a customer subject to a PC freeze but interested in changing carrier can have the PC freeze identified, the freeze lifted and the TPV verification concluded on a single call, all without any increased risk of slamming. Carriers interested in using their current TPV vendors would, of course, be free to do so.

Addressing regulatory concerns, the NPFA TPV also offers the opportunity to have scripting for the verification process that meets all the regulatory expectations for successfully educating customers about the PC freeze mechanism and providing a consistent PC freeze experience.

Once the NPFA TPV division verified a customer's authorization, the NPFA would send an electronic message⁵ to the customer's LSP, advising it of the imposition/lift of a PC freeze. The update to the LSP could be accomplished through real time data transfer, online query by an LSP or through daily batch feeds to suit the needs of customer account change frequencies. The NPFA would also update its own data store to reflect the customer's current PC freeze status. The information flow under neutral PC freeze administration may also be understood by viewing the attached diagrams provided as Exhibit B. In order to better serve customers, the NPFA should be allowed to accept a single customer request to lift a PC freeze in order to process a specific PC change order

⁵ The electronic messaging does not necessarily require development of a new information exchange system. Currently, many carriers conduct Customer Account Record Exchange ("CARE") through Transaction Code Status Indicators (TCSIs). The Ordering and Billing Forum (OBF) industry workgroup meets regularly to review the TCSIs. To the extent that current TCSIs may not already exist to convey the messages necessary, several new TCSIs could be easily established. The NPFA could exchange such TCSIs with the carriers via electronic or paper messaging --the same way that carriers currently exchange the TCSIs.

and then re-impose a PC freeze once the PC change is completed. Currently, it is any customer and their new ALEC or IXC carrier's best guesswork as to when to lift a PC freeze, then wait the supposedly appropriate amount of time for an ILEC to receive, handle and confirm a PC change and then try to impose a PC freeze at the earliest possible opportunity.⁶ During this time, the customer may be vulnerable to slamming. Ironically, because the PC freeze resides in the billing system and is not related to the switch, it may not be necessary for a LSP to actually "lift" and "re-impose" the PC freeze. Rather the LSP merely needs proper authorization, such as the NPFA's "go-ahead" to process the PC change despite the pre-existing PC Freeze and, if the customer wishes, leave the PC Freeze on the new service order. This would save the customer at least 3 phone calls.

The NPFA would also address problems associated in PC freeze administration where a CIC-less reseller riding on a facilities-owned IXC is involved. Currently, there is a lack of communication between the ALECs, Resellers and IXCs involved.

A switchless reseller is a carrier that lacks switches or other transmission facilities in a given LATA. It purchases long distance service in bulk from facilities-based carriers and resells such service directly to consumers. Resellers frequently share CICs with the underlying carriers whose services they resell. . . . the shared use of CICs gives rise to two related problems: soft slamming and carrier misidentification. A soft slam is the unauthorized change of a subscriber from its authorized carrier to a new carrier that used the same CIC. Because the change is not executed by the ILEC, which continues to use the same CIC to route the subscriber's calls, a soft slam bypasses the preferred carrier freeze protection available to consumers from ILECs. Carrier misidentification occurs because ILECs also identify carriers by their CICs for billing purposes. An ILEC's call record therefore is likely to reflect the identify of the underlying carrier whose CIC is used, even if the actual service provider is a reseller. As a result, the name of the underlying carrier may appear on the subscriber's bill in lieu of, or in

⁶ Federal regulations currently allow up to 60 days to process a PC change order before a submitting IXC's order request verified by written or electronic LOA is considered stale. See 47 C.F.R. § 64.1130(j) ("telecommunications carrier shall submit a preferred carrier change order on behalf of a subscriber within no more than 60 days of obtaining a written or electronically signed letter of agency").

addition to, the reseller with whom the subscriber has a direct relationship. This makes it difficult for consumers to detect a slam and to identify the responsible carrier."

See Third Report and Order and Second Order on Reconsideration, CC Docket No. 94-129, FCC 00-255 (rel. August 15, 2000), ¶ 22.

The NPFA would keep all carriers informed and provide them with the information to keep accurate records. The reseller would also be able to access the customer account data store and transfer a customer to the TPV division to verify an PC freeze lift and re-imposition of the freeze post PC change. The NPFA would send PC notification to the Reseller and a PC freeze status update to the LSP. The Reseller would send notification to the Facility Owned IXC with a special notification code and TPV authorization number. The Facility Owned IXC would forward the notification to the LSP. The LSP would process the PC Change order, sending an outPC to the old IXC and inPC to the new IXC. The new facility owned IXC serving the Reseller would set up the proper billing account/calling plan then forward confirmation to the Reseller.

Importantly, a NPFA working in conjunction with all LSPs to administer a PC freeze system would make the PC freeze function available to all customers regardless of the ILEC providing local service. Although the ILECs are currently authorized as the administrator for PC freezes for local, local toll and long distance service in Florida, the ILECs are incapable of administering PC freezes for customers served outside of their service territory. The FCC rules permit other ALECs to administer PC freeze programs,⁷ but not all ALECs have the resources to comply with all the requirements mandated to

⁷ See 47 C.F.R. § 64.1190(a) ("All local exchange carriers who offer preferred carrier freezes must comply with the provision of this section").

establish a program.⁸ A NPFA should assist in removing the burden of many of these requirements from ALECs while providing the desired benefit to the customers.

Additionally, an NPFA would ensure that a customer's PC freezes on local toll and/or long distance service stay intact even if the customer switched local service providers. Currently, even if a LSP administers a PC freeze program (and many do not), there is no provision for transfer of the customer's PC freezes when a customer switches local service providers. This has created a loophole in the current PC freeze system. If a carrier submits a PC change order for the local service and waits for that order to be confirmed, the carrier can then (rightly or wrongly) submit the orders for a local toll and/or long distance service change and there will be no PC freeze in place with the new LSP to cause an order reject. The NPFA should succeed in removing this loophole that enables some companies to bypass PC freezes in certain instances. With the NPFA, a customer can confidently impose PC freezes on local toll and long distance service orders and rely on the freezes staying intact even if the customer switches LSPs.

To summarize, the NPFA would provide the following benefits. The NPFA accommodates the full range of the customer request via one phone call. The accessible central data store provides carriers a tool to pro-actively prevent unnecessary rejection by the LSP of customer service orders. The NPFA sets up an audit trail for the PC Freeze program. The central data store will make it possible to track and compare PC Freeze orders verified and/or accepted by the NPFA TPV to the actual notification sent to the LSP to ensure carrier adherence to the verification process. This will make it easy to bring offending carriers to the Commission's attention. In addition to using the NPFA as

⁸ Procedures for soliciting and imposing freeze and procedures for lifting freeze are set forth in 47 C.F.R. § 64.1190(d) and (e).

their TPV vendor for PC freeze orders, IXCs, resellers and LSPs could explore using the NPFA TPV division as their TPV vendor for regular service orders in order to gain cost efficiencies.

