

EX PARTE OR LATE FILED



*On line with the future*

April 30, 1998

James M. Smith  
Vice President  
Law and Public Policy

Ms. Magalie Roman Salas  
Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 200  
Washington, D.C. 20554

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APR 30 1998

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

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**Re: Ex Parte - CC Docket No. 94-129**

Dear Ms. Salas:

On April 29, 1998, I met with Commissioner Ness and Jim Casserly concerning the above-referenced proceeding. The subjects discussed were consistent with Excel's comments and reply comments in this proceeding. During the meeting, the attached materials were distributed.

Any questions concerning this submission should be directed to the undersigned.

Sincerely,

A handwritten signature in black ink that reads "James M. Smith". The signature is written in a cursive, flowing style.

James M. Smith

Attachments

cc: Commissioner Susan Ness (Room 832) (w/attachments)  
James L. Casserly (Room 832) (w/attachments)

JMS:rc

051



## Backgrounder

### NEWS & INFORMATION

## EXCEL COMMUNICATIONS, INC.

### Corporate Summary

Dallas-based Excel Communications, Inc. is one of the fastest growing providers of telecommunications services in the U. S. Excel's innovative combination of business and marketing strategies has enabled the company to command significant market share of the residential long distance telephone market. Through strategic business alliances, Excel expects to increase its communications products and services to provide consumers with a range of new, proven high-tech products at competitive prices.

In October 1997, Excel announced the completion of its merger with Telco Communications Group, Inc. of Chantilly, VA creating the fifth largest long distance company in the U.S. The \$1.2 billion merger also creates a combined company with consolidated revenues of \$2 billion and 11 billion long distance minutes of usage on an annualized basis, 6.3 million customers, and 100,000 network miles of DS-3 fiber optic capacity.

### *Revenue and Income*

In 1996, the company's total revenues were \$1.4 billion, representing a 167 percent increase compared to 1995 total revenues of \$506.7 million. In addition, net income jumped from \$44.4 million in 1995 to \$144.4 million in 1996.

### *Year Founded*

Founded in 1988 as a regional reseller by Chairman and CEO, Kenny A. Troutt, national operations began in 1989.

### *Nationwide Services*

Excel offers long distance phone service throughout the United States, with limited services offered in Alaska.

### *Licensing*

The company is licensed with state public utility commissions in all states that require such licensing. Excel maintains an FCC license for its international long distance services.

### *Company Ranking*

The company ranks fifth (based on presubscribed lines) as a provider of long distance phone service after AT&T, MCI, Sprint and Worldcom.

### *Employees*

Excel employs more than 3,000 personnel who support the corporate, network management, billing, teleservices and marketing functions of the company.

- more -

**Corporate Contact Information**

***Address*** 8750 North Central Expressway  
Suite 1500  
Dallas, Texas 75231-6428

***Phone Numbers***

Main (214) 863-8000  
Media Relations (214) 863-8400  
Investor Relations (214) 863-8455

***Fax Number*** (214) 863-8843

***Web-Site*** <http://www.exceltel.com>

**Products & Services**

***Long-Distance Phone*** Excel provides long distance and value-added services at competitive rates to subscribers in equal access areas. These telephone services currently include:

- long distance residential
- long distance commercial
- 800 service
- international service
- calling cards
- paging products/services

***Billing & Collection***

Excel has billing and collection agreements in place with local exchange carriers (LECs) allowing billing with more than 95 percent of the available access carriers in the U.S., representing 90 percent of all customers billed. These agreements ensure Excel's long distance charges appear on the customer's local phone bill.

## Marketing Network

### *Summary*

Excel markets its products and services exclusively through a nationwide network of Independent Representatives (IRs). Relationship selling is the basis of the Excel business opportunity. IRs seek subscribers among their immediate circle of family, friends, business associates and acquaintances. There is *no inventory to purchase, minimal paper work, no sales quotas and no collection duties*. The Excel business opportunity allows IRs to set their own personal, professional and financial goals.

Telco markets its residential products and services through Dial and Save<sup>sm</sup> and Long Distance Wholesale Club<sup>sm</sup> programs and markets its commercial products and services through 450 sales representatives located in 31 regional offices in 16 states.

### *Training & Support Services*

Excel provides training opportunities for IRs through regularly scheduled schools. Information is provided to IRs through the *Communicator*, a monthly news magazine; through *Excelevision*, a satellite television broadcast; Internet updates; voice-mail systems and regional sales rallies. Business support includes customer and representative service call centers, 24-hour automated voice response "hotline," accounting reports and a comprehensive catalog of sales aids and business development materials.

### *Compensation*

All IR compensation is paid directly by Excel and is based on the acquisition of subscribers and their long distance usage. The company does not pay a commission to IRs solely for introducing new reps to the company. Instead, representatives are paid commissions for the subscriber acquisition and the long distance usage of customers signed up by IRs they have recruited directly or indirectly.

## Customers

Excel has approximately 6.3 million residential and commercial long distance subscribers.

### *Customer Service*

The company currently operates four call centers in:

- Addison, Texas
- Houston, Texas
- Reno, Nevada
- Chantilly, Virginia

The centers are equipped with high-tech call management/database systems to provide customers with timely, responsive personal service. Call center personnel receive initial training and on-going education keeps them current on relevant news and information to help them utilize the technology provided.

- more -

*Backgrounder - page 4*

**Executive Management**

<i><b>Kenny A. Troutt</b></i>	Chairman and Chief Executive Officer
<i><b>John J. McLaine</b></i>	President and Chief Operating Officer
<i><b>Nicholas A. Merrick</b></i>	Executive Vice President, Chief Financial Officer
<i><b>Stephen R. Smith</b></i>	Executive Vice President, Marketing
<i><b>Tom Marino</b></i>	Executive Vice President, Network Operations
<i><b>Chris Dance</b></i>	Executive Vice President, General Counsel and Secretary

###

## Products and Services

### NEWS & INFORMATION

#### Residential

##### *Excel's Dime Deal<sup>SM</sup>*

**Excel's Dime Deal<sup>SM</sup>** is a residential flat rate calling plan for customers who make calls during the day as well as evenings, nights and weekends.

