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November 24, 1997

**Mrs. Blanca S. Bayó**  
Director, Division of Records and Reporting  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32309-0850

**Re: Docket No. 970862-TI**

Dear Ms. Bayó:

Enclosed is an original and fifteen copies of BellSouth Telecommunication, Inc.'s Direct Testimony of Jerry Hendrix, which we ask that you file in the above-captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,

*Nancy B. White (cc)*

Nancy B. White

- ACK
- AFA
- APP 1
- CAF 2
- CMU
- CTR
- EAG
- LEG
- LIN 54
- OPC
- RCH 1
- SEC 1
- WAS
- OTH

Enclosures

cc: All parties of record  
A. M. Lombardo  
R. G. Beatty  
William J. Ellenberg II

RECEIVED & FILED  
*[Signature]*  
FPSC-BUREAU OF RECORDS

DOCUMENT NUMBER-DATE

12082 NOV 24 5

FPSC-RECORDS/REPORTING

**CERTIFICATE OF SERVICE  
DOCKET NO. 970882-T1**

**I HEREBY CERTIFY that a true and correct copy of the foregoing was served  
via U. S. Mail this 24th day of November, 1997 to the following:**

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Nancy B. White (KR)  
Nancy B. White

ORIGINAL

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**BELLSOUTH TELECOMMUNICATIONS, INC.**  
**TESTIMONY OF JERRY HENDRIX**  
**BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION**  
**DOCKET NO. 970882-TI**  
**NOVEMBER 24, 1997**

**Q. Please state your name and company name and address.**

**A. My name is Jerry Hendrix. I am employed by BellSouth Telecommunications, Inc. as Director - Interconnection Services Pricing. My business address is 675 West Peachtree Street, Atlanta, Georgia 30375.**

**Q. Please summarize your background and experience.**

**A. I graduated from Morehouse College in Atlanta, Georgia in 1975 with a Bachelor of Arts Degree. I began employment with Southern Bell in 1979 and have held various positions in the Network Distribution Department before joining the BellSouth Headquarters Regulatory organization in 1985. On January 1, 1996 my responsibilities moved to Intc-connection Services Pricing in the Interconnection Customer Business Unit .**

**Q. Have you testified previously?**

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1 A. Yes. I have testified in proceedings before the Alabama, Florida, Georgia,  
2 Kentucky, Louisiana, Mississippi, South Carolina, and Tennessee Public  
3 Service Commissions and the North Carolina Utilities Commission.

4  
5 Q. What is the purpose of your testimony?

6  
7 A. The purpose of my testimony is to provide BellSouth's position regarding  
8 unauthorized provider changes ("slamming") and slamming rules in general  
9 and to provide specific comments regarding the Florida Commission's Notice  
10 of Proposed Rule Development regarding the proposed amendment of the  
11 slamming rules.

12  
13 Q. Would you please explain BellSouth's overall view regarding rules on  
14 slamming?

15  
16 A. Yes. BellSouth agrees with the Commission that slamming is a serious  
17 problem that must be addressed. As competition continues to evolve in the  
18 remaining markets, local toll and local exchange service, slamming will  
19 become even more pervasive without proper rules and strict enforcement.

20  
21 BellSouth supports the need for uniform rules. Uniform rules for authorization  
22 and verification are more cost effective and more easily administered.

23 Uniform rules are also easier for customers to understand.  
24  
25

1       **Questionable marketing tactics by some carriers have brought slamming to the**  
2       **forefront of concern for customers and the industry. Rules to eliminate**  
3       **slamming should not, however, create additional and costly burdens on those**  
4       **carriers, including local exchange companies, who choose to operate in a fair**  
5       **and reasonable manner. BellSouth believes that the most effective method of**  
6       **preventing slamming is the application of significant penalties for those**  
7       **carriers who willfully and repeatedly use slamming tactics. Heavy financial**  
8       **penalties, suspension and withdrawal of certification of willful offenders will**  
9       **reduce, if not eliminate, slamming while not imposing undue burden on those**  
10       **carriers who operate within the rules.**

