



Public Service Commission
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REC'D RECORDS AND REPORTING

DATE: 6/28/01

TO: DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

FROM: DIVISION OF APPEALS (MOORE) *CTM*
DIVISION OF COMPETITIVE SERVICES (MOSES) *[Signature]*
DIVISION OF CONSUMER AFFAIRS (JOHNSON) *[Signature]*

RE: DOCKET NO. 010810-TP - PETITION BY MCI WORLDCOM COMMUNICATIONS, INC. AND MCIMETRO ACCESS TRANSMISSION SERVICES, LLC TO INITIATE RULE MAKING PURSUANT TO SECTION 364.01 AND 364.03, F.S., TO MANDATE USE OF ELECTRONIC AUTHORIZATION AS A PERMISSIBLE METHOD FOR CONSUMERS TO LIFT PREFERRED CARRIER FREEZES.

AGENDA: 7/10/01 - REGULAR AGENDA - INTERESTED PERSONS MAY PARTICIPATE

CRITICAL DATES: 7/5/01 - STATUTORY 30-DAY DEADLINE HAS BEEN WAIVED BY PETITIONER

SPECIAL INSTRUCTIONS: NONE

FILE NAME AND LOCATION: S:\PSC\APP\WP\010810.RCM

CASE BACKGROUND

On June 5, 2001, MCI WorldCom Communications, Inc. and MCImetro Access Transmission Services, LLC ("WorldCom") petitioned the Commission to initiate rulemaking to amend Rule 25-4.110, Florida Administrative Code, pursuant to section 120.54(7), Florida Statutes, and Rule 28-103.006, Florida Administrative Code. Notice of the petition was published in the June 22, 2001, Florida Administrative Weekly. Petitioner waived the 30-day deadline that is provided in section 120.54(7), Florida Statutes, for acting on petitions to initiate rulemaking in order for the Commission to consider the petition at its July 10, 2001, agenda conference.

DOCUMENT NUMBER-DATE

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DISCUSSION OF ISSUES

ISSUE 1: Should the Commission grant the petition of WorldCom to initiate rulemaking to amend Rule 25-4.110 regarding preferred carrier freezes?

RECOMMENDATION: Yes, the Commission should grant the petition in part. A rule development workshop should be held before the Commission decides whether to amend Rule 25-4.110 in the form requested by the petitioner.

STAFF ANALYSIS: Rule 25-4.110(16), entitled Customer Billing for Local Exchange Telecommunications Companies, currently requires companies that bill for local service to notify customers that a preferred carrier freeze (PC freeze) is available. Such a freeze was one of the methods provided in the 1998 revision of this rule in order to reduce or eliminate the occurrences of "slamming", which is the unauthorized switching of a customer's preferred carrier for local, local toll, and long distance toll services. The rule does not address the manner in which a PC freeze may be removed.

In its petition to initiate rulemaking to amend this rule, WorldCom asserts that interexchange carriers (IXCs) and alternative local exchange companies (ALECs) do not know whether a particular customer account is frozen and that most customers do not remember that their accounts are frozen. As a result, when a customer chooses a new carrier, the change request is subsequently rejected. This then requires the new carrier to contact the customer again, and requires the customer to write a letter to the local exchange carrier (LEC) or participate in a three-way call with the LEC and the new carrier during LEC business hours. Petition, page 4.

WorldCom asserts that the freeze removal process should be simpler for consumers. WorldCom has developed a method using voice recordings in the form of .wav files that can be transmitted electronically to the LEC. It asks the Commission to amend 25-4.110(16) to mandate use of electronic authorization as a permissible method for consumers to lift a freeze. The specific language WorldCom proposes is:

25-4.110(16)(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.

Petition, page 9.

Staff agrees that the Commission should initiate rulemaking to address the issue of PC freezes, but that the above language not be proposed at this time. Instead, a notice of rule development should be published and a workshop should be conducted by staff. At that workshop, LECs, ALECs, and IXC's may participate and WorldCom's language and other language and rule revisions to improve the PC freeze procedure may be considered. Following the workshop and preparation of a Statement of Estimated Regulatory Cost, staff will submit a recommendation for the Commission's consideration. Specific changes to Rule 25-4.110(16) may be proposed at that time.

ISSUE 2: Should BellSouth Telecommunications, Inc.'s Petition for Leave to Intervene be granted?

RECOMMENDATION: No, it is not necessary to grant petitions to intervene in a rulemaking docket.

STAFF ANALYSIS: On June 13, 2001, BellSouth Telecommunications, Inc., filed a petition for leave to intervene in this docket. Neither the Commission's rules or Chapter 120, Florida Statutes, however, require interested persons to formally intervene in a rulemaking proceeding. Therefore, it is not necessary to grant BellSouth's petition. BellSouth and any other interested person can participate in these rulemaking proceedings without formally seeking intervention.

ISSUE 3: Should this docket be closed?

RECOMMENDATION: No.

STAFF ANALYSIS: If the Commission accepts staff's recommendation to grant WorldCom's petition to initiate rulemaking, this docket should remain open.