- All interstate calls in the continental United States, 24-hours a day, seven days a week are 10¢ a minute\*
- Most intrastate calls in the continental United States, 24-hours a day, seven days a week are 10¢ a minute\*
- \$1 monthly service fee
- Standard, one minute billing
- No minimum usage requirements
- No risk guarantee. If for any reason a customer decides to stop using Excel within 90 days, at their written request, Excel will reimburse the cost of switching them back to their original carrier.

##### *ExcelPlus II<sup>SM</sup>*

**ExcelPlus II<sup>SM</sup>** is a residential calling plan designed for customers who make a majority of their calls to other Excel residential or small business customers in the evenings and on the weekends.

- Distance sensitive interstate and intrastate rates
- All calls to non-Excel customers in the U.S. are automatically discounted 30 percent off Excel's standard tariffed rates for direct dialed calls
- All calls to other Excel residential or small business customers in the U.S. are discounted 50 percent off Excel's standard tariffed rates for direct dialed calls
- A \$1 monthly service fee
- Standard, one minute billing
- No minimum usage requirements

- more -

- No risk guarantee. If for any reason a customer decides to stop using Excel within 90 days, at their written request, Excel will reimburse the cost of switching them back to their original carrier.

***Excel PremierPlus IISM***

**Excel PremierPlus IISM** is primarily a small business calling plan designed for customers who make a majority of their calls during the business day and have less than \$100 long distance usage per month.

- Distance sensitive interstate and intrastate rates
- All calls to non-Excel customers in the U.S. are automatically discounted 30 percent off Excel's standard tariffed rates for direct dialed calls
- All calls to other Excel residential or small business customers in the U.S. are discounted 50 percent off Excel's standard tariffed rates for direct dialed calls
- 6-second billing after the initial minute of a call provides additional savings
- \$3 monthly service fee
- No minimum usage requirements
- No risk guarantee. Upon written request, Excel will reimburse the cost of switching customers back to their original carrier, if for any reason a customer decides to stop using Excel within 90 days.

***My 800SM***

**My 800SM** is an addition to Excel's residential or small business calling plans. As an incoming calling service, it allows customers to call home on an 800 number or to provide a toll-free number with PIN for family members to call home.

- No installation fee
- Savings of up to 65 percent over collect calls
- Savings of up to 45 percent over calling cards
- \$3.50 monthly service fee
- No minimum usage requirements
- Offered in Alaska as a stand-alone service

***Calling Cards*** Each customer receives up to two calling cards that can be used to place domestic or international calls from any location with a 50 percent discount on applicable tariffed rates for each additional minute after the first minute for calls to other Excel residential or small business customers. There is no monthly service fee for calling cards.

***Directory Assistance*** Excel offers its customers Directory Assistance at \$1.10 per interstate call by calling 1+ area code + 555-1212. Intrastate Directory Assistance rates are state specific.

***Customer Service*** Customer service agents are available 24-hours a day, 7-days a week at 1-800-875-9235.

***WorldNet<sup>SM</sup>*** WorldNet<sup>SM</sup> is an international calling plan designed for customers who spend \$15 or more per month on international calls.

- No installation fee
- Savings of up to 65 percent on Excel's direct dialed international rates
- \$3 monthly service fee
- Standard, one minute billing
- No minimum usage requirements

***Excel Connections<sup>SM</sup>*** Excel Connections<sup>SM</sup>, a customer incentive package, includes discounts on hotels (up to 50 percent), nationwide car rentals, cruises, dining and theme parks. The package also provides the opportunity to become a VIP member, for an additional charge, to receive additional savings on air travel.

***ExcelPaging<sup>SM</sup>*** ExcelPaging<sup>SM</sup> offers customers both numeric and alphanumeric service with proven Motorola paging products. In addition, customers can access a 24-hour paging assistance center to update coverage and service options.

The Pronto FLX provides numeric service with FLEX<sup>TM</sup> high-speed paging technology and a 15-month manufacturer's limited warranty. The pager can store up to 16 messages and includes a time stamp.

The Advisor Gold FLX provides alphanumeric service with FLEX<sup>TM</sup> high-speed technology and a 15-month limited manufacturer's warranty. This pager can store 30,000 characters or 43 messages in a four-line screen and includes a time stamp.

**Commercial**

***Premier Dial One<sup>SM</sup>***

**Premier Dial One<sup>SM</sup>** is a commercial service designed for medium to large-sized businesses. This is a flat rate switched domestic outbound service that features volume discounts, based on interstate, intrastate, and calling card usage, optional account codes and has only a \$5 per month service charge.

***Premier 800<sup>SM</sup>***

**Premier 800<sup>SM</sup>** is Excel's commercial switched domestic inbound service designed for medium to large-sized businesses. It provides toll-free calls to a single location from telephones in diverse geographical service areas. Also a flat-rate service, Premier 800 features volume discounts, optional account codes and a \$10 per month service charge.

***V.I.P. Service***

V.I.P. Service is a commercial service designed for large businesses which have a large number of minutes out of one location (or into one location if 800 traffic). For further information on commercial accounts contact Excel's National Sales Group at (214) 863-8069.

\* Calls between Alaska and Hawaii are 70.5¢ per minute. Calls originating or terminating in Hawaii are 15¢ per minute. Calls terminating in Alaska are 25¢ per minute. Intrastate calls in Maine are 30¢ per minute; intrastate calls in Texas, North Carolina and Florida are 12¢ per minute. Calls will be billed in full minute increments.

\*\* Except calls originating/terminating between Hawaii/Alaska and the Continental U.S. Intrastate rates vary by state.

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Tuesday April 28, 4:37 pm Eastern Time

## Company Press Release

*SOURCE: Excel Communications, Inc.*

# Excel Communications, Inc. Reports First Quarter 1998 Results; Strong Sequential Growth In Revenue, EBITDA and EPS

## Revenues Total \$494.8 Million; EBITDA of \$71.0 Million; Diluted EPS of \$0.21 Commercial Revenues Represent 52% of Sequential Revenue Growth

DALLAS, April 28 /PRNewswire/ -- Excel Communications, Inc. (NYSE: [ECI](#) - [news](#)) today reported results of operations for the first quarter of 1998. The following comparison of results is before the cumulative effect of the change in accounting principle of \$65.2 million in the first quarter of 1997.