11  
12       **Chapter 364.285 of the Florida Statutes gives the Florida Public Service**  
13       **Commission the authority "to impose upon any entity subject to its jurisdiction**  
14       **under this chapter which is found to have refused to comply with or to have**  
15       **willfully violated any lawful rule or order of the commission or any provision**  
16       **of this chapter a penalty for each offense of not more than \$25,000, which**  
17       **penalty shall be fixed, imposed, and collected by the commission; or the**  
18       **commission may, for any such violation, amend, suspend, or revoke any**  
19       **certificate issued by it." Based on this chapter in the Florida Statutes, the**  
20       **Florida Public Service Commission has the authority and ability to stop the**  
21       **practice of slamming by enforcing the rules as they currently exist. Strict**  
22       **enforcement of existing rules would preclude the need for new rules which will**  
23       **add cost to the companies that operate within the existing guidelines. The cost**  
24       **for imposing new rules will inevitably be paid by the end user in the form of**  
25       **higher prices. Simply stated, heavy financial penalties will remove the**

1 financial incentives to build market share by willfully slamming customers.  
2 When the financial incentive is removed from slamming, there should be a  
3 drastic decrease in occurrence.  
4

5 Q. On July 15, 1997 the Federal Communications Commission ("FCC") released  
6 a Notice of Proposed Rulemaking ("NPRM") asking for comments on further  
7 ways to eliminate slamming. The FCC's NPRM appears to address all  
8 telecommunications carriers including local exchange telecommunications  
9 carriers. What is BellSouth's position regarding these proposed rules?

10  
11 A. Although BellSouth opposes certain provisions contained in the FCC's rules,  
12 BellSouth supports the need for consistency across all jurisdictions. Rules that  
13 differ across jurisdictions will unnecessarily complicate administration,  
14 increase costs, and cause customer confusion.  
15

16 Q. The Florida Public Service Commission's Notice of Proposed Rule  
17 Development issued May 21, 1997 and reissued October 15, 1997, initiated the  
18 development of amendments to Chapters 25-4 and 25-24, Florida  
19 Administrative Code, to amend provisions relating to a customers preference  
20 for a local, local toll, and toll provider. Does BellSouth have specific  
21 comments relative to these rules?  
22

23 A. Yes. Regarding Rule 25-4.110, Customer Billing for Local Exchange  
24 Telecommunications Companies, the Commission recognizes the need for  
25

1 customers to easily distinguish billing amounts among multiple providers. The  
2 Staff proposed the following language:

3  
4 **“(10) After January 1, 1998, all bills produced shall clearly and conspicuously**  
5 **display the following information for each service billed in regard to each**  
6 **company claiming to be the customer’s presubscribed provider for local, local**  
7 **toll or toll service:**

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

12  
13 **BellSouth’s bill already displays the name of the service provider and**  
14 **clearinghouse, where applicable, for all charges. Included in this information**  
15 **is a toll-free number that a customer can call with questions concerning his bill.**  
16 **An IXC or a clearinghouse can purchase Bill Processing Service from**  
17 **BellSouth with or without Inquiry. Inquiry is a service whereby BellSouth**  
18 **receives calls from the end user and resolves billing questions on behalf of the**  
19 **IXC or clearinghouse. When an IXC or clearinghouse purchases Bill**  
20 **Processing Service without Inquiry, BellSouth requires that the IXC provide a**  
21 **reasonable level of inquiry for their customers. If the Inquiry provided by the**  
22 **IXC begins to generate what BellSouth considers an unreasonable number of**  
23 **end user complaints, (because the end user is unable to contact the IXC or**  
24 **clearinghouse, the dispute was not resolved, etc.), BellSouth will recourse the**  
25 **charges to the IXC or clearinghouse. BellSouth will also “invoke Inquiry”**



1 (i.e., the IXC will be required to purchase Inquiry) on an interim basis until the  
2 IXC is able to provide a satisfactory level of Inquiry. All appropriate Billing  
3 and Collection charges for the preceding services will apply during the interim  
4 period.

5  
6 It is unclear how adding the certificate number and the type of service on the  
7 bill would help customers interpret their bills or prevent slamming problems.  
8 The certificate number and the service designations (i.e. local, local toll, toll)  
9 mean nothing to most, if not all, typical end users; indeed, printing them on the  
10 bill may actually cause confusion. Adding to the potential confusion, Carriers  
11 may choose to conduct business under various names for marketing purposes.  
12 The name is what is recognizable by the customer, not the certificate number  
13 or the service designation.

