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MEMORANDUM

AZ CORP COMMISSION  
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REVISED

TO: The Commission  
FROM: Ernest G. Johnson  
Director, Utilities Division  
DATE: May 7, 2002  
RE: Slamming and Cramming Rules  
RT-00000J-99-0034

Arizona Corporation Commission  
DOCKETED  
MAY 07 2002

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This Memorandum provides explanations for each of the changes to the draft Slamming & Cramming rules proposed in the attached "Staff's Proposed Amendment #1", "Staff's Proposed Amendment #2", "Staff's Proposed Amendment #3" and "Staff's Proposed Amendment #4".

Staff's Proposed Amendment #1

(In the proposed order)

- (1) Explanation: Updates the dates of the Open Meeting.
- (2) Explanation: Deletes reference to federal rules. See number 4 below.
- (3) Explanation: Same as #1.

(In Exhibit A to the proposed order)

- (4) Explanation: Staff believes it is not necessary for the rules to be rigidly linked to the federal rules. Federal law allows the states to go beyond the federal rules.
- (5) Explanation: The Federal Slamming Rules provide for records to be retained for 24 months. 47 C.F.R. § 64.1120(a)(1)(ii). Staff recommends amending the draft rules to be consistent in this regard with the federal rules.
- (6) Explanation: The amendment eliminates the term "Letter of Agency check" and adopts the phrase used in the first sentence of the rule.

- (7) Explanation: The additional language recognizes that longer periods of time may be reasonable in some circumstances.
- (8) Explanation: The term "Unauthorized Carrier" is used in the rest of proposed Rule 1907. No substantive change is intended.
- (9) Explanation: A.R.S. § 44-1572.C provides for a period of "ninety days or three billing cycles, which occurs first." The phrase billing cycles is not defined. In practice, billing cycles are not shorter than 90 days except for February billings for companies that base billings on the calendar month. Therefore, the 90 day period would always be shorter than "three billing cycles". The amendment adopts the 90 day period but avoids the use of the undefined term "billing cycles".
- (10) Explanation: Federal rules provide the customer does not have to pay the original Telecommunications Company nor the unauthorized carrier. The change parallels the federal rules in this respect, but adopts the 90 day period from state law.
- (11) Explanation: Change made for consistency, so all records will be retained for 24 months.
- (12) Explanation: Conforms the Arizona rule to the federal rule, which requires the local exchange carrier to accept a three-way conference call for lifting a freeze. 47 C.F.R. 64.1190(e)(2).
- (13) Explanation: Change made for consistency, so all records will be retained for 24 months.
- (14) Explanation: Corrects cross-reference.
- (15) Explanation: See #13 above.
- (16) Explanation: See #13 above.

#### Staff's Proposed Amendment #2

This amendment limits what Telecommunications Companies may call "basic" service to the services described in R14-2-1201(6). These services are often called "POTS", for "Plain Old Telephone Service". The Amendment protects consumers who ask for basic service from being offered a so-called basic package that includes additional or advanced services.

#### Staff's Proposed Amendment #3

This amendment requires telecommunications companies to submit their "scripts" to the Commission. This allows Commission Staff to review the scripts, but submitting a script does not constitute Commission approval of the script.

Staff's Proposed Amendment #4

This amendment makes corresponding changes to R14-2-1908, to reflect changes proposed in Staff Proposed Amendment #1. This amendment also changes the phrase "commercial radio service" to "commercial mobile radio service" in R14-2-1903 to correspond to accepted technical usage.

<b>THIS AMENDMENT:</b>			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	Not Offered _____	Withdrawn _____	

**Staff's Proposed Amendment #1**  
**REVISED**

TIME/DATE PREPARED: May 7, 2002

MATTER: Slamming and Cramming Rules

AGENDA ITEM NO. U-1

DOCKET NO. RT-00000J-99-0034

OPEN MEETING DATE: May 8, 2002

(In the proposed order)

- (1) Page 1, line 10 DELETE "November 27 and 28, 2001" and ADD "May 8, 2002"
- (2) Page 2, lines 14-15 DELETE "and 47 C.F.R. § 1110(a)".
- (3) Page 3, line 12 DELETE "2001" and ADD "2002"

(In Exhibit A to the proposed order)