C. NPFA COST AND ESTIMATES

On April 18, 2001, an industry working group presentation was made to NECPUC. In conjunction with the working group proposal, Neustar submitted some preliminary numbers for the set-up costs and day-to-day transactional costs of entities similar to the NPFA. Although provisional numbers were submitted confidentially to NECPUC, the numbers indicated that the finances of setting-up and running a Neutral PC Freeze Administrator are reasonable and affordable. Additionally, the industry working group established in New England estimated that a Neutral PC Freeze Administration could be established and workable in 9-12 months. Similarly, the New York Commission held two days of industry workshops on the Neutral Third Party Administrator concept during the summer 2001. Different vendors, including Neustar, NCS and Telcordia, made presentations on the neutral administrator concept. AT&T urges this Commission to avail itself of information from its New England and New York counterparts and to ask Neustar and perhaps other interested parties to submit non-binding "order of magnitude proposals for establishing such a system. Alternatively, the Commission would put out either a Request for Information ("RFI") or, working in conjunction with the industry to develop specifications, a Request for Proposals ("RFP") for an NPFA. Our research to date demonstrates that there are several competent firms ready willing and able to establish such a system at an affordable price.

D. ADDITIONAL NEUTRAL ADMINISTRATION FUNCTIONS OR TIE-INS.

AT&T's proposal for a Neutral PC Freeze Administrator has attempted to address ALEC migration concerns in addition to IXC concerns. AT&T proffers that the neutral entity envisioned to administer the PC Freeze program could easily be expanded to address two additional issues associated with the migration of customer local service. In an attempt to provide big picture perspective, AT&T paints these additional proposals in broad-brush strokes. This Commission staff has already indicated in interest in the guidelines for ALEC migration of local customers. If the Commission is interested in the proposals set forth herein, AT&T recommends that an RFI be put out to allow would-be vendors the opportunity to make proposals for consideration.

Two different types of problems occur in communications with some ALECs.

First, among ALECs, the system to exchange customer account record (CARE) information is not broadly established. Some ALECs exchange CARE with other carriers (including ALECs) on a selective basis. The proposal in section "1" below for a CARE Data Exchange Administrator addresses this issue. Second, because competition in the local service market is a recent development, there is no industry system for ALEC exchange of a customer's local service record. The proposal in section "2" below for a neutral administrator to centrally store the CSR for all carriers addresses this issue. As such, it is very feasible and probably resource-effective to marry solutions to these related problems. The solution need not be produced at all once. A central information hub(s) might be created in stages, or separately with an eye to combining them at a more mature point.

In addition to the creation of a Neutral PC Freeze Administrator, a central information hub serving all carriers should include two additional components:

- (1) CARE Data Exchange Clearinghouse and/or Administrator; and
- (2) A Customer Account Data Store and/or Clearinghouse that contains not just nine elements of the customer account record, but the entire local customer service record.

1. CARE Data Exchange Clearinghouse

The neutral entity could also serve as a CARE Data Exchange Clearinghouse and/or Administrator. Although the ILECs and other IXC carriers have set up the CARE system so that they exchange customer account information, many of the more recent ALEC entrants into the market are challenged to duplicate such systems and/or negotiate the "interface" of such CARE feeds with every other carrier they might have need to communicate with. Similarly, the incumbent carriers in the industry are challenged to set up the "interface" with the new entrants that they have need to communicate with. For example, one of the challenges of exchanging CARE is that the systems of the companies must communicate. Some carriers communicate electronically, some companies still communicate on paper, and some do not communicate at all. Lack of communication fails the entire system and causes some portion of the customer's request to be badly handled or not handled at all. Differences in communication methods, such as when one company sends CARE via a fax and the other company is set up to receive an electronic message, present challenges that require time and resources to resolve. Even if both companies hope to interface electronically, their technical systems must also be able to speak to each other.

To meet these challenges, the NPFA Data Store could also serve as a collection and distribution point for messages between carriers that lack an established CARE interface. To begin with, it is not expected that participation in the CARE Data Exchange Clearinghouse would be mandatory for all carriers. However, even industry carriers that have negotiated, contracted and implemented CARE interfaces with some of the other carriers would have the opportunity to participate in the clearinghouse on a limited basis to communicate with the carriers with whom they do not have CARE relationships. And, with the clearinghouse established, carriers with pre-existing CARE arrangements would have the opportunity and incentive to migrate to full participation in the clearinghouse if its efficiencies prove attractive. Even the commencement of this voluntary "hubbing" would promote standardization of CARE format. Further, if necessary, the neutral entity could also "translate" CARE submitted in a non-standard form into a form easily transmittable to and understandable by other carriers. The transaction costs for receiving and sending CARE through this point should be such that they would significantly offset the costly infrastructure needed to maintain CARE interfaces with multiple carriers. Moreover, the CARE Data Exchange Clearinghouse Administrator could be permitted to serve as a sort of traffic cop, by sending out alerts to carriers who delay implementation of an order when a submitting carrier's order is in jeopardy becoming untimely. This will ensure that the customer's service changes are promptly executed within acceptable intervals of time, and problems preventing such execution may be more easily pinpointed. The neutral entity can also coordinate the processing of multiple orders to reduce LNP porting problems.

2. Neutral Central CSR Data Store or Clearinghouse accessible by All Carriers

The central data storehouse or clearinghouse envisioned in association with the NPFA above would only maintain or manage nine (9) items regarding the customer local service account. In contrast, a customer's local service record may ordinarily encompass anywhere from twelve (12) to upwards of fifty (50) items of information. Such additional information includes the additional services requested by the customer such as call waiting, voice mail and caller-id. Many customers who switch carriers request "the same service" they already have if it can be obtained more inexpensively elsewhere. Rather than frustrate a customer by reading an entire list of menu options to them to see which ones they sign up for, the accessibility of a centralized CSR data store will greatly foster local competition by allowing competing carriers access to complete customer information to facilitate "as is" porting. (Again, access would be granted only as authorized by the customer, to the extent such authorization might be required). Of additional benefit, this centralized CSR data store or clearinghouse may serve as an inexpensive alternative for smaller companies that do not have the technical or financial infrastructure to either or both maintain their own CSRs electronically or set up electronic interface arrangements to exchange CSRs with all other CLECs. To function properly, carrier participation in a CSR data clearinghouse should be mandatory.

3. The Future

The CSR data store/clearinghouse combined with a CARE Data Exchange in which ALL carriers participate has the potential to become a universal PC/PLOC change administrator for all carriers. As such, carriers would send the customer orders to this neutral hub, and the hub would distribute the appropriate order/ information update to all

carriers involved in effecting the order or affected by the order. Additionally, this central hub may offer other benefits at reduced cost. For example, the central administration would be in a position to assist state regulatory agencies by providing industry-wide reporting and serving as an additional source of information necessary to resolve customer problems and disputes between carriers. *See e.g.*, footnote 24.

A universal PC/PLOC change administrator need not be treated as an unbuildable Taj Mahal. The proposals set forth herein may serve as the very building blocks of a neutral, pro-competitive hub that interfaces with all industry carriers and keeps the customer from being caught in the middle. It may be more appropriate to analogize a universal PC administrator to the "Field of Dreams", if you build it, the competitors will come to play.