14  
15 Since notification of a change in presubscribed carriers via the bill is after-the-  
16 fact for slamming, the most efficient use of the bill is to call the customer's  
17 attention to the change on the first bill after the change is made. Though  
18 BellSouth provides customers with notification of preferred provider changes  
19 today, the Company is currently reviewing the entire bill format in an effort to  
20 make this notification even more prominent.

21  
22 Q. What action has BellSouth taken to insure that only certificated carriers are  
23 billing customers?

24  
25

1 A. BellSouth implemented a database several years ago called the IXC Services  
2 Authentication Table ("ISAT") to prevent billing by uncertified carriers. The  
3 ISAT is used by BellSouth to block intrastate billing until the carrier provides a  
4 copy of the certificate issued by the Commission. Although the certificate  
5 number is not listed on the bill, BellSouth does insure that intrastate charges  
6 will not be billed for IXCs which are not certificated.

7

8 Q. Would the recommended changes cause increased costs?

9

10 A. Yes. The recommended changes would not only be difficult to implement but  
11 would also cause increased costs. Adding the certificate number and the type  
12 of service provided would require significant bill formatting changes. Costs  
13 would be incurred to develop and administer comprehensive databases to  
14 maintain the certificate numbers, the firm's certified name, and the "doing  
15 business as" name, or d.b.a. Mechanisms for transporting such information to  
16 the bill would need to be developed. The actual type of service (local, local  
17 toll or toll) for each provider would have to be loaded within the new data base  
18 and transported to the bill. Finally, because there is no interface between the  
19 PIC data base and the carrier billing process that would enable this to be done  
20 in order to support such a change, one would have to be developed.

21

22 Q. Has BellSouth developed any specific estimates of cost for the implementation  
23 of these bill changes?

24

25

1 **A. Yes. BellSouth has conducted a high level cost study. This cost study shows**  
2 **that the costs incurred would be:**

3

4 **The non-recurring billing costs to include this information are estimated to be**  
5 **between \$80,000 - \$100,000.**

6

7 **The annual recurring costs to include this information would depend upon how**  
8 **the required information had to be displayed in the bill.**

9

10 **If the information had to be displayed in the particular section of the bill which**  
11 **included the itemization of that carrier's charges, the annual recurring costs are**  
12 **estimated to be between \$4 - \$4.5 million.**

13

14 **If a separate section can be created in the bill to display all of the relevant**  
15 **account information, the annual recurring costs are estimated to be between \$2**  
16 **- \$2.5 million.**

17

18 **BellSouth, therefore, requests that with the exception of inclusion of a toll-free**  
19 **customer service number, the Commission not adopt Section (10) and its**  
20 **requirements for customer billing.**

21

22 **Q. Does BellSouth have a lower cost alternative to propose that will accomplish**  
23 **the goal of the Staff?**

24

25

1 A. BellSouth suggests placing the verification telephone numbers for PIC and  
2 Local toll PIC on the bills each month so that end users can call and verify  
3 their selections at any time during the billing cycle. This method of  
4 verification would cost much less than the proposed rules and would be a user  
5 friendly form of verification. BellSouth believes that this information would  
6 be more informative and useful to the customer than the certificated name and  
7 number.

8  
9 Q. Does BellSouth have concerns with Section 25-4.118 Local, Local Toll, or Toll  
10 Provider Selection? If so, please outline BellSouth's concerns.

11  
12 A. Yes. In order to address our issues in the most concise manner, I will break out  
13 our concerns by specific sections and subsections.

14  
15 With regard to sections 1 and 2 of this rule, the Commission's proposed rules  
16 indicate that identifying information be obtained from the customer to  
17 substantiate a valid authorization. BellSouth supports the Commission's intent  
18 to eliminate slamming, however, it should be made clear that BellSouth does  
19 not support the application of verification procedures to customer initiated  
20 calls.