### First Quarter Highlights:

- Total revenue was \$494.8 million, a 49% increase over \$331.4 million for the first quarter of 1997 and a 6% increase over \$467.1 million for the fourth quarter 1997.
- Communications revenue totaled \$477.3 million, a 57% increase over \$303.7 million for the first quarter of 1997 and an 8% increase over \$442.1 million for the fourth quarter of 1997.
- Commercial revenues totaled \$74.0 million for the first quarter, an increase of 9x the first quarter 1997 total of \$8.2 million and an increase of 33% over \$55.6 million for the fourth quarter of 1997.
- SG&A expenses, net of marketing revenue, equaled 30.4% of communications revenue, demonstrating solid sequential improvement from 32.2% for the fourth quarter of 1997.
- EBITDA totaled \$71.0 million, a 45% increase over \$48.8 million for the first quarter of 1997 and a 19% increase over \$59.7 million for the fourth quarter of 1997.
- Diluted earnings per share were \$0.21, compared to diluted earnings per share of \$0.32 for the first quarter of 1997 and a 17% increase over diluted earnings per share of \$0.18, excluding nonrecurring charges, for the fourth quarter of 1997.
- Long distance minutes of usage totaled 3.1 billion, an increase of 81% over 1.7 billion for the first quarter of 1997 and a 7% increase over 2.9 billion for the fourth quarter of 1997.
- Recent launch of a line of commercial products sold through the network marketing organization posted strong preliminary results.
- Initial migration of third-party traffic onto facilities-based network well underway.

### Operating Results

Total revenues for the first quarter were \$494.8 million compared to \$331.4 million for the first quarter of 1997 and \$467.1 million for the fourth quarter of 1997.

Communications revenue for the first quarter increased to \$477.3 million over the prior year total of \$303.7 million and grew \$35.2 million, or 8%, from the fourth quarter 1997 total of \$442.1 million. The growth in communications revenue is largely due to the fourth quarter 1997 acquisition of Telco Communications Group and continued strong growth in the Company's commercial revenue.

Commercial revenue for the first quarter of 1998 totaled \$74.0 million, an increase of nine times commercial revenue of \$8.2 million for the first quarter of 1997 and an increase of 33% sequentially from \$55.6 million for the fourth quarter of 1997. Sequential commercial revenue growth of \$18.4 million represents 52% of total communications revenue growth from the fourth quarter of 1997.

Residential revenues totaled \$395.3 million for the first quarter of 1998, compared to \$291.8 million for the first quarter of 1997 and \$379.1 million for the fourth quarter of 1997. Paging revenue for the first quarter totaled \$8.0 million, compared to paging revenue of \$3.7 million for the first quarter of 1997.

Marketing revenue for the first quarter declined 37% to \$17.5 million from \$27.7 million for the prior year period as a result of the net impact of deferring a portion of marketing revenues related to ongoing business support services. Marketing revenues for the quarter represented only 3.5% of total revenues compared to 8.4% for the first quarter of 1997.

Communications gross margin for the first quarter was 45.0%, compared to 45.4% for the fourth quarter of 1997. The slight decrease in gross margin was largely due to the higher relative growth in commercial and wholesale revenue, which generates a lower gross margin, as well as the inclusion of Primary Interexchange Carrier Charge (PICC) and Universal Service Fund expenses in communications expenses for the quarter. These increases were partially offset by reductions in per minute communications expenses resulting from the effects of access charge reform, the migration of long distance minutes from third-party networks onto the Company's network and reduced rates from third-party providers.

Selling, general and administrative (SG&A) expenses totaled \$162.4 million for the first quarter, compared to SG&A expenses of \$108.8 million for the first quarter of 1997. Depreciation and amortization expense totaled \$12.5 million for the first quarter, compared to \$3.6 million for the first quarter of 1997. SG&A expenses and depreciation expense increased over the prior year period primarily due to the October 1997 acquisition of Telco Communications Group. SG&A, net of marketing revenue, measured as a percentage of communications revenue for the first quarter was 30.4%, a sequential improvement from 32.2% for the fourth quarter of 1997.

EBITDA for the first quarter of 1998 totaled \$71.0 million, compared to \$48.8 million for the first quarter of 1997 and \$59.7 million for the fourth quarter of 1997. These increases are primarily the result of the growth in communications revenue and the improvement in SG&A expenses mentioned above.

"These results are excellent early indicators that we are well on our way to achieving the goals that we have set for the year. Most notably, the continued migration of Excel minutes onto our facilities-based network, the continued strong growth in commercial revenue which will provide for better balance of our traffic between peak and off-peak periods, and the reduction in SG&A expenses relative to communications revenue growth.

"With the acquisition of Telco, we now have multiple distribution channels producing internally generated growth, all supported by our facilities-based network and corporate infrastructure. Today, we are better positioned to evaluate additional products to market through our existing distribution channels as well as to explore international opportunities," commented Kenny A. Troutt, chairman, chief executive officer, and president.

#### Facilities-Based Network

During the quarter, the Company deployed a switch located in New York City and is currently installing

two additional switches in Los Angeles and Cleveland, bringing the total number of switches to nine. The Company intends to commence the deployment of three additional switches by year end.

“Enhancing profitability through the ownership of strategic network assets is a key component of our business plan. Throughout the remainder of 1998 we plan to continue to augment and expand the nationwide network through the deployment of additional switches and the utilization of both owned and additional leased transmission capacity,” added Troutt.

#### Introduction of New Commercial Products

In February, Excel announced a line of enhanced commercial products, Prime Business Select(SM), which are marketed by Excel IRs on a nationwide basis using the proven network marketing approach. The introduction of these new products is meant to broaden the Company's current product offering through its largest distribution channel and to further leverage the low cost structure created by the ownership of network assets.