Indeed, Mexico and Argentina already have some sort of universal PC/PLOC change administration that is provided by a vendor with operations out of Minnesota.⁹ The establishment of the neutral central database administrator in Mexico in 1997 appears to have been coincidental with the introduction of long distance competition in Mexico on January 1, 1997 when ten competitors entered the market monopolized by TelMex. Most of the competitors were relying facilities owned by TelMex. *See Market Analysis: Mexico*, © May 2000 Ovum, Ltd., at 4, available through "Competitive

⁹ Pursuant to a presentation made to the FCC in 1999, NCS has been a central database administrator in Mexico since 1997 and was selected to be the neutral presubscription database administrator in Argentina in 1999. In Mexico, all presubscriptions requests are submitted to NCS Mexico which verifies the carrier selection by phone and forwards the request to the local operator. The NCS Mexico database apparently mirrors the databases of the local operators, and is the ruling presubscriptions database in Mexico. In total, NCS Mexico performs the following services: Presubscription database administrations, PC clearinghouse, TPV services (inbound and outbound), PC dispute resolution, PC freeze administration, carrier help desk and customer Bad Debt database administration. It also provides communications industry reporting as relates to presubscription, including slamming, market penetration, and aging of activation requests by local operations.

Carriers@Ovum” at <http://www.ovum.com/research/>. Local service competition was subsequently introduced in Mexico in 1999. Similarly, the telecommunications market in Argentina was opened to competition or “liberalized” between 1998-2000. Specifically, two providers who monopolized different regions of Argentina were authorized to compete in each other’s territories in November 1999. Full “liberalization” of Argentina’s telephony market is considered to have been accomplished by November 2000. See Market Analysis: Argentina, © January 2001, Ovum, Ltd., at 4, available through “Competitive Carriers@ovum.com” at <http://www.ovum.com/research/>.

By mapping out architectural plans for such a neutral hub and interface now, individual carriers will be able to design and plan to use their resources to maximize the benefit and cost savings of this any such future hub. Eventually, such a hub could oversee the traditional role performed by the ILEC today. The customer could be able to call the neutral hub directly to request service and PC changes instead of contacting ILECs, ALECs and IXC’s separately.

CONCLUSION

It is clear that the Commission staff, by initiating this rulemaking, is concerned about the ILEC’s processes with regard to PC freezes. While AT&T applauds the staff for its concerns with regard to PC freezes, there is reason to step back from the individual issues and complaints and look at the forest for a moment. On the one hand, virtually every major IXC and ALEC competitor of the ILECs, including AT&T, Sprint, MCI, Z-Tel and others, have complained repeatedly that the current system for lifting PC freezes is inefficient, anti-consumer, anti-competitive and subject to abuse. The example that has led us to this particular rulemaking is indicative of this problem. All that these carriers

have ever sought was a competitively neutral, efficient system that would allow customers to make bona fide changes to their carrier choice when they wish to do so. On the other hand, the ILECs, the only beneficiary of the existing system, defend it tenaciously. We submit this is not altruism but self-interest. The existing system's inefficiencies and opportunities for discrimination and competitive abuse are defended by the ILECs because it is a significant competitive – or anticompetitive – tool.

Moreover, even if the system had served well in the past, it cannot serve well, or even at all in the future. The existing system assumes that the ILEC is *the* local carrier. That is no longer true. Yet, there is nothing in the existing system that permits it to serve in a multi-carrier competitive environment.

The industry needs to move from a ILEC-centric system to a system of carrier change administration handled by a neutral third party administrator capable of serving and protecting all customers, no matter what carrier they are coming from or what carrier they are going to. Nothing else except a third party administrator is even plausible in a multi-carrier environment.

We urge the Commission to adopt the FCC's existing rule language as provided in Exhibit A with regard to PC freezes. Additionally, AT&T requests that this Commission move promptly on this matter by preparing, in consultation with the industry, a Request for Proposal for a third party administrator. Upon the receipt of such proposals, we recommend that the Commission, in consultation with the industry, select a bidder to implement a third party data base system, to be designed, ordered and overseen by this Commission.

RESPECTFULLY SUBMITTED this 23rd day of May, 2002.

/s/

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Comments:

ATT'S Comments
Part 1 of 3

AT&T Comments
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Exhibit A

**25-4.110 Customer Billing for Local Exchange
Telecommunications Companies.**

(1) Each company shall issue bills monthly or may offer customers a choice of billing intervals that includes a monthly billing interval.

(2) ~~Six months after the effective date of this rule, each~~
Each billing party shall set forth on the bill all charges, fees, and taxes which are due and payable.

(a) There shall be a heading for each originating party which is billing to that customer account for that billing period. The heading shall clearly and conspicuously indicate the originating party's name. If the originating party is a certificated telecommunications company, the certificated name must be shown. If the originating party has more than one ~~certificated name, the name appearing in the heading must be the~~
name used to market the service.

(b) The toll-free customer service number for the service provider or its customer service agent must be conspicuously displayed in the heading, immediately below the heading, or immediately following the list of charges for the service provider. For purposes of this subparagraph, the service provider is defined as the company which provided the service to

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the end user. If the service provider has a customer service agent, the toll-free number must be that of the customer service agent and must be displayed with the service provider's heading or with the customer service agent's heading, if any. For purposes of this subparagraph, a customer service agent is a person or entity that acts for any originating party pursuant to the terms of a written agreement. The scope of such agency shall be limited to the terms of such written agreement.

(c) Each charge shall be described under the applicable originating party heading.

(d) 1. Taxes, fees, and surcharges related to an originating party heading shall be shown immediately below the charges described under that heading. The terminology for Federal Regulated Service Taxes, Fees, and Surcharges must be ~~consistent with all FCC required terminology.~~

2. The billing party shall either:

a. Identify Florida taxes and fees applicable to charges on the customer's bill as (including but not limited to) "Florida gross receipts tax," "Franchise fees," "Municipal utility tax," and "Sales tax," and identify the assessment base and rate for each percentage based tax, fee, and surcharge, or

b.(i) Provide a plain language explanation of any line

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item and applicable tax, fee, and surcharge to any customer who contacts the billing party or customer service agent with a billing question and expresses difficulty in understanding the bill after discussion with a service representative.

(ii) If the customer requests or continues to express difficulty in understanding the explanation of the authority, assessment base or rate of any tax, fee or surcharge, the billing party shall provide an explanation of the state, federal, or local authority for each tax, fee, and surcharge; the line items which comprise the assessment base for each percentage based tax, fee, and surcharge; or the rate of each state, federal, or local tax, fee, and surcharge consistent with the customer's concern. The billing party or customer service agent shall provide this information to the customer in writing upon the customer's request.

(e) If each recurring charge due and payable is not itemized, each bill shall contain the following statement:

"Further written itemization of local billing available upon request."

(3) Each LEC shall provide an itemized bill for local service:

(a) With the first bill rendered after local exchange

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service to a customer is initiated or changed; and

(b) To every customer at least once each twelve months.

(4) The annual itemized bill shall be accompanied by a bill stuffer which explains the itemization and advises the customer to verify the items and charges on the itemized bill. This bill stuffer shall be submitted to the Commission's Division of Telecommunications for prior approval. The itemized bill provided to residential customers and to business customers with less than ten access lines per service location shall be in easily understood language. The itemized bill provided to business customers with ten or more access lines per service location may be stated in service order code, provided that it contains a statement that, upon request, an easily understood translation is available in written form without charge. An ~~itemized bill shall include, but not be limited to the following~~ information, separately stated:

- (a) Number and types of access lines;
- (b) Charges for access to the system, by type of line;
- (c) Touch tone service charges;
- (d) Charges for custom calling features, separated by feature;
- (e) Unlisted number charges;

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(f) Local directory assistance charges;
(g) Other tariff charges;
(h) Other nontariffed, regulated charges contained in the bill;

(5) All bills rendered by a local exchange company shall clearly state the following items:

(a) Any discount or penalty. The originating party is responsible for informing the billing party of all such penalties or discounts to appear on the bill, in a form usable by the billing party;

(b) Past due balance;

(c) Items for which nonpayment will result in disconnection of the customer's basic local service, including a statement of the consequences of nonpayment;

(d) Long-distance monthly or minimum charges, if included in the bill;

(e) Long-distance usage charges, if included in the bill;

(f) Usage-based local charges, if included in the bill;

(g) Telecommunications Access System Surcharge, per Rule 25-4.160(3);

(h) "911" fee per Section 365.171(13), Florida Statutes;
and

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(i) Delinquent date.