21  
22 Verification requirements for customer initiated calls will unnecessarily subject  
23 carriers to substantial costs and increase customer contact time. Such  
24 requirements will subject customers, who have made a conscious and  
25 affirmative decision to make a change in their telecommunications service to

1           unwarranted frustration, inconvenience and delay in selecting their provider of  
2           choice. It is BellSouth's belief that customers want such changes made simply  
3           and expeditiously. Additionally, BellSouth believes that the majority of  
4           slamming occurs not from customer initiated calls, but from other sources.  
5           This belief appears to be substantiated by customers who testified in the public  
6           hearings. Only a very small fraction of slamming complaints originate from  
7           inbound calls. Given this low incidence of inbound problems, the expense of  
8           requiring inbound verification would simply not be justified in light of the  
9           minimal benefit obtained. Therefore, BellSouth believes that customer  
10          initiated calls should be exempt from verification requirements.

11

12 Q.       You have stated that BellSouth is opposed to the verification of inbound calls,  
13           however, should the Commission adopt such rules despite BellSouth's  
14           position, does BellSouth believe that the proposed rules are operationally  
15           feasible ?

16

17 A.       Yes. The Commission's rules appear to be operationally feasible. However,  
18           options such as LOAs and Informational Packages will require costly,  
19           cumbersome and operationally inefficient mechanisms. The Company will be  
20           burdened with developing and managing predominately manual processes.  
21           Such paper oriented verification procedures leave little opportunity for  
22           mechanized efficiencies to be developed. Additionally, this type of  
23           verification is not immediate and would impose undue burdens on the  
24           customer to "be on the look out" for their authorization documentation.

25

1 Q. Does BellSouth have any additional comments regarding the proposed rules?

2

3 A. Yes. First, BellSouth agrees that the proposed rules should apply to ALECs  
4 who will have the ability to effect changes via direct access into BellSouth's  
5 provisioning Operations Systems. BellSouth also believes that a customer's  
6 call to an automated 800 number is a legitimate means of verification and  
7 should remain as one of the verification options.

8

9 Q. Does BellSouth have proposed wording for the Commission? If so, please  
10 indicate any revisions to the Commission's proposed text.

11

12 A. We offer the following wording for consideration:

13

14 "(1) The provider of a customer shall not be changed without the customer's  
15 authorization. Provider change requests made by end users during customer  
16 initiated calls are exempt from verification requirements as stated herein. A  
17 LEC shall accept a provider change request by telephone call or letter directly  
18 from its customers; or

19

20 (2) A LEC shall accept a change request from a certificated LP or IXC acting  
21 on behalf of the customer. A certificated LP or IXC shall submit a change  
22 request, other than a customer initiated change, only if it has first certified to  
23 the LEC that at least one of the following actions has occurred:

24

25

1 (a) the company has a letter of agency (LOA), as described in (3), from  
2 the customer requesting the change;

3  
4 (b) the company has received a customer initiated call, and has obtained  
5 the following:

6  
7 1. The customer's consent to record the requested change;

8 2. An audio recording of the information set forth in (3) a through c; and

9 3. A recording of the originating telephone number on which the provider  
10 is to be changed via automatic number identification.

11  
12 (b) the customer initiates a call to an automated toll-free number, and through a  
13 sequence of prompts, confirms the customer's requested change;

14  
15  
16 Q. Subsection 2(d) of this rule outlines certain terms and conditions for verifying  
17 a customer's change request by responding to an information package mailed  
18 by the provider. Does BellSouth have specific concerns with this provision? If  
19 so, please explain.

20  
21 A. Yes. In subsections 2(d)(4), (5) and (6) the proposed language only allows a  
22 change if the customer affirmatively confirms a change request. BellSouth  
23 believes that the postcard included in the welcome package should be used to  
24 deny or cancel the request. This change would create an effective and efficient  
25

1 change verification mechanism which minimizes administrative burdens for  
2 customers and providers.

3

4 Q. You state this would minimize administrative burdens for customers and  
5 providers, would you please explain ?

6

7 A. Yes. Should the Commission require an affirmative response from the  
8 customer, this would mean that BellSouth would have to "hold" a customer's  
9 request until the document was returned. Holding the request creates extreme  
10 complications for the Company and the customer. In essence, unless the  
11 customer returned their authorization documents, the order would never be  
12 processed. As a result, the customer would not receive the perceived value for  
13 making their requested change. Further, customers who returned their  
14 authorization documents would forego potential savings and benefits of their  
15 change requests during the mail transit window. Clearly, BellSouth should not  
16 be required to hold the processing of orders for customers while waiting for the  
17 postal service to deliver the authorization document.

