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CASE/COMPANY NAME:

World Com, Inc.

DOCKET NO. RECEIVED 000005-99-0034

2001 AUG -6 P 4: 15

AZ CORP COMMISSION  
DOCUMENT CONTROL

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**NATURE OF ACTION OR DESCRIPTION OF DOCUMENT** Please mark the item that describes the nature of the case/filing:

01 **NEW APPLICATIONS**

- |   |  |
|---|--|
| <input type="checkbox"/> NEW CC&N RATES   | <input type="checkbox"/> MAIN EXTENSION                                    |
| <input type="checkbox"/> INTERIM RATES  | <input type="checkbox"/> CONTRACT/AGREEMENTS                               |
| <input type="checkbox"/> CANCELANON OF CC&N   | <input type="checkbox"/> COMPLAINT (Formal)                                |
| <input type="checkbox"/> DELETION OF CC&N TERRITORY   | <input type="checkbox"/> RULE VARIANCE/WAIVER REQUEST                      |
| <input type="checkbox"/> EXTENTION OF CC&N (TERRITORY)  | <input type="checkbox"/> SITING COMMITTEE CASE                             |
| <input type="checkbox"/> TARIFF - NEW (NEXT OPEN MEETING)                                       | <input type="checkbox"/> SMALL WATER COMPANY -SURCHARGE (Senate Bill 1252) |
| <input type="checkbox"/> REQUEST FOR ARBITRATION (Telecommunication Act)                        | <input type="checkbox"/> NOTICE OF OPPORTUNITY                             |
| <input type="checkbox"/> FULLY OR PARTIALLY ARBITRATED INTERCONNECTION AGREEMENT (Telecom. Act) | <input type="checkbox"/> SALE OF ASSETS & TRANSFER OF OWNERSHIP            |
| <input type="checkbox"/> VOLUNTARY INTERCONNECTION AGREEMENT (Telecom. Act)                     | <input type="checkbox"/> SALE OF ASSETS & CANCELLATION OF CC&N             |
|   | <input type="checkbox"/> FUEL ADJUSTER/PGA                                 |
|   | <input type="checkbox"/> MERGER  |
|   | <input type="checkbox"/> FINANCING   |
|   | <input type="checkbox"/> MISCELLANEOUS                                     |
|   | Specify _____  |

Arizona Corporation Commission  
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AUG 06 2001

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02 **REVISIONS/AMENDMENTS TO PENDING OR APPROVED MATTERS**

APPLICATION COMPANY \_\_\_\_\_  
DOCKET NO. \_\_\_\_\_

TARIFF \_\_\_\_\_  
PROMOTIONAL \_\_\_\_\_  
DECISION NO. \_\_\_\_\_  
DOCKET NO. \_\_\_\_\_  
COMPLIANCE \_\_\_\_\_  
DECISION NO. \_\_\_\_\_  
DOCKET NO. \_\_\_\_\_

**MISCELLANEOUS FILINGS**

- |  |  |
|--|--|
| <input type="checkbox"/> 04 AFFIDAVIT  | <input type="checkbox"/> 29 STIPULATION                  |
| <input type="checkbox"/> 12 EXCEPTION  | <input type="checkbox"/> 38 NOTICE OF INTENT             |
| <input type="checkbox"/> 18 REQUEST FOR INTERVENTION   | (Only notification of future action/no action necessary) |
| <input type="checkbox"/> 48 REQUEST FOR HEARING  | <input type="checkbox"/> 43 PETITION                     |
| <input type="checkbox"/> 24 OPPOSITION   | <input type="checkbox"/> 46 NOTICE OF LIMITED APPEARANCE |
| <input type="checkbox"/> 50 COMPLIANCE ITEM FOR APPROVAL <input checked="" type="checkbox"/> | <input type="checkbox"/> 39 OTHER                        |
|  | Specify <u>Comments</u>                                  |

Thomas H. Campbell/Lewis and Roca  
Print Name of Applicant/Company/contact person  
Attorneys for World Com, Inc.

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ORIGINAL

**LEWIS  
AND  
ROCA**  
LLP  
LAWYERS

Phoenix Office  
40 North Central Avenue  
Phoenix, Arizona 85004-4429  
Facsimile (602) 262-5747  
Telephone (602) 262-5311

Tucson Office  
One South Church Avenue  
Suite 700  
Tucson, Arizona 85701-1611  
Facsimile (520) 622-3088  
Telephone (520) 622-2090

Las Vegas Office  
3993 Howard Hughes Parkway  
Suite 600  
Las Vegas, Nevada 89109  
Facsimile (702) 949-8398  
Telephone (702) 949-8200

Thomas H. Campbell  
Direct Dial: (602) 262-5723  
Direct Fax: (602) 734-3841  
Internet: TCampbell@lrlaw.com  
Admitted in Arizona

Our File Number 20390-00061

August 6, 2001

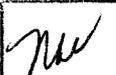
**VIA HAND DELIVERY**

Deborah Scott, Director  
Arizona Corporation Commission  
Utilities Division  
1200 West Washington Street  
Phoenix, AZ 85007