(6) Each company shall make appropriate adjustments or refunds where the subscriber's service is interrupted by other than the subscriber's negligent or willful act, and remains out of order in excess of 24 hours after the subscriber notifies the company of the interruption. The refund to the subscriber shall be the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative; except that the refund shall not be applicable for the time that the company stands ready to repair the service and the subscriber does not provide access to the company for such restoration work. The refund may be accomplished by a credit on a subsequent bill for telephone service.

(7)(a) ~~Bills shall not be considered delinquent prior to~~ the expiration of 15 days from the date of mailing or delivery by the company. However, the company may demand immediate payment under the following circumstances:

1. Where service is terminated or abandoned;
2. Where toll service is two times greater than the subscriber's average usage as reflected on the monthly bills for the three months prior to the current bill, or, in the case of a

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new customer who has been receiving service for less than four months, where the toll service is twice the estimated monthly toll service; or

3. Where the company has reason to believe that a business subscriber is about to go out of business or that bankruptcy is imminent for that subscriber.

(b) The demand for immediate payment shall be accompanied by a bill which itemizes the charges for which payment is demanded, or, if the demand is made orally, an itemized bill shall be mailed or delivered to the customer within three days after the demand is made.

(c) If the company cannot present an itemized bill, it may present a summarized bill which includes the customer's name and address and the total amount due. However, a customer may ~~refuse to make payment until an itemized bill is presented.~~ The company shall inform the customer that he may refuse payment until an itemized bill is presented.

(8) Each telephone company shall include a bill insert advising each subscriber of the directory closing date and of the subscriber's opportunity to correct any error or make changes as the subscriber deems necessary in advance of the closing date. It shall also state that at no additional charge

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and upon the request of any residential subscriber, the exchange company shall list an additional first name or initial under the same address, telephone number, and surname of the subscriber. The notice shall be included in the billing cycle closest to 60 days preceding the directory closing date.

(9) Annually, each telephone company shall include a bill insert advising each residential subscriber of the option to have the subscriber's name placed on the "No Sales Solicitation" list maintained by the Department of Agriculture and Consumer Services, Division of Consumer Services, and the 800 number to contact to receive more information.

(10) Where any undercharge in billing of a customer is the result of a company mistake, the company may not backbill in excess of 12 months. Nor may the company recover in a ratemaking proceeding, any lost revenue which inures to the company's detriment on account of this provision.

(11) Franchise fees and municipal telecommunications taxes.

(a) When a municipality charges a company any franchise fee, or municipal telecommunications tax authorized by Section 166.231, Florida Statutes, the company may collect that fee only from its subscribers receiving service within that municipality. When a county charges a company any franchise fee, the company

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may collect that fee only from its subscribers receiving service within that county.

(b) A company may not incorporate any franchise fee or municipal telecommunications tax into its other rates for ~~service.~~

(c) This subsection shall not be construed as granting a municipality or county the authority to charge a franchise fee or municipal telecommunications tax. This subsection only specifies the method of collection of a franchise fee, if a municipality or county, having authority to do so, charges a franchise fee or municipal telecommunications tax.

(12)(a) When a company elects to add the Gross Receipts Tax onto the customer's bill as a separately stated component of that bill, ~~the company must first remove from the tariffed rates~~ any embedded provisions for the Gross Receipts Tax.

(b) If the tariffed rates in effect have a provision for gross receipts tax, the rates must be reduced by an amount equal to the gross receipts tax liability imposed by Chapter 203, Florida Statutes, thereby rendering the customer's bill unaffected by the election to add the Gross Receipts Tax as a separately stated tax.

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(c) This subsection shall not be construed as a mandate to elect to separately state the Gross Receipts Tax. This subsection only specifies the method of applying such an election.

(d) All services sold to another telecommunications vendor, provided that the applicable rules of the Department of Revenue are satisfied, must be reduced by an amount equal to the gross receipts tax liability imposed by Chapter 203, Florida Statutes, unless those services have been adjusted by some other Commission action.

(e) When a nonrate base regulated telecommunications company exercises the option of adding the gross receipts tax as a separately stated component on the customer's bill then that company must file a tariff indicating such.

~~(13) Each LEC shall apply partial payment of an end~~
user/customer bill first towards satisfying any unpaid regulated charges. The remaining portion of the payment, if any, shall be applied to nonregulated charges.

(14) All bills produced shall clearly and conspicuously display the following information for each service billed in regard to each company claiming to be the customer's presubscribed provider for local, local toll, or toll service:

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- (a) The name of the certificated company;
- (b) Type of service provided, i.e., local, local toll, or toll; and
- (c) A toll-free customer service number.

(15) ~~This section applies to LECs that provide transmission services or bill and collect on behalf of Pay Per Call providers. Pay Per Call services are defined as switched telecommunications services between locations within the State of Florida which permit communications between an end use customer and an information provider's program at a per call charge to the end user/customer. Pay Per Call services include 976 services provided by the LECs and 900 services provided by interexchange carriers.~~

(a) ~~Charges for Pay Per Call service (900 or 976) shall be segregated from charges for regular long distance or local~~ charges by appearing separately under a heading that reads as follows: "Pay Per Call (900 or 976) nonregulated charges." The following information shall be clearly and conspicuously disclosed on each section of the bill containing Pay Per Call service (900 or 976) charges:

1. Nonpayment of Pay Per Call service (900 or 976) charges will not result in disconnection of local service;

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2. End users/customers can obtain free blocking of Pay Per Call service (900 or 976) from the LEC;

3. The local or toll-free number the end user/customer can call to dispute charges;

4. ~~The name of the IXC providing 900 service; and~~

5. The Pay Per Call service (900 or 976) program name.

(b) Pay Per Call Service (900 and 976) Billing. LECs and IXCs who have a tariff or contractual relationship with a Pay Per Call (900 or 976) provider shall not provide Pay Per Call transmission service or billing services, unless the provider does each of the following:

1. Provides a preamble to the program which states the per minute and total minimum charges for the Pay Per Call service (900 and 976); child's parental notification requirement is announced on preambles for all programs where there is a potential for minors to be attracted to the program; child's parental notification requirement in any preamble to a program targeted to children must be in language easily understandable to children; and programs that do not exceed \$3.00 in total charges may omit the preamble, except as provided in Section (11) (b) 3.;

2. Provides an 18-second billing grace period in which

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the end user/customer can disconnect the call without incurring a charge; from the time the call is answered at the Pay Per Call provider's premises, the preamble message must be no longer than 15 seconds. The program may allow an end user/customer to affirmatively bypass a preamble;