18

19 Q. Does BellSouth object to providing customers with the address and telephone  
20 number of the Commission's Division of Consumer Affairs ?

21

22 A. Although BellSouth does not object to providing customers with the address  
23 and telephone number of the Commission's Division of Consumer Affairs, it  
24 should be noted that such requirements mandating the appearance of such  
25 information in packages confirming a customer's requested change in their



1 telecommunications provider could be misunderstood. End users may think  
2 that a call is required or suggested even if the change was appropriate. Such  
3 information is readily available to customers through other mediums such as  
4 the customer guide pages and the business office.

5  
6 Q. Please provide any suggested language for the Commission to consider and  
7 indicate all changes to the original text.

8  
9 A. We offer the following:

10  
11 4. A postcard which the customer can use to confirm, deny or cancel a  
12 change request:

13  
14 5. A clear statement that the customer's local, local toll, or toll provider  
15 will be changed to the soliciting company only if unless the customer signs and  
16 returns the postcard denying or canceling ~~confirming the change~~ within 14  
17 days:

18  
19 6. A notice providing that the customer may contact by writing the  
20 Commission's Division of Consumer Affairs, 2540 Shumard Oak Boulevard,  
21 Tallahassee, Florida 32399 - 0850 or calling, toll free (TDD & Voice) 1-800-  
22 342-3352 for consumer complaints.

23  
24 ~~The soliciting company shall submit the change request to the LP only~~  
25 ~~if it has first received the postcard that must be signed by the customer.~~

1       **Soliciting companies must wait 14 days after the form is mailed to customers**  
2       **before submitting their PIC change orders to LPs. If customers have canceled**  
3       **their orders during the waiting period, soliciting companies, of course, cannot**  
4       **submit the customers' orders to the LPs."**

5  
6   Q.   **Section 3 outlines the requirements of the Letter of Agency. Are there any**  
7       **proposed changes to that Section? If so, please indicate any changes from the**  
8       **original text.**

9  
10  A.   **Yes. In order to eliminate potential customer confusion regarding their**  
11       **selection of carriers, BellSouth suggests that the following text replace the**  
12       **language proposed in Subsection (3)(d):**

13  
14       **"Statement that the customer's change request will apply only to the number**  
15       **on their request and there must only be one presubscribed local, one**  
16       **presubscribed local toll, and one presubscribed toll provider for each number;**  
17       **and a statement clearly indicating which of the customer's services are being**  
18       **changed by the request."**

19  
20  Q.   **Section 6 requires that LOAs and audio recording shall be maintained for a**  
21       **period of one year. Does BellSouth have concerns with this requirement?**

22  
23  A.   **Again, BellSouth is opposed to verifications requirements for inbound calls.**  
24       **However, should the Commission adopt the proposed rules, BellSouth is**  
25       **concerned with the operational issues associated with administering, archiving**

1 and tracking authorization procedures that are paper oriented. The physical  
2 space and limited opportunities for mechanization make LOAs an unattractive  
3 option from an operational standpoint. With regards to archiving and  
4 administering audio recordings, our discussions with vendors of such  
5 equipment appear to suggest this process would be operationally efficient.  
6 However, BellSouth does not believe that the expense of such systems is  
7 warranted. As stated earlier, BellSouth believes that slamming occurs from  
8 other sources, not as a result from customer initiated calls.

9  
10 Q. Has BellSouth determined the costs associated with the Staff's proposed  
11 verification requirements?

12  
13 A. Yes. BellSouth has conducted a preliminary assessment of the costs associated  
14 with implementing each option. Following is an outline of the estimated costs  
15 for BellSouth to administer each verification option proposed in the Staff's  
16 Rules:

17  
18 A) Letters of Authorization (LOA)

19 The Company believes that to create an efficient method of compliance, this  
20 option would have to be mechanized and embodied in the Company's day to  
21 day operations. Operational implications include but are not limited to the  
22 following:

- 23  
24 - systems modifications  
25 supplier programming

- 1                    **new letter English and Spanish version**
- 2                    **systems testing**
- 3                    **Spanish translation**
- 4                    **quality control and assurance**
- 5                    **BST programming**
- 6
- 7                    - **training of customer contact personnel**
- 8                            **develop training material for all Florida contact personnel**
- 9
- 10                   - **a new remittance process for the LOAs to be returned to the Company**
- 11                           - **tracking, reporting and verification mechanism/processes**
- 12                           - **establish new work group to administer LOA remittance**
- 13                           - **purchase necessary equipment to support such a work group**
- 14                           - **create a follow-up process for "No Response" situations**
- 15                           - **develop dispute resolution process/documentation**
- 16                           - **develop appeal process/documentation**
- 17                           - **develop final resolution process/documentation**
- 18                           - **printing and postage**
- 19

20                    **The Company estimates that implementing the LOA proposal will cost**  
21                    **approximately \$790,000 for the first year with an annual cost of**  
22                    **approximately \$660,000.**

23

24                    **B) Audio Recording Equipment**

25

1       **This option includes the use of audio recording equipment. The following**  
2       **costs estimates are based on preliminary discussions with vendors who develop**  
3       **the type of recording equipment needed to comply with the Commission's**  
4       **proposed rules. Estimates are based on the current vendor cost for the**  
5       **equipment needed. The vendor prices and equipment needs of BellSouth are**  
6       **subject to change before this proceeding concludes. Additionally, these**  
7       **estimates are based on the use of Spectrum switches. BellSouth currently uses**  
8       **Galaxy switches. However, BellSouth plans to replace its current Galaxy**  
9       **switches with Spectrum switches in June of 1998. Additionally, the vendor**  
10       **has a minimum order and installation interval of 120 days. The projected costs**  
11       **herein do not include a redundant or back-up system to capture or retain data**  
12       **given a system failure. Implementing Audio Recording would include but not**  
13       **be limited to the following:**

- 14
- 15       **- purchase and installation of recording equipment**  
16               **includes audio interface units, cabling, and switch interface cards.**  
17               **includes hardware and cabinets.**
  - 18       **- ongoing maintenance of recording equipment**
  - 19       **- develop retrieval mechanisms and processes**
  - 20       **- systems modifications**
  - 21       **- training of customer contact personnel**
  - 22       **- dispute resolution process**
  - 23       **- appeal process**
  - 24       **- final resolution process**
  - 25       **- increase in work force**

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**BellSouth estimates the cost of implementing Audio Recording is approximately \$15 million for the first year. Annual recurring costs for audio recording could be as much as \$6.3 million.**

**C) Third Party Verification**

**This proposed rule change requires the use of an outside Third Party. The Staff suggests that inbound callers could be contacted by a third party to verify the requested provider change. BellSouth believes that implementing Third Party Verification would include but not be limited to the following:**

- securing and contracting with an outside vendor to perform the required functions**
- training vendor representatives**
- ongoing contact negotiations**
- monitoring vendor service quality**
- systems modifications to accommodate bi-directional transfer**
- training of customer contact personnel**
- dispute resolution process**
- appeal process**
- final resolution process**

**The cost of implementing Third Party Verification is approximately \$.8 million for the first year. Annual recurring costs for Third Party Verification are estimated to be approximately \$740,000.**

1           **D) Information Package**

2           **This proposal requires verification via an informational package mailed to the**  
3           **customer. BellSouth believes that implementing this proposal includes, but is**  
4           **not limited to the following:**

- 5
- 6           **- systems modifications to accommodate enclosure of new document**
  - 7           **- negotiating systems modifications**
  - 8           **- training of customer contact personnel**
  - 9           **- a new remittance process for the verification documents to be returned to the**  
10           **Company**
  - 11           **- tracking, reporting and verification mechanism/processes**
  - 12           **- follow-up process for "No Response" situations**
  - 13           **- dispute resolution process**
  - 14           **- appeal process**
  - 15           **- final resolution process**
  - 16           **- printing and postage**

17

18           **BellSouth estimates the cost of implementing this proposal is approximately**  
19           **\$730,000 for the first year. Annual recurring costs are estimated at to be**  
20           **approximately \$450,000.**

21

22   **Q.    Has BellSouth determined the impact of the disclosure requirements proposed**  
23           **in the Staff's rules?**

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25   **A.    Yes. Following is an outline of the impact of the disclosure requirements:**

