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AZ CORP COMMISSION  
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January 28, 2002

Honorable William A. Mundell - Chairman  
Arizona Corporation Commission  
1200 West Washington Street  
Phoenix, Arizona 85007

**T-01051B-02-0073**

Re: Local Service Freeze

Dear Chairman Mundell:

The attached pages of Qwest's Exchange and Network Services Price Cap Tariff are being filed to amend its terms and conditions and permit customers the option of instituting a freeze of their local service provider. This allows customers greater control of their service and the ability to prevent an unauthorized change of their local service provider. Qwest's offering of a local service freeze (LSF) will further assist the Arizona Corporation Commission (Commission) in accomplishing the consumer protection goals that have been articulated throughout the proposed slamming and cramming rules currently under review in Arizona. Although LSF is not addressed in the current draft of the proposed rules, the protection afforded consumers through this tariff is consistent with the same issues addressed by the proposed rules and with the stated desire of the Commission to protect Arizona consumers from unscrupulous practices.

On December 13, 2001, Qwest notified Commission Staff that it would allow customers the choice of freezing their local service provider. Qwest planned on making LSF available to customers beginning January 17, 2002. On January 11, 2002, Cox Arizona Telecom L.L.C. filed an application requesting an order to show cause to stay implementation of Qwest's proposed LSF. As part of its application Cox stated: "Qwest has not filed a tariff or provided any substantial information to this Commission (or other interested or affected parties) about its proposed freeze service." Cox further alleged that Qwest's rationale for implementing LSF without a tariff was not supported and that the Commission should determine whether a local service freeze was justified.

Qwest opposed Cox's application and the joinders of AT&T, WorldCom, and Time Warner in that application. However, Staff subsequently contacted Qwest to convey its belief that a tariff should be submitted for the Commission's review and approval. Although Qwest does not agree that LSF is a service or a product, or that a tariff filing is required, Qwest agreed to delay implementation and submit a tariff for LSF as a term and condition of the provision of basic local exchange service.

The Commission has never required that Qwest submit its customer freeze procedures as tariffs in Arizona. Various telecommunications companies in Arizona have offered carrier freezes in

connection with long distance service since the late 1980s. Additionally, at the time equal access was implemented in 1996, the Commission permitted the offering of freezes in connection with local long distance service without the requirement to file a tariff. Qwest's proposed LSF does not differ materially from any of these other freezes currently offered in Arizona. In each case, a customer may request to place a freeze on their account, and that request must be properly verified by the company administering the freeze in accordance with federal law. Once this has been done, the carrier cannot be changed until the customer contacts the administering company directly to lift the freeze.

In FCC 98-334, the Federal Communications Commission approved rules permitting the offering of a freeze in connection with a customer's local service provider. In adopting these rules, the FCC stated the rules "appropriately balance several factors, including consumer protection, the need to foster competition in all markets, and our desire to afford carriers flexibility in offering their customers innovative services such as preferred carrier freeze programs." Qwest's LSF option is designed to be fully compliant with the rules adopted by the FCC.

The current draft of slamming and cramming rules for Arizona (Docket No. RT 00000J-99-0034) addresses freezes for interLATA and intraLATA telecommunications services. Although the proposed rules do not address freezes for local service providers, they could still be modified to do so. By addressing LSF in the Slamming/Cramming Docket, the rules would be consistent in that all types of freezes would be addressed in one rulemaking. It would also address Cox's request in Docket No. T-03471A-02-0025, filed January 22, 2002.

The Commission has previously approved a LSF tariff for another local exchange provider, i.e., SBC Telecom, Inc. (SBC). On November 17, 2000, SBC filed a tariff, which permits it to offer what it calls a "Preferred Carrier Freeze" (PCF). SBC's tariff states that:

"PCF allows Customers to designate their local long distance (intraLATA) provider, long distance (interLATA) provider, and a local exchange service provider as permanent choices which may not be changed absent further authorization from the Customer".

SBC's tariff became effective by operation of law on December 17, 2000. Qwest's proposed LSF tariff appears to be substantially similar to the SBC tariff for PCF. Like Qwest is proposing here, SBC included PCF in the "Regulations" portion of its tariff.

Under Qwest's proposal, customers requesting a freeze of their local service provider must have their request verified through one of the following three means, consistent with the FCC's rules.

- Written or electronic signed authorization
- Electronic authorization
- Independent third-party verification.

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Once this has been done, the customer's carrier cannot be changed unless the customer requests that the freeze be lifted. The process to lift a freeze is fast and simple. The customer may send a written or electronically signed authorization to Qwest, or may simply call Qwest and request that the freeze be lifted. Further, where a carrier has received an order from a prospective customer who currently has a freeze in effect, the new carrier can simply call Qwest with the customer on the line and have the customer request that the freeze be lifted. In each instance, the freeze can be lifted within 24 hours of the request. There is no charge in connection with either placing or lifting a freeze

This page has been prepared with an effective date of March 4, 2002. Please contact either me, or Reed Peterson at 602-630-8221, if you have any questions concerning this matter.

Sincerely,

A handwritten signature in black ink that reads "MAUREEN ARNOLD". The signature is written in a cursive, slightly slanted style.

Attachment

cc: Commissioner Jim Irvin  
Commissioner Marc Spitzer  
Mr. Ernest Johnson -Director, Utilities Division  
Legal Division - Arizona Corporation Commission  
Cox Arizona Telcom, L.L.C.  
AT&T Communications of the Mountain States, Inc.  
Time Warner Telecom of Arizona, LLC.  
WorldCom, Inc.

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Issued: 1-28-02

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**2. GENERAL REGULATIONS - CONDITIONS OF OFFERING**

**2.2 ESTABLISHING AND FURNISHING SERVICE (Cont'd)**

**2.2.16 LOCAL SERVICE FREEZE**

(N)

**A. Local Service Freeze**

The company permits customers to freeze their local service provider. This will be done for any requesting local exchange customer at no charge. Once the local service provider has been frozen, it may not be changed without the customer directly contacting the Company, consistent with all applicable laws and regulations. At the time a customer contacts the Company to establish a freeze, a representative will advise him/her on how to facilitate a change of provider on a frozen account.