The launch of the new commercial products has exceeded the Company's initial expectations and underscores the strength and productiveness of the network marketing distribution channel. The Company reported that these products, now being sold through the network marketing organization, were generating gross incremental, booked revenues of approximately \$1 million per month at quarter end.

#### Share Repurchase Program

Under the share repurchase program announced in December, the Company has repurchased approximately 876,000 shares as of March 31, 1998.

#### Forward Looking Statements

Certain statements made in the course of this press release may be forward looking statements that involve a number of risks and uncertainties. Among many factors that could cause actual results to differ materially are the following: the Company's ability to manage rapid growth; the Company's ability to attract, maintain, and motivate a large base of IRs; litigation including that with competitors and existing IRs; the Company's ability to migrate traffic to its network; the Company's ability to pass through PICC and Universal Service Fund charges to customers; the adoption of new, or changes in, accounting policies, practices and estimates and the application of such; regulation and management of IRs; competition in the long distance telecommunications and paging industries; the Company's ongoing relationship with its long distance carriers; dependence upon key personnel; subscriber attrition; federal and state governmental regulation of the long distance telecommunications and direct selling industries; the Company's ability to maintain, operate, and upgrade its information systems; the Company's success in the offering of paging and other additional communications products and services; any risks associated with the upcoming change from 10-XXX to 10-10-XXX dialing for dial around customers; possible claims relating to the ownership of proprietary rights; the Company's ability to manage customer acquisition costs and other SG&A expenses; and general economic conditions.

#### Company Description

Dallas-based Excel Communications, Inc. is the fifth largest long distance company in the United States. Utilizing a state-of-the-art, facilities-based network, the Company offers its subscribers residential and commercial long distance services, dial-around services, calling cards and paging services. Excel markets these products nationwide to residential and commercial customers under the Excel and Telco subsidiaries. Excel has more than 3,000 employees who support the corporate, network management, billing, teleservices and marketing functions of the Company. Visit Excel Communications' home page on the World Wide Web: <http://www.excel.com>.

(In thousands, except per share data)  
(unaudited)

	Three Months Ended	
	March 31,	
	1998	1997
<b>Revenues:</b>		
Communication services	\$477,278	\$303,673
Marketing services	17,530	27,694
Total revenues	494,808	331,367
<b>Operating expenses:</b>		
Communication	262,764	165,246
Selling, general and administrative	162,391	108,790
Depreciation and amortization	12,547	3,561
Total operating expenses	437,702	277,597
Operating income	57,106	53,770
Interest expense	(9,433)	(21)
Other income (expense)	388	2,136
Income before income taxes	48,061	55,885
Provision for income taxes	(20,202)	(20,789)
Income before cumulative effect of change in accounting principle	27,859	35,096
Cumulative effect of change in accounting principle, net of taxes	---	65,214
Net income (loss)	\$ 27,859	\$ (30,118)
<b>Diluted earnings (loss) per common and equivalent share:</b>		
Income before cumulative effect of change in accounting principle	\$ 0.21	\$ 0.32
Cumulative effect of change in accounting principle, net of taxes	---	(0.59)
Diluted earnings (loss) per share	\$ 0.21	\$ (0.27)
Basic earnings (loss) per share	\$ 0.21	\$ (0.28)
Weighted average shares and share equivalents outstanding	135,805	111,031
<b>Other Operating and Financial Data</b> (in thousands, except per minute data):		
Minutes of use	3,116,810	1,718,485
Revenue per minute of use	\$ 0.150	\$ 0.176
Cost of service per minute of use	\$ 0.083	\$ 0.096
EBITDA	\$ 70,992	\$ 48,763
Total long-term debt (including capital lease obligations)	\$ 519,258	\$ 85
Capital expenditures	\$ 21,771	\$ 15,067