- (4) Rule 1903: DELETE the final two sentences
- (5) Rule 1904.B: DELETE "12 months" and ADD "24 months".
- (6) Rule 1905.C: In the second sentence, DELETE "Letter of Agency check" and ADD "Letter of Agency when combined with a marketing check". In the third sentence, DELETE "Letter of Agency check" and ADD "Letter of Agency when combined with a marketing check"; and ADD after "a notice" the phrase "in bold-face type".
- (7) Rule 1907.A: DELETE "60 days of" and ADD "a reasonable period of time after" and ADD a second sentence as follows: "Any period of time of 60 days or less shall automatically be presumed to be reasonable, and any period of time longer than 60 days may be reasonable based on the circumstances."
- (8) Rule 1907.C.1: DELETE "the Telecommunications Company failure to confirm" and ADD "the Unauthorized Carrier's failure to confirm"
- (9) Rule 1907.C.2: DELETE "60 days" and ADD "90 days"

- (10) Rule 1907.C.3: DELETE the second sentence and ADD "The original Telecommunications Company may not bill the subscriber for unauthorized service charges during the first 90 days of the Unauthorized Carrier's service but may thereafter bill the Subscriber at the original Telecommunications Company's rates."
- (11) Rule 1907.F. DELETE "12 months" and ADD "24 months".
- (12) Rule 1909.D: ADD at the end of the sentence "except that a local exchange carrier may remove a freeze if authorized by the subscriber in a three-way conference call meeting the requirements of 47 C.F.R. 64.1190(e)(2)."
- (13) Rule 1909.F. DELETE "12 months" and ADD "24 months".
- (14) Rule 2001.F. DELETE "R14-2-2004" and ADD "R14-2-2005"
- (15) Rule 2005.C. DELETE "12 months" and ADD "24 months".
- (16) Rule 2006.A.5 DELETE "12 months" and ADD "24 months".

<b>THIS AMENDMENT:</b>			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	Not Offered _____	_____ Withdrawn	

**Staff's Proposed Amendment #2**

TIME/DATE PREPARED: May 7, 2002

MATTER: Slamming and Cramming Rules

AGENDA ITEM NO. U-1

DOCKET NO. RT-00000J-99-0034

OPEN MEETING DATE: May 8, 2002

R14-2-2005 RENUMBER current subsection (C) as (D) and ADD a new subsection (C) as follows:  
 "During each contact during which the Telecommunications Company offers a product or service or during which a subscriber requests a product or service, the Telecommunications Company shall inform the subscriber of the cost of "basic local exchange telephone service" as defined in R14-2-1201(6). A Telecommunications Company shall not use the term "basic" in describing any product or service except for a plan that includes only basic local exchange telephone service."

<b>THIS AMENDMENT:</b>			
_____ Passed _____	_____ Passed as amended by _____		
_____ Failed _____	_____ Not Offered _____	_____ Withdrawn _____	

**Staff's Proposed Amendment #3**

TIME/DATE PREPARED: May 7, 2002

MATTER: Slamming and Cramming Rules

AGENDA ITEM NO. U-1

DOCKET NO. RT-00000J-99-0034

OPEN MEETING DATE: May 8, 2002

ADD as R14-2-1914 and R14-2-2012: Script submission

Each Telecommunications Company shall file in a docket designated by the Director of the Utilities Division a copy all scripts used by its (or its agent's) sales or customer service workers. The Director of the Utilities Division may request further information or clarification on any script, and the Telecommunications Company shall respond to the Director's request within 10 days. The Director of the Utilities Division may initiate a formal complaint under R14-3-101 through R14-3-113 to review any script. The failure to file such a complaint does not constitute approval of the script, and the fact that the script is on file with the Commission may not be used as evidence that the script is just, reasonable, or not fraudulent.

<b>THIS AMENDMENT:</b>			
_____ Passed _____	Passed as amended by _____		
_____ Failed _____	Not Offered _____		_____ Withdrawn

**Staff's Proposed Amendment #4**

TIME/DATE PREPARED: May 7, 2002

MATTER: Slamming and Cramming Rules

AGENDA ITEM NO. U-1

DOCKET NO. RT-00000J-99-0034

OPEN MEETING DATE: May 8, 2002

- (1) R14-2-1903            DELETE "commercial radio service" and ADD "commercial mobile radio service"
- (2) R14-2-1908.B.5      DELETE "60" and ADD "90".
- (3) R14-2-1908.B.6      DELETE "60" and ADD "90".