Arizona Corporation Commission

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2001 AUG -6 P 4: 15

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Re: Slamming/Cramming Rules  
Docket No: RT 00000J-99-0034

Dear Ms. Scott:

Pursuant to the Arizona Corporation Commission's ("Commission") July 2, 2001 communication setting forth the schedule for comments on the Second Draft of the proposed regulations pertaining to slamming and cramming, WorldCom, Inc. ("WorldCom" or "the Company") hereby submits its comments. WorldCom has reviewed the Second Draft of the Proposed Rules. WorldCom is pleased that the Staff of the Arizona Corporation Commission has incorporated the suggestions made by WorldCom and the other telecommunications companies as a result of the June 13, 2001 workshop. The changes have brought the Arizona Proposed Rules in greater harmony with the regulations promulgated by the FCC under its Slamming Reconsideration orders ("Federal Rules"), thus eliminating certain financial and administrative obstacles for carriers. The Company is also pleased that it has this second opportunity to comment, since some additional changes to the Proposed Rules are necessary to ensure that the Proposed Rules function optimally and are fully consistent with the federal mandates.

**WorldCom Recommends that the Commission Make  
The Following Additional Modifications Specified Herein:**

1. R-14-2-1901.F

There is a typo: "end-use" should be "end-user."

2. R-14-2-1903

There is a typo: "interLATA, intraLATA" should be "interLATA or intraLATA."

3. R-14-2-1904

The language refers to submitting telecommunications carriers, but the defined term is "authorized carriers."

4. R-14-2-1905

To harmonize the proposed rules with the Federal Rules, WorldCom requests that all four authorization options permitted under the Federal Rules be incorporated in the Arizona rules. Therefore, WorldCom suggests the following changes to this rule:

A.2. While WorldCom appreciates the amendment that adds "Internet enabled authorization" as an authorization option, it requests that "electronic... authorization" not be deleted from the section, since this offers a useful and necessary alternative for authorization by a customer.

B.4 WorldCom would suggest deleting the word "preferred" which is unnecessary in this context. Otherwise there is an inconsistency between B.2 and B.4. There also appears to be a typo, and the word "of" should be "on."

C. WorldCom would recommend that the language of this section be restored as originally intended. As noted in its discussion of A.2, above, it is necessary to have the option of electronic authorization, which is a different authorization process from Internet-enabled authorization with electronic signatures.

D. In keeping with its position that telecommunications companies be permitted to use any of the four options permitted under the federal rules, the Company again requests that the option of electronic authorization. Accordingly, WorldCom recommends that the language of this proposed rule revert back to the previous form, and that section D be incorporated in section R. 14-2-1905.C. as subsection 3.

E. Similarly, this section should become a subsection of R.14.2-1905 C as subsection 4. The Federal Rules already require the automatic recordings of the original automatic number identification. Therefore, this should not and cannot be an optional requirement.

G. This section should not have been deleted from the proposed rules since it is also a requirement under the Federal Rules.

5. R.14-2-1906

This section remains inconsistent with the federal Truth in Billing requirements. Under the current federal rules, the notification of a new service provider is only required on the bill where there is combined local and long distance billing. WorldCom further notes that where a preferred telecommunications carrier does its own billing, there is no need for notification of a new service provider, as the direct bill itself from a new carrier acts as a notice.

6. R-14-2-1907

The Commission has made a positive change to this section by recognizing that the allegedly unauthorized carrier not be required to refund disputed charges until there has been a determination that a slam occurred. However, the payment provisions of R-14-2-1907(C) (4) and (5) remain inconsistent with the Federal Rules in a significant respect. The Federal Rules distinguish between situations in which the customer alleging an authorized install has paid the challenged charges, or has not paid any of the challenged charges. If a customer has not paid charges to the unauthorized carrier, the customer is entitled to absolution of all charges incurred during the first 30 days of service provided by the unauthorized carrier. If the customer incurred charges for service provided after the first 30 days, the unauthorized carrier is required to forward the relevant billing information to the authorized carrier, who then has the right to bill the customer for those services at the authorized carriers rates. See 47 C.F.R. 64.1160. If a customer has paid charges to the unauthorized carrier, upon a determination that a slam has occurred, the unauthorized carrier must pay 150% of the charges to the authorized carrier, and it is the authorized carrier's responsibility to credit the customer appropriately, based upon the service plan that the customer selected. 47 C.F.R. 64.1170.

In contrast to the Federal Rules, proposed rules R-14-2-1907(C) (4) and (5), as currently drafted, do not distinguish between customers who have paid charges to the unauthorized carrier and those who have not. Moreover, this section contains payment provisions that differ from the

Federal Rules' requirements. In cases where the customer has paid charges to the unauthorized carrier, rather than refund the charges to the authorized carrier, the unauthorized carrier must divide the charges between the authorized carrier and the customer. The proposed rule requires that upon a finding of an unauthorized install, the unauthorized carrier pay the original telecommunications company any amount that the customer would have paid if the unauthorized change had not occurred. In addition, the unauthorized carrier must refund the first 30 days of charges to the customer plus any amount in excess of what that customer would have paid to the authorized carrier. Therefore, the proposed rule would require the unauthorized telecommunications company to determine what the customer was paying its original telecommunications provider and credit accordingly.