*SOURCE: Excel Communications, Inc.*

**More Quotes and News:** [Excel Communications Inc \(NYSE:ECI - news\)](#)

**Related News Categories:** [telecom](#)

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**STATISTICS OF COMMUNICATIONS COMMON CARRIERS**

**TABLE 1.8 - MARKET SHARES OF PRESUBSCRIBED TELEPHONE LINES BY STATE AS OF DECEMBER 31, 1996**

STATE	NUMBER OF TELEPHONE COMPANIES	MARKET SHARE						TOTAL LINES
	LONG DISTANCE*	AT&T	MCI	SPRINT	WORLDCOM	EXCEL	OTHER CARRIERS	
ALABAMA	68	67.1 %	13.0 %	4.0 %	3.6 %	3.9 %	8.3 %	2,233,362
ALASKA	2	0.0	0.0	0.0	0.0	0.0	100.0	355,185
ARIZONA	95	59.8	14.4	8.9	4.6	2.7	9.6	2,414,612
ARKANSAS	64	67.2	11.4	5.5	4.2	4.7	7.0	1,288,457
CALIFORNIA	100	61.7	16.4	9.0	2.6	2.4	7.9	19,805,310
COLORADO	96	56.1	17.0	8.9	4.2	3.1	10.6	2,381,182
CONNECTICUT	65	38.8	11.3	5.3	1.8	0.8	42.0	2,035,573
DELAWARE	70	66.4	16.5	6.3	1.4	1.1	8.4	466,474
DISTRICT OF COLUMBIA	24	67.9	17.7	6.8	2.3	0.0	5.3	771,630
FLORIDA	154	66.2	12.2	8.0	3.3	2.9	7.3	9,571,502
GEORGIA	108	64.3	14.4	8.4	2.7	3.1	7.2	4,275,408
HAWAII	31	56.5	13.9	18.5	0.4	3.8	7.0	615,288
IDAHO	56	58.5	13.2	6.2	4.5	5.8	11.8	612,755
ILLINOIS	108	66.4	13.6	7.4	2.7	1.9	8.0	7,442,595
INDIANA	83	67.9	13.0	6.5	3.1	2.9	6.6	3,122,167
IOWA	67	61.8	16.5	5.3	5.3	2.8	8.2	1,495,268
KANSAS	72	61.9	13.0	10.9	2.9	3.3	7.9	1,486,306
KENTUCKY	81	67.2	12.6	4.3	4.3	4.6	7.0	1,897,582
LOUISIANA	97	63.2	13.3	4.4	6.3	2.5	10.4	2,265,803
MAINE	61	71.3	11.6	6.6	1.5	2.0	7.1	754,878
MARYLAND	30	64.6	18.8	7.4	1.9	0.0	7.3	3,052,067
MASSACHUSETTS	91	70.5	13.0	8.7	1.9	0.7	5.2	4,151,814
MICHIGAN	88	62.7	14.5	6.2	2.3	3.0	11.2	5,703,053
MINNESOTA	78	58.5	19.8	5.8	2.6	2.9	10.4	2,729,586
MISSISSIPPI	66	66.9	14.0	3.7	4.7	3.2	7.5	1,244,747
MISSOURI	90	62.5	12.9	10.6	3.6	2.9	7.4	3,064,182
MONTANA	51	64.0	11.6	6.2	2.5	4.9	10.7	481,698
NEBRASKA	57	59.2	14.1	6.4	4.3	3.2	12.7	927,923
NEVADA	52	58.6	13.3	14.8	3.0	3.2	7.1	1,074,104
NEW HAMPSHIRE	65	71.1	11.3	8.2	1.7	0.9	6.8	752,763
NEW JERSEY	113	71.2	14.3	5.1	2.0	1.0	6.4	5,776,498
NEW MEXICO	66	59.8	16.1	7.6	4.4	3.8	8.4	814,166
NEW YORK	128	64.3	14.2	9.0	1.9	0.9	9.6	11,562,379
NORTH CAROLINA	73	63.8	11.5	10.2	2.5	3.9	8.1	4,166,616
NORTH DAKOTA	49	59.4	16.3	4.4	6.0	3.8	10.2	354,244
OHIO	75	63.1	14.0	7.3	2.8	2.3	10.5	6,227,640
OKLAHOMA	88	63.0	12.4	6.5	3.7	4.4	10.0	1,822,825
OREGON	77	64.0	11.3	9.0	5.0	2.8	7.9	1,847,314
PENNSYLVANIA	112	66.1	14.3	6.4	1.7	1.6	10.0	7,119,669
RHODE ISLAND	63	72.1	12.0	7.5	2.0	1.1	5.3	602,318
SOUTH CAROLINA	63	60.3	14.9	5.3	2.9	4.9	11.6	1,962,005
SOUTH DAKOTA	50	61.0	15.0	4.6	4.0	4.8	10.7	385,081
TENNESSEE	106	67.3	13.3	6.3	3.9	3.2	6.0	3,071,812
TEXAS	159	58.5	15.8	7.7	3.2	2.9	11.9	10,678,438
UTAH	68	58.1	14.6	7.4	4.0	3.9	12.0	984,594
VERMONT	51	67.7	12.5	7.1	2.1	1.1	9.5	365,472
VIRGINIA	58	61.9	20.6	8.3	2.3	0.9	6.3	3,765,373
WASHINGTON	86	59.8	13.8	10.1	3.6	3.4	16.3	3,270,199
WEST VIRGINIA	32	69.7	15.5	4.7	2.6	0.4	43.5	846,340
WISCONSIN	79	64.2	14.7	5.7	2.4	2.4	12.7	3,057,769
WYOMING	45	66.9	12.7	6.1	4.0	3.6	126.3	274,309
UNITED STATES	616	63.3	14.5	7.6	2.9	2.4	9.3	157,428,335
N. MARIANA ISL.	3	0.0	71.3	0.0	0.0	0.0	28.7	20,976
PUERTO RICO	9	41.1	10.6	4.0	0.0	0.0	44.4	1,166,721
VIRGIN ISLANDS	5	70.8	0.0	10.3	0.0	0.0	18.9	56,211
GRAND TOTAL	621	63.1 %	14.5 %	7.6 %	2.8 %	2.4 %	9.6 %	158,672,243

Source: "Distribution of Equal Access Lines and Presubscribed Lines," released November 1997, by the Industry Analysis Division.

\*The estimate for the number of long distance carriers serving a state equals the number of long distance carriers from the local study area with the maximum number of long distance carriers.



REF CONTROL NO. 0897160100179041379



P.O. BOX 650582 • DALLAS, TX 75265-0582  
Customer Service 1-800-875-9235

# LONG DISTANCE SERVICE REQUEST FORM (SRF)

**YOU MUST COMPLETE A SEPARATE SERVICE REQUEST FORM FOR EACH TELEPHONE BILL RECEIVED**

**1 PLEASE / CHECK TO INDICATE CUSTOMER STATUS**  
NEW CUSTOMER      EXISTING CUSTOMER

**2 Please print customer's information exactly as it appears on their phone bill.**  
**BILLING TELEPHONE NUMBER (REQUIRED)**

SECOND TELEPHONE LINE ON SAME BILL

THIRD TELEPHONE LINE ON SAME BILL

**COMPLETION INSTRUCTIONS**

PLEASE FILL OUT BOXED AREA NEATLY MAKING SURE NOT TO WRITE OUTSIDE OF BOXES AS SHOWN

A	B	C	5	5	5	1	3	4	2
---	---	---	---	---	---	---	---	---	---

TO INSURE PROPER PROCESSING OF YOUR INFORMATION COMPLETE AS SHOWN IN BLACK OR BLUE INK AND PRINT IN CAPITAL LETTERS

**3 LAST NAME FIRST NAME**

ADDRESS LINE 1

ADDRESS LINE 2

CITY STATE ZIP CODE

**4 SOCIAL SECURITY NUMBER**

**5 INTRALATA SERVICE**

INITIALS PLEASE INITIAL THIS BOX TO SELECT INTRALATA SERVICE I understand I will be presubscribed to Excel for any toll calls made within my Local Access Transport Area (IntralATA calls), effective when my jurisdiction has approved intralATA competition. I understand my local company can assess a service charge for each line changed.