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**LOA: Disclosure requirements will be incorporated in BellSouth's day to day operations. The Company's Service Representatives will be trained to educate the customer on the importance of the Letter of Agency during the contact. Customers will be encouraged to return the documents so that BellSouth can meet its regulatory obligations.**

**Audio Recording: BellSouth believes that customers should know that their calls are being recorded for regulatory purposes. The Company believes that the disclosure requirement for audio recordings, could be fulfilled before the customer reaches the Service Representative. The disclosure would be included in the educational section of the Company's automated voice response system. Modifications to the Company's system would be needed. Service Representatives would also be trained to answer questions from customers regarding the disclosure.**

**Third Party Verification: BellSouth believes that disclosure for third party verification should occur at the close of the contact with the customer. Service representatives will disclose to the customer that, to comply with regulatory requirements, they are being transferred to an independent third party to verify the changes made by the Company.**

**Informational Package: See LOA**



1 Q. Section 8 outlines the requirements for charges for unauthorized changes.  
2 Does BellSouth believe that all charges for the first 90 days billed on behalf of  
3 the unauthorized provider should be credited to the customer by the company  
4 responsible for the error?

5  
6 A. No. Although BellSouth does believe that the company responsible for the  
7 error should not benefit in any way from the unauthorized change, BellSouth  
8 also believes that the customer should not benefit either. The customer is  
9 responsible for calls that he has placed and should also be responsible for  
10 payment of charges incurred. These charges should, however, be at the  
11 authorized provider's rates and paid to the authorized provider.

12  
13 Section 8 further suggests that, once verified, changes should be made within  
14 24 hours excepting Saturday, Sunday and holidays. BellSouth agrees that 24  
15 hours should be standard for changing accounts with a single line. However,  
16 large multi-line business accounts sometime require manual work processes  
17 and therefore may not be completed in 24 hours. The processing time should  
18 be negotiated and understood between the service provider and the end user.  
19 In light of this, we propose the following:

20  
21 ~~(8) Charges for unauthorized provider changes and all charges billed~~  
22 ~~on behalf of the unauthorized provider for the first 90 days shall be credited to~~  
23 ~~the customer by the company responsible for the error within 45 days of~~  
24 ~~notification. In cases of unauthorized provider changes, the customer's~~  
25 ~~liability is limited to the charges that would have occurred had the~~

1 unauthorized change not taken place. The difference of charges between the  
2 offending provider and the authorized provider, if any, should be settled among  
3 the service providers involved in the dispute. Upon notice from the customer  
4 of an unauthorized provider change, the LEC shall change the customer back,  
5 or to another company of the customer's choice. The change must be made  
6 within 24 hours excepting Saturday, Sunday, and holidays, in which case the  
7 change shall be made by the end of the next business day. Where such changes  
8 are impractical, or require extensive manual intervention by the provider, such  
9 as large customers with multiple lines, the change should be negotiated and  
10 understood between the service provider and the end user.

11

12

13 Q. Does BellSouth have any other specific concerns regarding the language  
14 contained in the Commission's rules?

15

16 A. No.

17

18 Q. Would you please summarize your testimony?

19

20 A. BellSouth is opposed to slamming and agrees that every reasonable effort  
21 should be made to combat the problem. However, BellSouth believes that the  
22 primary course of action is to severely penalize willful and repeated offenders  
23 and to remove every economic incentive to slam a customer. With stiff  
24 penalties and the elimination of the revenue stream, willful slamming should  
25 be drastically reduced.

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**In order to eliminate confusion and costly implementation, BellSouth also believes that there should be one set of rules across all jurisdictions. End users will then be able to understand the process and combat slamming problems.**

**If the Commission does proceed with the proposed rules, we suggest the elimination of inbound verification; continuation of an automated 800 number as a verification option; continuation of the use of a postcard to cancel or deny service; a clear indication in the communication as to what service is being changed; and the requirements for audio recordings only for third party verification. In cases where there is an unauthorized change, the carrier that made the change in error should not receive any revenue associated with calls made by the slammed customer; however, the customer should be required to pay the authorized carrier for the calls that were made at the rate that would have applied had the unauthorized change never happened.**

**Q. Does this conclude your testimony?**

**A. Yes.**