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June 5, 2001

BY HAND DELIVERY

Blanca Bayó
Director, Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399

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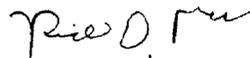
Re: Petition to Initiate Rulemaking

Dear Ms. Bayó:

Enclosed for filing on behalf of MCI WorldCom Communications, Inc. and MCImetro Access Transmission Services, LLC (collectively "WorldCom") are the original and fifteen copies of their Petition to Initiate Rulemaking.

If you have any questions regarding this filing, please contact the undersigned at (850) 425-2313 or Donna McNulty at (850) 422-1254.

Very truly yours,



Richard D. Melson

RDM/mee

Enclosures

cc: Donna McNulty
Matthew Pachman

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FPSC-RECORDS/REPORTING

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Petition to Initiate Rulemaking)	Docket No.:
Pursuant to Section 364.01 and)	
364.603, Florida)	Filed: June 5, 2001
Statutes, to Mandate the Use of)	
Electronic Authorization as a)	
Permissible Method for Consumers)	
To Lift Preferred Carrier Freezes)	
_____)	

PETITION TO INITIATE RULEMAKING BY WORLDCOM

MCI WorldCom Communications, Inc., and MCImetro Access Transmission Services, LLC (collectively "WorldCom"), pursuant to Rule 28-103.006, F.A.C. and Section 120.54, F.S, by and through its undersigned counsel, hereby petition the Florida Public Service Commission (the "Commission") to mandate that local exchange companies ("LECs") recognize the use of an Internet-based method ("Electronic Authorization") as a permissible way by which consumers may lift preferred carrier freezes ("PC-Freezes"). The Florida legislature mandated that LECs make PC-Freezes available to consumers as a method to protect against slamming and ensure that consumers enjoy their choice of carrier. Currently, however, customers wishing to switch carriers face difficulties in lifting their freezes and exercising their choices. LECs recognize only a few methods by which a consumer may lift a freeze, and all of these methods require consumers to take multiple, cumbersome steps in order to switch carriers.

Electronic Authorization would allow consumers to streamline the process of lifting freezes and changing carriers, while maintaining the protections for which freezes were designed. Thus, to carry out the will of the Florida legislature to promote

competition and to ensure the widest possible range of customer choice while complying with efforts to prevent the unauthorized changing of a subscriber's telecommunications service, WorldCom respectfully requests that the Commission adopt rules mandating that LECs recognize Electronic Authorization, including consumer voice recordings, as a permissible method for lifting freezes, and further require LECs to work with interexchange carriers ("IXCs") and alternative local exchange telecommunications companies ("ALECs") to implement processes that will make Electronic Authorization function efficiently. In support of this Petition, WorldCom shows the Commission as follows:

PARTIES AND JURISDICTION

1. WorldCom's official name and address are:

MCI WorldCom Communications, Inc.
Concourse Corporate Center Six
Six Concourse Parkway, Suite 3200
Atlanta, GA 30328

2. MCI WorldCom Communications, Inc. is certified by the Commission as an alternative local exchange company and as an interexchange company in Florida. MCImetro Access Transmission Services, LLC, is certified by the Commission as an alternative local exchange company.

3. The name and address of the persons to whom copies of all correspondence, notices, orders and other documents in this proceeding should be sent are as follows:

Donna Canzano McNulty
WorldCom, Inc.
325 John Knox Road, Suite 105
Tallahassee, FL 32303
(850) 422-1254

Matthew Pachman
WorldCom, Inc.
1133 19th Street, N.W.
Washington, D.C. 20036
(202) 736-6825

4. The Petitioner provides competitive interexchange services (including both interLATA and intraLATA services) in Florida. The Petitioner is also preparing to begin operations for residential service as an ALEC in Florida. Other WorldCom operating subsidiaries are certified as ALECs and providing local service for business customers in Florida.

5. The Commission has jurisdiction to adopt the rule requested herein pursuant to Section 364.01 and 364.603, F.S.

THE REGULATORY LANDSCAPE

6. Florida law requires the Commission to adopt rules that provide consumers with the ability to “freeze” their choice of carriers at no charge. Section 364.603, F.S.

7. The Commission has defined a PC-Freeze as “[a] service offered that restricts the customer’s carrier selection until further notice from the customer.” Rule 25-4.003, F.A.C. Although the Commission requires companies that bill for local service to notify customers that a PC freeze is available, nothing in the Commission’s rules describes acceptable methods to lift PC freezes. Rule 25-4.110(16), F.A.C. As described by the Federal Communications Commission (“FCC”), PC-Freezes are designed to ensure “that a subscriber’s preferred carrier selection is not changed without his or her consent” (i.e. to prevent the practice known as “slamming”). Second Report and Order and Further Notice of Proposed Rulemaking, *In the Matter of Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996: Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers*, CC Docket No. 94-129 (Released Dec. 23, 1998) at ¶ 114 (“Second Report and Order”). At

that time, the FCC ruled that carriers should not be permitted to submit preferred carrier freeze lifts, even if those lift orders were first verified by a neutral third party. *Id.* at ¶ 131. It explained 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.” *Id.* As noted by the FCC, however, the broader goal of PC-Freeze protection is to “enhance[] competition by fostering consumer confidence that they control their choice of service provider.” *Id.* at ¶ 114. With this in mind, the FCC stated that “carriers must offer subscribers a simple, easily understandable, but secure, way of lifting preferred carrier freezes in a timely manner.” *Id.* at ¶ 127.