**6 SELECT YOUR SERVICE**

**INITIALS Excel's Dime Deal<sup>SM</sup>** I understand I will be enrolled in the Dime Deal calling program designed especially for residential customers. All calls will be billed in full-minute increments and charged a flat-rate based upon originating and terminating call location. I understand I will be charged a \$1.00 monthly service fee.

**INITIALS Excel's WorldRate One<sup>SM</sup>** Excel's WorldRate One calling program is especially designed for international calling needs. I will automatically receive the WorldRate One flat-rate, per country international rates. There is no set-up charge. I pay a \$3 monthly service fee.

**INITIALS ExcelPlus II<sup>SM</sup>** I understand I will be enrolled in the ExcelPlus II calling program designed especially for residential customers who make the majority of their calls to other Excel residential and small business customers. I will automatically receive a 30% discount off Excel's standard rates on all domestic long distance calls to non-Excel customers. I will also receive a 50% discount on all calls to Excel residential and small business customers. I will be charged a \$1.00 monthly service fee.

**INITIALS My 800<sup>SM</sup>** There is no set-up charge. I pay only \$3.50 a month plus long distance charges. This number will ring at and be billed to the Billing Telephone Number I have indicated.

**INITIALS Calling Cards**  
I request \_\_\_\_\_ calling cards (limit 2).

**INITIALS PremierPlus II<sup>SM</sup>** I understand I will be enrolled in the PremierPlus II calling plan designed especially for personal residential or small business customers with \$75 or less of long distance usage per month. I will automatically receive a 30% discount off Excel's standard rates on all domestic long distance calls to non-Excel customers. I will also receive a 50% discount on all calls to Excel residential and small business customers. All calls will be discount-priced, flat-rate, calls billed in six-second increments and there is a nominal \$3.00 monthly service fee.

**INITIALS Account Codes** (Available only with PremierPlus II)  
Check number of digits desired:  2  3  4  
\$10.00 monthly fee.

**7 REQUEST FOR SERVICE**

This Letter of Agency shall be in effect upon its receipt and acceptance by Excel Telecommunications, Inc. at its Corporate Office in Dallas, Texas. I authorize you to inform my local telephone company that I have selected Excel Telecommunications, Inc. to be my primary long distance service for 1+ equal access dialing (including intralATA if indicated above). I understand that I may designate only one long distance service. I understand my local telephone company can assess a service charge for each line changed. This Letter of Agency shall remain in effect until I revoke the same in writing. I certify that I am at least 18 years of age and that I have the proper authority to sign this Letter of Agency.

CUSTOMER SIGNATURE

DATE

**8 REPRESENTATIVE ID NUMBER**

I hereby certify that my sponsor assisted me in obtaining this Fast Start customer and that the signature above is that of the Customer.

REPRESENTATIVE SIGNATURE

DATE

EXCEL REPRESENTATIVE LAST NAME										FIRST NAME									
TELEPHONE NUMBER																			

FORM # 1601 8/97



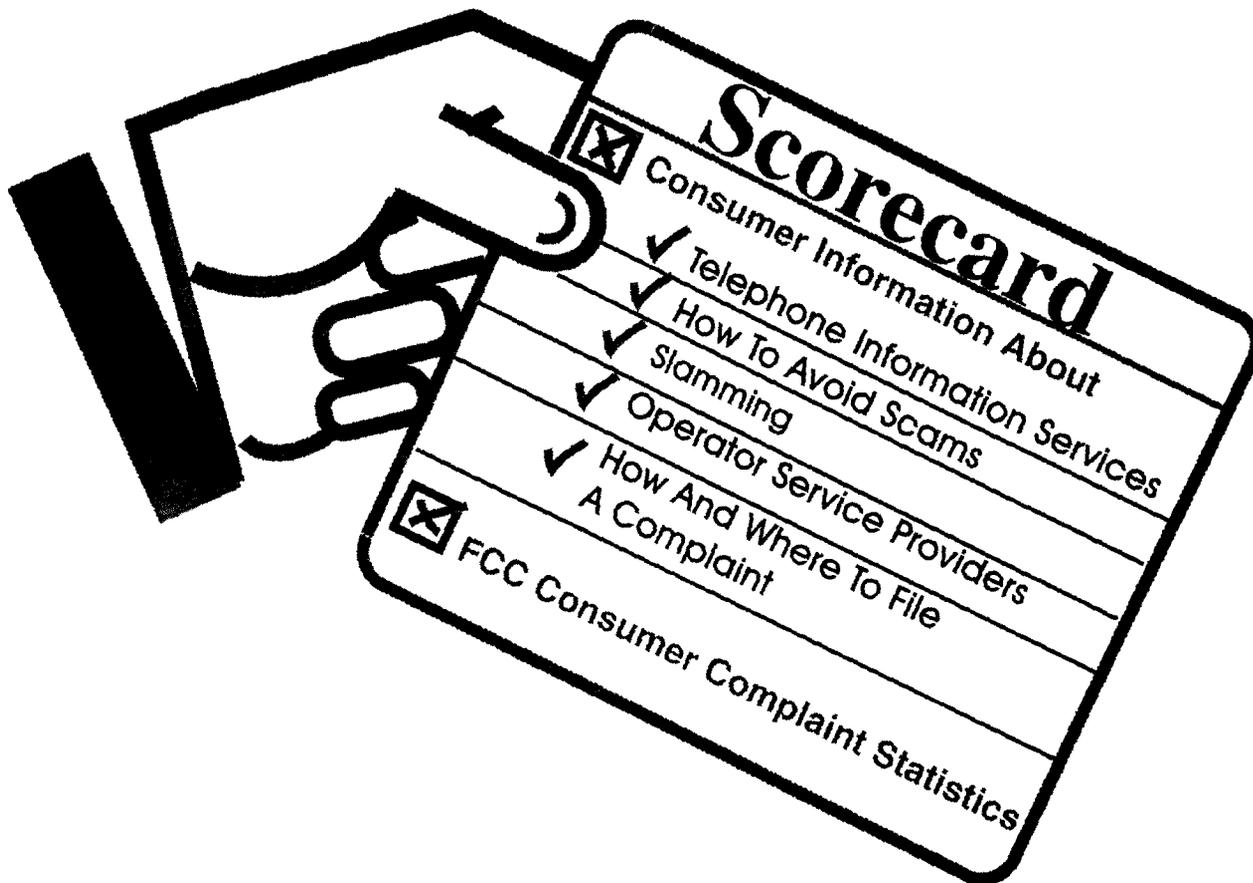
REF CONTROL NO 0897160100179041379

# Common Carrier Scorecard

Produced by the Federal Communications Commission • Washington, D.C.