3. Provides on each program promotion targeted at children (defined as younger than 18 years of age) clear and conspicuous notification, in language understandable to children, of the requirement to obtain parental permission before placing or continuing with the call. The parental consent notification shall appear prominently in all advertising and promotional materials, and in the program preamble. Children's programs shall not have rates in excess of \$5.00 per call and shall not include the enticement of a gift or premium;

~~4. Promotes its services without the use of an autodialer~~
or broadcasting of tones that dial a Pay Per Call (900 and 976) number;

5. Prominently discloses the additional cost per minute or per call for any other telephone number that an end user/customer is referred to either directly or indirectly;

6. In all advertising and promotional materials, displays charges immediately above, below, or next to the Pay Per Call

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number, in type size that can be seen as clearly and conspicuously at a glance as the Pay Per Call number. Broadcast television advertising charges, in Arabic numerals, must be shown on the screen for the same duration as the Pay Per Call number is shown, each time the Pay Per Call number is shown. Oral representations shall be equally as clear;

7. Provides on Pay Per Call services that involve sales of products or merchandise clear preamble notification of the price that will be incurred if the end user/customer stays on the line, and a local or toll free number for consumer complaints; and

8. Meets internal standards established by the LEC or IXC as defined in the applicable tariffs or contractual agreement between the LEC and the IXC; or between the LEC/IXC and the Pay Per Call (900 or 976) provider which when violated, would result in the termination of a transmission or billing arrangement.

(c) Pay Per Call (900 and 976) Blocking. Each LEC shall provide blocking where technically feasible of Pay Per Call service (900 and 976), at the request of the end user/customer at no charge. Each LEC or IXC must implement a bill adjustment tracking system to aid its efforts in adjusting and sustaining Pay Per Call charges. The LEC or IXC will adjust the first bill

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containing Pay Per Call charges upon the end user's/ customer's stated lack of knowledge that Pay Per Call service (900 and 976) has a charge. A second adjustment will be made if necessary to reflect calls billed in the following month which were placed prior to the Pay Per Call service inquiry. At the time the charge is removed, the end user/customer may agree to free blocking of Pay Per Call service (900 and 976).

(d) Dispute resolution for Pay Per Call service (900 and 976). Charges for Pay Per Call service (900 and 976) shall be automatically adjusted upon complaint that:

~~1. The end user/customer did not receive a price~~ advertisement, the price of the call was misrepresented to the consumer, or the price advertisement received by the consumer was false, misleading, or deceptive;

~~2. The end user/customer was misled, deceived, or~~ confused by the Pay Per Call (900 or 976) advertisement;

3. The Pay Per Call (900 or 976) program was incomplete, garbled, or of such quality as to render it inaudible or unintelligible, or the end user/customer was disconnected or cut off from the service;

4. The Pay Per Call (900 and/or 976) service provided out-of-date information; or

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5. The end user/customer terminated the call during the preamble described in 25-4.110(11)(b)2., but was charged for the Pay Per Call service (900 or 976).

(e) If the end user/customer refuses to pay a disputed Pay Per Call service (900 or 976) charge which is subsequently determined by the LEC to be valid, the LEC or IXC may implement Pay Per Call (900 and 976) blocking on that line.

(f) Credit and Collection. LECs and IXCs billing Pay Per Call (900 and 976) charges to an end user/customer in Florida shall not:

1. ~~Collect or attempt to collect Pay Per Call service (900 or 976) charges which are being disputed or which have been removed from an end user's/customer's bill; or~~

2. ~~Report the end user/customer to a credit bureau or collection agency solely for non-payment of Pay Per Call (900 or 976) charges.~~

(g) LECs and IXCs billing Pay Per Call service (900 and 976) charges to end users/customers in Florida shall implement safeguards to prevent the disconnection of phone service for non-payment of Pay Per Call (900 or 976) charges.

(16) (a) A preferred carrier freeze (or freeze) prevents a change in a subscriber's preferred carrier selection unless the

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subscriber gives the carrier from whom the freeze was requested his or her express consent. All local exchange carriers who offer preferred carrier freezes must comply with the provisions of this section.

(b) All local exchange carriers who offer preferred carrier freezes shall offer freezes on a nondiscriminatory basis to all subscribers, regardless of the subscriber's carrier selections.

(c) Preferred carrier freeze procedures, including any solicitation, must clearly distinguish among telecommunications services (e.g., local exchange, intraLATA/intrastate toll, interLATA/interstate toll, and international toll) subject to a preferred carrier freeze. The carrier offering the freeze must obtain separate authorization for each service for which a preferred carrier freeze is requested.

(d) Solicitation and imposition of preferred carrier freezes.

(1) All carrier-provided solicitation and other materials regarding preferred carrier freezes must include:

(i) An explanation, in clear and neutral language, of what a preferred carrier freeze is and what services may be subject to a freeze;

(ii) A description of the specific procedures necessary to lift a preferred carrier freeze; an explanation that these steps

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are in addition to the Commission's verification rules in Secs. 25-4.118 for changing a subscriber's preferred carrier selections; and an explanation that the subscriber will be unable to make a change in carrier selection unless he or she lifts the freeze.

(iii) An explanation of any charges associated with the preferred carrier freeze.

(2) No local exchange carrier shall implement a preferred carrier freeze unless the subscriber's request to impose a freeze has first been confirmed in accordance with one of the following procedures:

(i) The local exchange carrier has obtained the subscriber's written or electronically signed authorization in a form that meets the requirements of Secs.(16)(d)(3); or

(ii) The local exchange carrier has obtained the subscriber's electronic authorization, placed from the telephone number(s) on which the preferred carrier freeze is to be imposed, to impose a preferred carrier freeze. The electronic authorization should confirm appropriate verification data (e.g., the subscriber's date of birth or social security number) and the information required in Secs.(16)(d)(3)(ii)(A) through (D).

Telecommunications carriers electing to confirm preferred carrier

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freeze orders electronically shall establish one or more toll-free telephone numbers exclusively for that purpose. Calls to the number(s) will connect a subscriber to a voice response unit, or similar mechanism that records the required information regarding the preferred carrier freeze request, including automatically recording the originating automatic numbering identification; or

(iii) An appropriately qualified independent third party has obtained the subscriber's oral authorization to submit the preferred carrier freeze and confirmed the appropriate verification data (e.g., the subscriber's date of birth or social security number) and the information required in Secs. (16)

(d)(3)(ii)(A) through (D). The independent third party must not be owned, managed, or directly controlled by the carrier or the carrier's marketing agent; must not have any financial incentive to confirm preferred carrier freeze requests for the carrier or

the carrier's marketing agent; and must operate in a location physically separate from the carrier or the carrier's marketing agent. The content of the verification must include clear and conspicuous confirmation that the subscriber has authorized a preferred carrier freeze.

(3) Written authorization to impose a preferred carrier freeze. A local exchange carrier may accept a subscriber's

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written and signed authorization to impose a freeze on his or her preferred carrier selection. Written authorization that does not conform with this section is invalid and may not be used to impose a preferred carrier freeze.

(i) The written authorization shall comply with Section 25-4.118(4) of the Commission's rules concerning the form and content for letters of agency.