8. As currently administered, however, the process for lifting PC-Freezes and exercising carrier choice is neither simple nor easily understandable for consumers. When a consumer chooses a new carrier, the carrier confirms the sale using third-party verification and the change order is submitted to the LEC as the executing carrier to execute the change. Because IXC and ALEC do not have real time access to information about whether a particular customer account is frozen, and because the vast majority of consumers do not remember that their accounts are frozen, the sale subsequently is rejected. This requires the requesting carrier to re-contact the customer days after the initial sale, and in turn requires the customer to take the further step of either drafting a letter to the LEC or participating in a three-way call with the LEC. Notably, the three-way calling option can only be exercised during LEC business hours.

9. Customers signing up for PC-Freeze protection expect to be protected against slamming. They do not expect to have their ability to choose a carrier hindered or made unnecessarily difficult.

10. The FCC recognized this tension early on, noting that a consequence of PC-Freezes may be that “otherwise valid attempts to effectuate a change in carrier will be frustrated.” Second Report and Order at ¶ 115. The FCC thus “encourage[d] parties to develop new means of accurately confirming a subscriber’s identity and intent to lift a preferred carrier freeze” *Id.* at ¶ 130.

11. In 2000, Congress passed the Electronic Signatures in Global and National Commerce Act (“E-Sign Act”), 15 U.S.C. § 7001, et seq. In that same year, the Florida Legislature passed the Uniform Electronic Transaction Act. Section 668.50, F.S. These laws were designed to recognize the importance of modern technology by mandating that electronic documents and signatures have the same legal effect as written documents and signatures. Notably, Congress directed specific language to the communications industry, requiring the FCC to recognize the validity of letters of authorization in electronic form. *Id.*¹

12. In implementing the E-Sign Act, the FCC recently promulgated rules relating to the interplay between Internet technology and PC-Freezes. Specifically, the FCC stated: “[T]he growth of the Internet has continued to accelerate, and the many ways in which companies and consumers may benefit from using the Internet have become

¹ “The Federal Communications Commission shall not hold any contract for telecommunications service or letter of agency for a preferred carrier change that otherwise complies with the Commission’s rules, to be legally ineffective, invalid, or unenforceable solely because an electronic record or electronic signature was used in its formation or authorization.” [E-Sign Act, Section 104(e)]

increasingly apparent.” Third Report and Order and Second Order on Reconsideration, *In the Matter of Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996: Policies and Rules Concerning Unauthorized Changes of Consumers Long Distance Carriers*, CC Docket No. 94-129 (Released Aug. 15, 2000) (“Third Report and Order”), at ¶ 8. Accordingly, the FCC amended its rules “to allow subscribers to submit, and carriers to process, the imposition and/or lifting of preferred carrier freezes over the Internet.” *Id.* at ¶ 20. While the FCC did not provide specific examples of the ways in which consumers could use the Internet for this purpose, it reiterated in this context that “we encourage parties to develop other methods of accurately confirming a subscriber’s identity and intent to lift a preferred carrier freeze, in addition to offering written and oral authorization to lift preferred carrier freezes.” *Id.* at ¶ 75.

THE ELECTRONIC AUTHORIZATION SOLUTION

13. WorldCom has developed a solution that uses modern technology to provide customers and carriers with a streamlined method for lifting PC-Freezes while operating within the existing legal framework.

14. The Electronic Authorization solution allows the consumer to create a voice recording of his oral authorization that can be reviewed by the LEC. Specifically, during the third-party verification process (“TPV”), a customer can indicate that he wishes to inform the LEC that he would like to lift his PC-freeze. At the consumer’s request, the independent third party will make that recording available to the LEC, as the executing carrier, in the form of a “.wav” file. The .wav files can be made available to LECs either on a secure website or as attachments to electronic-mail messages.

15. The Electronic Authorization solution is consistent with existing laws and regulations in that it allows the ILEC to hear the customer's authorization directly without relying on the representations of requesting carriers or third parties. Moreover, the electronic voice recording is no different under the law than a written document.

THE PUBLIC INTEREST

16. If the Electronic Authorization solution is successfully implemented, consumer satisfaction will be greatly enhanced. Consumers will be able to exercise their choice of telecommunications companies without having to participate in multiple phone calls or draft written correspondence. At the same time, customer PC-Freeze protection will not be compromised because the ILEC will not act without hearing the customer's authorization to lift the freeze. With implementation of an Electronic Authorization solution, the Commission will successfully balance its duty to promote competition and ensure the widest possible range of customer choice with its obligation to prevent the unauthorized changing of a subscriber's telecommunications service. Sections 364.01, 364.603, F.S.

17. The Electronic Authorization solution initially will also reduce the expense and burden of participating in a multitude of three-way calls. Reduction in the level of customer confusion will result in fewer customer service calls and complaints. Finally, the Electronic Authorization solution will lead to increased order processing speed and efficiency.

WHEREFORE, Petitioners respectively request that the Commission:

(1) Request comments from LECs, ALECs, IXCs, and other interested parties as to the Electronic Authorization proposal;

(2) Hold a rulemaking hearing, if the Commission deems a hearing appropriate and necessary to consider the Electronic Authorization proposal;

(3) Adopt the attached proposed rule that requires LECs to work with IXCs and ALECs to test the Electronic Authorization proposal and to accept Electronic Authorization, including customer voice recordings, as a permissible method for lifting PC-Freezes; and

(4) Grant such other relief as it may deem just and proper.

RESPECTFULLY submitted this 5th day of June, 2001.



per

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and

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Communications, Inc. and MCImetro
Access Transmission Services, LLC

PROPOSED RULE

25-4.110 – Customer Billing for Local Exchange Companies

(16) (a) 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. Existing customers must be notified annually that a PC freeze is available.

(b) Methods for lifting PC-freezes may not impose unnecessary burdens on customers or telecommunications companies. The LEC may not base a refusal to honor a customer's request to lift a freeze on the ground that such request is submitted through electronic means, including voice recordings.