Providing consumers and the industry with relevant  
information about telephone-related services

December 1997



Federal Communications Commission, Washington, D.C.

Common Carrier Bureau  
Enforcement and Industry Analysis Divisions

## Companies Served With More Than 100 Slamming Complaints in 1996

	Complaints Per Million Dollars of Revenue	Slamming Complaints	Revenue (Millions)
<b>Carriers<sup>1</sup></b>			
AT&T Corp.	0.05	1,866	39,264
Frontier Communications International	0.25	396	1,563
LCI International Worldwide Telecommunications	0.13	145	1,103
Long Distance Services, Inc. (Michigan)	4.06	442	109
MCI Telecommunications Corporation	0.07	1,162	16,372
Sprint Communications Company, L. P.	0.09	750	7,944
WorldCom, Inc.	0.12	528	4,485
<b>Resellers<sup>1</sup></b>			
Atlas Communications	1.64	179	109
Brittan Communications Inc.	2.11	230	109
Eastern Telecommunications, Inc.	1.45	158	109
Equal Net Corporation	8.72	530	61
Excel Telecommunications, Inc.	0.18	200	1,091
Future Telephone Communications	1.02	111	109
Great Lakes Telecommunications Corporation	1.53	167	109
Heartline Communications, Inc.	8.72	951	109
Home Owners Long Distance	1.27	138	109
Integrated Tele Services	1.28	139	109
L.D. Services, Inc.	2.38	259	109
LDM Systems Inc.	8.59	245	29
Long Distance Services (Virginia)	6.20	676	109
Matrix Telecom	1.08	118	109
National Accounts Long Distance, Inc.	2.83	309	109
Nationwide Long Distance, Inc.	3.17	345	109
Network Service Center	1.58	172	109
Quest Communications	1.83	200	109
The Furst Group	3.07	335	109
Trans National Telephone	2.14	233	109
Winstar Gateway Network	28.26	961	34
<b>Weighted Ratio: Carriers and Resellers</b>	<b>0.16</b>		
<b>Billing Agents</b>			
Billing Information Concepts, Inc.	2.13	2,772	1,300
Integretel	1.07	414	388
<b>Weighted Ratio: Billing Agents</b>	<b>1.89</b>		

**Notes:**

<sup>1</sup> *Telecommunications Industry Revenue: Telecommunications Relay Service Fund Worksheet Data.* Companies self-identified themselves as a carrier or reseller.

## Slamming is a Problem

Imagine receiving your phone bill and noticing that the total bill is higher than you were expecting. After closer examination, you realize there is another long distance carrier listed on your bill. Instead of the rates you were expecting from Excel, you're being billed by this new carrier with rates nowhere near as competitive. In fact, your bill is much more than you expected. You're also being charged \$5.00\* from your local phone company for switching your service.

But wait. You did not select a new carrier. That's crazy. After all, you're an Excel Independent Representative. You'll get the matter taken care of immediately. After several phone calls, you're led to believe everything has been resolved. Case closed ... until next month's phone bill arrives.

Now you're beginning to understand the frustration and hassles thousands of consumers face every month when their long distance carrier is switched without their permission.

## Let's Slam the Door on Slamming



As slamming continues to increase, it is threatening our industry's credibility. Excel's credibility and success could be undermined. Let's work together to protect consumers' jobs and slam the door on slamming.



LET'S  
SLAM THE  
DOOR ON  
SLAMMING.

1-888-888-9390



**EXCEL**<sup>®</sup>  
COMMUNICATIONS, INC. **E**

Average rate of a carrier or PIC change.

#8001 2/98

## Excel's Concerns on Slamming



We don't  
want to  
alarm you,  
but  
slamming  
affects  
us all.

## What You Should Know



Slamming – any practice that changes a consumer's long distance carrier without the consumer's knowledge or consent – is a problem for millions of phone customers. It costs consumers thousands of dollars in overcharges. And despite

the FCC's strict enforcement of policies and rules that prohibit slamming, it's a growing problem.

Consumers may have their service switched in a variety of different ways. Entering sweepstakes, taking advantage of special promotions or giveaways and even endorsing "checks" are a few ways switch occurs. When the fact that the customer is changing his or her long distance service is hidden in the "fine print," then customers unknowingly switch their service – and are slammed.

Occasionally, telemarketers speak to someone other than the authorized long distance decision maker of the household – like a child or even a houseguest. Other times prospective customers are slammed because their signatures have been forged on service request forms. All of which illegally initiate a change in long distance service and the start of the hassles and frustrations we mentioned earlier.

As a leader in the long distance industry, Excel is committed to slam the door on slamming. It's a practice that robs consumers of their freedom of choice. It reflects poorly on the entire industry. It may tarnish Excel's credibility which, in turn, jeopardizes your business building efforts. That's why it's important that you and every Excel IR understands the importance of this issue and knows

what you can do to personally slam the door on slamming.

Slamming a customer to Excel's long distance service is prohibited by Excel's Policies and Procedures as set forth in every Excel IR Application and Agreement and will result in the *immediate termination* of the IR Agreement and forfeiture of any and all commissions. In addition, Excel may take legal action against IRs who slam.

## Have You Been Slammed?

Everyone is at risk of being slammed – even an Excel IR. If you are personally slammed, you should be able to quickly resolve the situation.