(ii) At a minimum, the written authorization must be printed with a readable type of sufficient size to be clearly legible and must contain clear and unambiguous language that confirms:

(A) The subscriber's billing name and address and the telephone number(s) to be covered by the preferred carrier freeze;

(B) The decision to place a preferred carrier freeze on the telephone number(s) and particular service(s). To the extent that a jurisdiction allows the imposition of preferred carrier freezes on additional preferred carrier selections (e.g., for local exchange, intraLATA/intrastate toll, interLATA/interstate toll service, and international toll), the authorization must contain separate statements regarding the particular selections to be frozen;

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(C) That the subscriber understands that she or he will be unable to make a change in carrier selection unless she or he lifts the preferred carrier freeze; and

(D) That the subscriber understands that any preferred carrier freeze may involve a charge to the subscriber.

(e) Procedures for lifting preferred carrier freezes. All local exchange carriers who offer preferred carrier freezes must, at a minimum, offer subscribers the following procedures for lifting a preferred carrier freeze:

(1) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's written or electronically signed authorization stating his or her intent to lift a preferred carrier freeze; and

(2) A local exchange carrier administering a preferred carrier freeze must accept a subscriber's oral authorization stating her or his intent to lift a preferred carrier freeze and must offer a mechanism that allows a submitting carrier to conduct a three-way conference call with the carrier administering the freeze and the subscriber in order to lift a freeze. When engaged in oral authorization to lift a preferred carrier freeze, the carrier administering the freeze shall confirm appropriate verification data (e.g., the

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subscriber's date of birth or social security number) and the
subscriber's intent to lift the particular freeze.

(fa) Companies that bill for local service must provide notification with the customer's first bill or via letter, and annually thereafter that a PC Freeze is available.

(gb) Existing "subscribers" or "end-users" ~~customers~~ must be notified annually that a PC Freeze is available.

~~(c) Companies shall not place a PC Freeze on any customer's service unless the PC Freeze is requested by the customer.~~

(hd) A PC Freeze shall not prohibit a LP from changing wholesale services when serving the same end-user~~customer~~.

(17) The customer must be given notice on the first or second page of the customer's next bill in conspicuous bold face type when the customer's presubscribed provider of local, local toll, or toll service has changed.

(18) If a customer notifies a billing party that they did not order an item appearing on their bill or that they were not provided a service appearing on their bill, the billing party shall promptly provide the customer a credit for the item and remove the item from the customer's bill, with the exception of the following:

- (a) Charges that originate from:
1. Billing party or its affiliates;

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2. A governmental agency;
3. A customer's presubscribed intralATA or interLATA interexchange carrier; and

(b) Charges associated with the following types of calls:

1. Collect calls;
2. Third party calls;
3. Customer dialed calls for; and
4. Calls using a 10-10-xxx calling pattern.

(19) ~~(a) Within one year of the effective date of this rule and upon~~ Upon request from any customer, a billing party must restrict charges in its bills to only:

1. Those charges that originate from the following:
 - a. Billing party or its affiliates;
 - b. A governmental agency;
 - c. A customer's presubscribed intralATA or interLATA interexchange carrier; and

~~2. Those charges associated with the following types of~~ calls:

- a. Collect calls;
- b. Third party calls;
- c. Customer dialed calls; and
- d. Calls using a 10-10-xxx calling pattern.

(b) Customers must be notified of this right by billing parties annually and at each time a customer notifies a billing

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party that the customer's bill contained charges for products or services that the customer did not order or that were not provided to the customer.

(c) Small local exchange telecommunications companies as defined in Section 364.052(1), F.S., are exempted from this subsection.

(20) Nothing prohibits originating parties from billing customers directly, even if a charge has been blocked from a billing party's bill at the request of a customer.

Specific Authority: 350.127, 364.604(5), F.S.

Law Implemented: 364.17, 350.113, 364.03, 364.04, 364.05, 364.052, 364.19, 364.602, 364.604, F.S.

History: New 12-01-68, Amended 03-31-76, 12-31-78, 01-17-79, 07-28-81, 09-08-81, 05-03-82, 11-21-82, 04-13-86, 10-30-86, 11-28-89, 03-31-91, 11-11-91, 03-10-96, 07-20-97, 12-28-98, 07-05-00, XX-XX-XX.

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Part 2 of 3

Job-650

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Exhibit B

Neutral Third Party Administrator (NTA):

Customer Information Exchange Proposal to Address Industry Infrastructure Issues



Agenda

- Introduction
 - Purpose
 - Why NTA?
- Background on Industry Infrastructure issues
 - PIC Freezes and Data Rejects
 - Customer Account Record Exchange (“CARE”) and continued billing problems
- Description of NTA
 - Phases 1 and 2
 - Benefits
- Summary



Purpose:

To get the customer out of the middle

- Generally customers want a seamless migration process involving only one phone call
- This is not always feasible in view of current infrastructure, or lack thereof



Why NTA?

- Customers changing their Local Service Provider may find themselves in a unwanted position of having their long distance service negatively impacted.
 - Customer billed for “casual usage” by old carrier after the outPIC has occurred.
 - Customer billed for “casual usage” by new carrier after the inPIC has occurred.
 - Customer billed monthly recurring fees and other non-usage fees by old carrier months after the outPIC has occurred.
 - Customer has to make multiple calls to LEC, old carrier and new carrier to try to resolve problem. Each carrier blames the other for the customer’s problem.
- Current freeze administration results in a customer waiting up to 3 weeks for their desired change to take place.



PIC Freezes and Data Rejects

- PIC freezes on interstate toll service are not a required offering, but, if offered, may be administered only by the LEC. As such, IXC's do not know of the freeze status until the order is rejected by the LEC. A costly re-work process takes place and often the order is still lost because customer is never reached or customer does not want to be bothered with 3way call to lift the freeze.
- In contrast, when an ILEC wants to switch a customer to its toll services, because it is the administrator, it can proactively advise the customer on a sales call of the existence of a freeze and lift it before the order is submitted.
- IXC orders are being rejected due to industry infrastructure problems
 - WTN not found, wrong LSP
- These problems do not reflect a customer intention not to switch service, but rather an industry infrastructure problem where a carrier may not have the necessary information at the time it accepts an order from a customer or submits an order to the LEC to know that there is a problem and/or to resolve it with the customer upfront.



CARE & Continued Billing

- Generally, Customer Account Record Exchange (“CARE”) is not regulated or mandated.
- As a process, CARE is failing because many CLECs, ICOs and ILECs do not send CARE. Other CLECs send in untimely and poor quality CARE.
- Example why is it not working with increasing local competition and migrations
 - Under OBF, if the customer switches to a new LEC, the old LEC sends a record to the IXC stating the customer is no longer their local customer but it rarely indicates the identity of the new LEC. The IXCs are supposed to wait 30 days for notification from the new LEC that they were the chosen IXC. If no record is received, they are to disconnect the customer.



CARE & Continued Billing (cont'd)

- • Based on current guidelines the following customer impacts may occur:
 - If the CLEC doesn't support CARE and the customer still wants the IXC, then the customer will lose their OCP and will begin to be charged basic rates.
 - If the IXC does not disconnect the account after 30 days, they will be charging a customer for an OCP that they may no longer want.
 - This lack of confirmed IXC status causes the IXC to presume, rather than know, the status of the customer account.
 - Nor do the IXCs know the identity of the previous IXC.



Description of NTA

NTA assumes mandatory industry support of CARE

Phase 1:

Using NTA performs as the PIC freeze administrator, and administers the data store for real time customer account status query in order to prevent other order rejections.

Phase 2:

Expanding the NTA data store to include entire Customer Service Record (CSR) to enhance local service porting with the potential to administer the CLEC CARE feed exchanges.