The complicated reimbursement scheme set forth in the proposed rules would undoubtedly result in administrative burdens for carriers and would likely have the result of creating consumer confusion, and result in greater opportunities for carriers to inadvertently refund incorrect amounts. To avoid these negative ramifications, WorldCom requests that the Commission revise these proposed rules to conform more strictly with sections 64.1160 and 64.1170 of the Federal Rules.

7. R-14-2-1908

B. It is not clear from the language of the Proposed Rule that the enumerated responsibilities must be borne by the local carrier. Also, in B.11, the term "preferred" should be removed. Also, it should be clarified that this must be a local company since interexchange carriers cannot place PIC freezes.

F. It is unclear if this requirement applies to interexchange carriers. Federal or other state laws do not otherwise impose the requirement.

Deleted section I. - WorldCom asserts that this deleted section should be recaptured and included. When a LEC is implementing or lifting a freeze, it is acting as the PIC administrator. It is inappropriate for a LEC to market services during the administrative process.

8. R-14-2-1910

B. There is a typo: "complaintant" should be "complainant."

B.4. Referring to its arguments raised in its discussion of R-14-2-1905, WorldCom repeats its concern that "electronic authorization" be available as an option to obtain authorization from a customer.

B.5. WorldCom suggests that ten days would be sufficient to obtain proof of verification. If the Staff requires additional information, then a 20-day time limit might be applied.

9. R-14-2-1911

A. WorldCom would still request clarification of the purpose of this section since there are no requirements to maintain records under R-14-2-1905.

C. There is a typo: a comma should be inserted between "causes of action" and "penalties."

10. R-14-2-2001

WorldCom recognizes the gravity of the cramming problem, and it stressed this in its initial June 8, 2001 comments to the Commission. However, the current amendments to the Proposed Rule still need modifications to address the concerns raised in the Company's earlier comments. First, it is essential that the definition of "cramming" be carefully crafted. Clearly, Piced services and related telecommunications charges should be excluded from any requirement under these proposed cramming rules. Service billed solely on a per-transaction basis, such as dial-around and directory assistance services should also be excluded from any requirement under these proposed rules. Telecommunications companies do not get letters of authorization or third party verification for a transactionally based product. The authorization comes from the usage. When a customer accesses a product by dialing 1+, he is evincing a desire to use that product and should be responsible for payment for that use. It should also be made clear that this entire Article does not apply to Piced services authorized and verified as provided in Article 19.

11. R-14-2004

A. The steps outlined in this section are still problematic if the definition of "cramming" is not modified. The outlined procedures cannot be applied to transactionally based products because there is no sales call between a service provider and end-user prior to usage.

A.1. WorldCom believes that the addition of this section is actually extremely detrimental to consumers and defeats the purpose of cramming rules. Generally, it is the non-telecommunications goods and services (i.e. club memberships) that are "crammed" onto consumer bills. That is one of the reasons WorldCom suggested that one possible definition of cramming be limited to non-telco related goods and services.

12. R-14-2-2005

WorldCom asks the Commission to clarify whether standard scripting and account notes would fulfill the requirement. The Company does not utilize the practice of taping sales calls.

13. R-14-2-2006

A. WorldCom suggests that part of the section's language is awkward. It suggests the following: "If a customer's telephone bill contains charges for products or services that the customer neither used nor authorized..."

A.4. The definition of "billing records": needs to be clarified. A billing agent cannot give other end-users' records to a customer-complainant.

B. On lines 3 and 4 of this section, the word "changes" should probably be "charges."

14. R-2-14-2007

This section should be clarified to make clear that this requirement is imposed only on local exchange carriers.

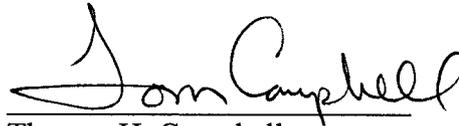
15. R-2-14-2008

A. WorldCom believes that this section does not make sense in the context of cramming rules

C. The language used to define the process used in resolving slamming issues is not applicable in the context of cramming. For example, the term 'alleged authorized' and 'authorized carrier' is inappropriate in this context. Further, there is no need to create a unique complaint process for cramming disputes. The current complaint process is adequate and serves consumers well.

WorldCom appreciates this second opportunity provided to present its comments and inputs. It looks forward to participating in the next workshop on August 30, 2001.

Very truly yours,



Thomas H. Campbell  
LEWIS AND ROCA LLP  
40 N. Central Avenue  
Phoenix, AZ 85004

- AND -

Teresa Tan, Senior Counsel  
WorldCom, Inc.  
201 Spear Street, Dept. 9976  
San Francisco, CA 94105

Attorneys for WorldCom, Inc.

THC/bjg  
(Original and 10 copies for filing attached)

cc: Chairman William A. Mundell  
Commissioner Jim Irvin  
Commissioner Marc Spitzer  
Paul Bullis, Chief Counsel, Public Advocacy Section, Office of the  
Attorney General