NTA Phase 1 Benefits

- Removes the customer from the middle of LEC & IXC provisioning problems.
 - Accommodates the full range of customer requests via 1 phone call: PIC freeze change, PIC change without changing PIC freeze, etc.
- Customer requests are effectuated in a timely manner since this tool proactively prevents unnecessary order rejections.
- Cost impact minimized for LSPs since the cost of the NTA transaction replaces the cost of the provider's current PIC freeze verification process
- IXCs, resellers and LSPs can use the NTA as their new TPV vendor in order to gain cost efficiencies.

Mechanized Audit Trail: Ability to track PIC order to NTA verified PIC freeze to ensure carrier adherence to the verification process. Offending carriers will be brought to the commission's attention. Commission's can query NTA to assess carrier activity.



NTA Phase 2 Benefits

- Reduces customer complaints regarding 'continued billing problems'
 - Becomes the universal PIC/PLOC change administrator for all carriers
- Fosters local competition by allowing competing carriers access to complete customer information to facilitate "as is" porting via a centralized CSR repository
- The NTA can serve as an inexpensive alternative for smaller companies that do not have the technical and/or financial infrastructure to maintain its own CSR.
- NTA can coordinate the processing of multiple orders in order to reduce LNP porting problems
- Enables smaller carriers to enter the market with minimal negative impact to customers and other carriers
- Single entity with capability to produce CARE processing scorecard.



Summary

- **Impacts to customer issues:**
 - **Phase 1**
 - One call to resolve PIC freeze issues
 - Carrier changes effective in a timely manner
 - Mechanized audit matching PIC orders to verified freeze lifts
 - Reduction in receipt of multiple bills
 - **Phase 2 (in addition to those listed above)**
 - Resolves multiple bill issues
 - Efficient “as is” local migration
 - Timely resolution to carrier migration issues
 - Reduction of LNP porting problems
- **Proposals for trial of NTA concept**

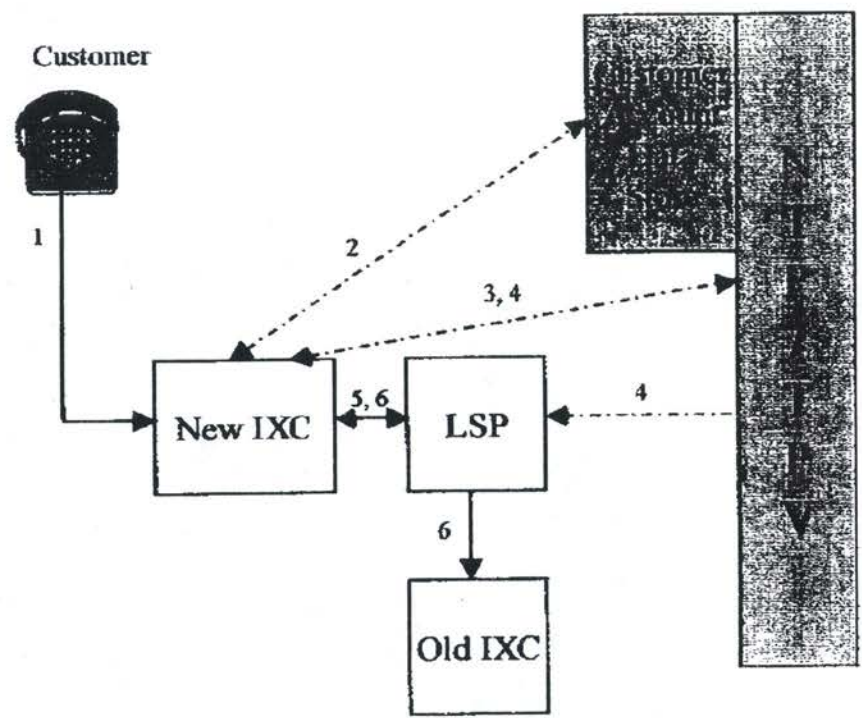


Appendix

Process Flows



Neutral Third Party Proposal - Phase 1 IXC Order

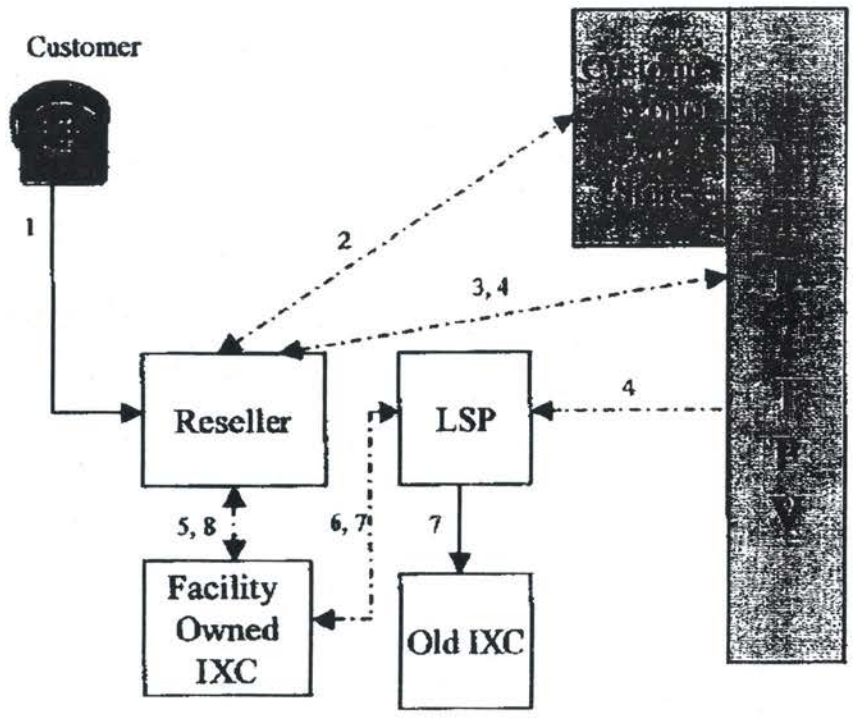


1. Customer requests pic change to New IXC.
2. New IXC queries Customer Account Data Store.
3. If pic frozen, customer is transferred to the NTP.
4. NTP administers pic change and/or pic freeze requests and sends pic verification confirmation to New IXC, and pic freeze status update to LSP.
5. New IXC sends pic notification to LSP with special notification code and TPV authorization number.
6. LSP processes pic change order and sends outpic to old IXC and inpic to new IXC.

Note: A copy of the inpic could be sent to NTA by New IXC or LSP to create an audit where the PIC order must match the verified freeze lift.



Neutral Third Party Proposal - Phase 1 Switchless Reseller Order

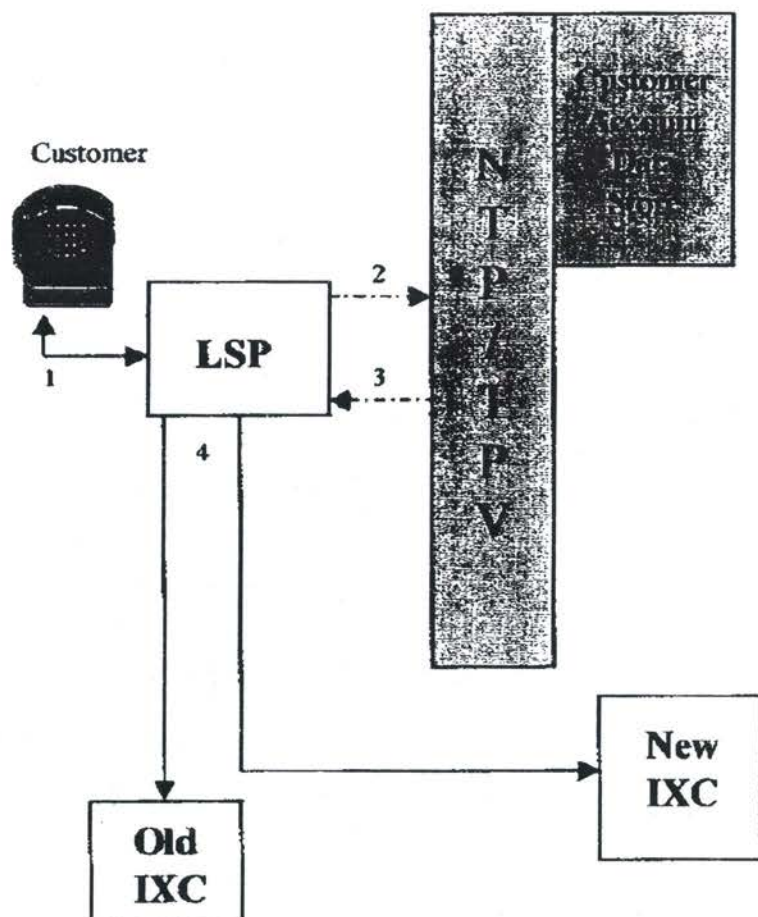


1. Customer requests pic change to Switchless Reseller.
 2. Reseller queries Customer Account Data Store.
 3. If pic frozen, customer is transferred to the NTP.
 4. NTP administers pic change and/or pic freeze requests and sends pic verification confirmation to Reseller, and pic freeze status update to LSP.
 5. Reseller sends pic notification to Facility Owned IXC with special notification code and TPV authorization number.
 6. Facility Owned IXC forwards notification to LSP.
 7. LSP processes pic change order and sends outpic to old IXC and inpic to new IXC.
 8. Facility Owned IXC sets up billing account/calling plan and forwards confirmation to Reseller.
- Note: A copy of the inpic could be sent to NTA by New IXC or LSP to create an audit where the PIC order must match the verified freeze lift.



Neutral Third Party Proposal - Phase 1

LSP pic freeze Order

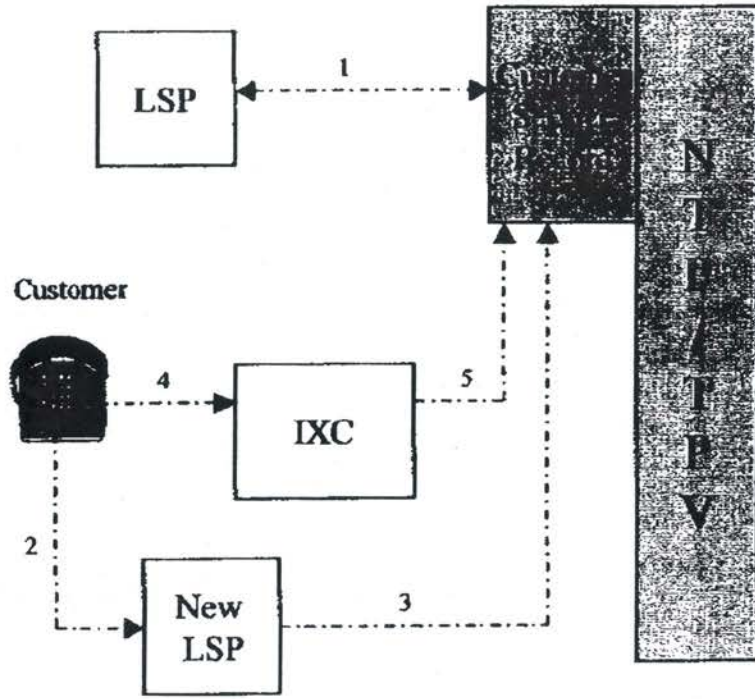


1. Customer contacts LSP for pic freeze change.
2. LSP transfers customer to NTP for the administration of the pic freeze order.
3. NTP sends pic freeze status update to LSP.
4. LSP updates database, and may send pic freeze status update to affected IXCs.



Neutral Third Party Proposal - Phase 2

NTP to centrally store CSR for all carriers

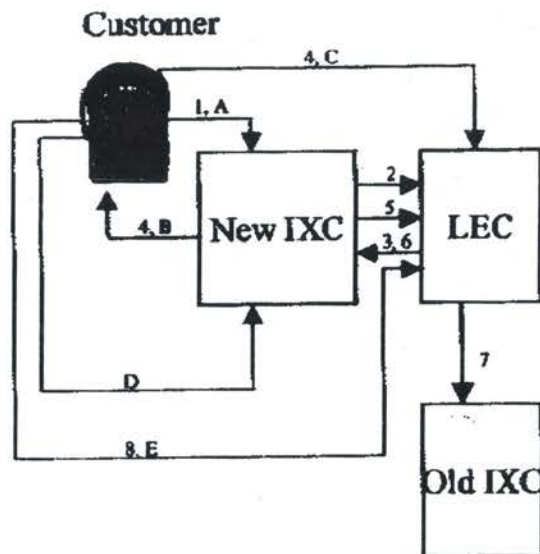


1. LSP provides universe of CSR's to NTP, and provides update of CSR's to NTP. (Each time CSR is updated a copy is written to the NTP. Allows for most current customer data.)
2. Customer requests new LSP.
3. New LSP queries CSR to facilitate "as is" migration.
4. Customer requests new IXC.
5. IXC may query CSR to prevent data rejects such as WTN not found or Wrong LSP.



Current PIC Freeze Administration by LEC

Steps required to switch service if customer is not aware when he/she places the order that there is a PIC freeze in place



IXC/LSP Process

1. IXC obtains customer's PIC change order in accordance with FCC verification requirements (e.g., LOA, TPV) 1 day
2. IXC sends PIC order to LEC 1 day
3. LEC sends order rejections to IXC 2-3 days
4. IXC recontacts customer and bridges on LEC in an attempt to lift the freeze and/or asks customer to contact LEC to arrange for PIC freeze lift and then contact IXC to resubmit customer's order 5-10 days
5. If PIC Freeze lift request accepted by LEC*, IXC resubmits PIC change order since LEC will not always also accept customer PIC change order on this call. 1 day
6. If order is not further rejected for other reasons, LEC sends order confirmation to new IXC. **CUSTOMER'S IXC SERVICE IS FINALLY CHANGED.** 2-3 days
7. LEC sends out PIC to old IXC
8. For customers who wish to have the PIC freeze reinstated after the PIC change order, customer must place another phone call to the LEC.

Customer Contacts

- A. First Call: Customer places order with IXC
- B. Second Call: IXC informs customer that the order was rejected because of PIC freeze
- C. Third Call: Customer (with or without IXC) calls LEC to lift PIC freeze
- D. Fourth Call: If customer did not bridge new IXC on with LEC, customer usually must call IXC to advise PIC freeze lifted and arrange for re-submission of customer order
- E. Fifth Call: After IXC order is fulfilled, customer contacts LEC to reimpose PIC freeze



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