- Call your local telephone company and let them know that you did not request service from your new long distance company and that you'd like to be switched back to your original long distance company.
- Contact the long distance company that slammed you and insist on paying only the charges your original carrier would have imposed.
- Call your original carrier and tell them you were switched to another company without your permission and ask them to reconnect you.
- Notify the FCC if the complaint is not resolved. Simply send a letter in your own words to:

Federal Communications Commission  
Common Carrier Bureau Enforcement Division  
Informal Complaints and Public Inquiries Branch  
Mail Stop Code 1600A2  
2025 M St., NW  
Washington, D.C. 20554

## Slam the Door on Slamming

- Utilize your warm market when gathering customers. If not, you may be doing business with someone not authorized to make a long distance service change.
- Make sure your prospective customer signs an Excel Service Request Form (SRF) and be sure to verify that the person signing the SRF is authorized to switch long distance carriers.
- If your prospective customer is a California resident, have them call in-bound Third Party Verification (TPV) at 1-888-ORDERXL after they complete an SRF. It's the law in California.
  - Never – under any circumstances – sign an SRF on behalf of a customer.
  - Be sure your customers read and understand all of the information on the SRF (the back, too).
  - Educate your customers on their rights and make them aware of slamming. Encourage consumers to call 1-888-888-9390 to hear more information about Excel's position on slamming.
- Remember, your customers getting slammed by another carrier is more than just lost LDU commissions. The practice hurts the entire industry and erodes the confidence and trust of our customers.
- If you have a customer who is slammed, have them follow the four steps listed to the left. Never attempt to resolve a slamming issue on behalf of a customer.



## What is Slamming?

Slamming – any practice that changes a consumer's long distance carrier without the consumer's knowledge or consent – is a problem for millions of phone customers.

Imagine receiving your phone bill and noticing that it's higher than you were expecting. After closer examination, you realize there is another long distance carrier listed on your bill. Instead of the rates you were expecting from Excel, you're being billed by this new carrier with rates nowhere near as competitive. And you are being charged \$5.00\* by your local phone company for switching your service.

But wait. You're a satisfied Excel customer with no reason to switch. You'll get the matter taken care of immediately. After several phone calls, you're led to believe everything has been resolved. Case closed ... until next month's phone bill arrives.

Now you're beginning to understand the frustration and hassles thousands of consumers are facing every month when their long distance carrier is switched without their permission. In fact, you may have already been the target of this unscrupulous – and illegal – act.

As a leader in the long distance industry, Excel is committed to slamming the door on slamming. It's a practice that robs consumers of their freedom of choice and something we can all help to prevent.

\*Average rate of a carrier or PIC change.

## Let's Slam the Door on Slamming



Excel recognizes that slamming in the industry continues to increase at an alarming rate which robs consumers of their right to choose. We're committed to protecting consumer rights and want you to know how you can prevent it from happening. Let's slam the door on slamming.

LET'S  
SLAM THE  
DOOR ON  
SLAMMING.  
**1-888-888-9390**

**DSA**  
MEMBER  
DIRECT SELLING  
ASSOCIATION

**EXCEL®**  
COMMUNICATIONS, INC. **E**

#8000 2/98

Excel's Concerns on Slamming



Let's Slam  
the Door on  
Slamming.™  
Your Rights  
as a Phone  
Customer.

## Have You Been Slammed?

If you are slammed, you should be able to quickly resolve the situation.

- **Call your local telephone company.** Let them know that you did not request service from your new long distance company and that you'd like to be switched back to your original

long distance company. Have them remove any switch fees from your bill.

- **Contact the long distance company that slammed you.** Insist on paying only the charges your original carrier would have imposed. Contact the Federal Communications Commission (FCC) immediately if the carrier will not adjust your charges.
- **Call your original long distance company.** Tell them you were switched to another company without your permission and ask them to reconnect you.
- **Notify the FCC if the complaint is not resolved.** Simply send a letter in your own words to:

Federal Communications Commission  
Common Carrier Bureau Enforcement Division  
Informal Complaints and Public Inquiries Branch  
Mail Stop Code 1600A2  
2025 M St., NW  
Washington, D.C. 20554

- **Notify your state telecommunications licensing group.** In many states, simply contact your state public service or public utility commission.

## Protecting Your Rights

Excel, as well as state and federal officials, can't put an end to slamming alone. By better understanding your rights as a long distance consumer, you can help slam the door on slamming.

- You have the right to choose your long distance provider.
- You have the right to pay only the rates your original carrier would have charged you during the time the slamming occurred. Insist on this with the carrier who slammed you.
- You have the right to request that any changes to your long distance service must be received from you in writing.
- You have the right to report a slamming offense to regulatory and consumer rights groups. Slamming is illegal and may result in heavy fines. If a complaint is not resolved, contact the FCC, your state telecommunications licensing group or even your state Attorney General's office.
- You have the right to have your slamming complaint resolved quickly.



## Slam the Door on Slamming

- **Read your phone bill carefully.** Look for your carrier's logo or the Excel logo if you have service with us to ensure you haven't been switched. Also look for switching fees billed by your local phone company when a switch occurs.
- **Educate everyone in your household.** Many times slammers will switch service on the authorization of a relative or child. Let everyone know who the long distance decision maker is.
  - **Communicate a change in service, too.** If you recently switched your long distance carrier, let others in your household know to prevent a slamming false alarm.
- **Never sign anything without reading the fine print.** Be particularly aware of direct mail promotions and contests promising prizes and bonus checks. Many entry forms or check endorsements are actually authorizations allowing a company to switch your long distance service.
- **Be firm with telemarketers.** If someone calls you regarding long distance service, specifically tell them whether you agree to be switched. If not, tell them you are simply not interested.

**EFFECTIVE LONG-DISTANCE CHANGE VERIFICATION AND "THIRD-PARTY" VERIFICATION: THE RIGHT WAY AND WRONG WAY TO CURB "SLAMMING"**

**I. *Mandatory* Third-Party Verification Is a Flawed "Solution" To Slamming**

- **Most third-party verification ("TPV") is performed in "real time" (i.e., a telemarketer solicits a consumer, who is then immediately transferred TPV company); therefore, as a practical matter--**
  - \* **the consumer has no real opportunity to think over or reconsider his/her decision**
  - \* **if the solicited person is not the authorized telephone subscriber (e.g., head of household), TPV does not correct this problem**
  - \* **if the consumer is confused or misled by the telemarketer, the TPV (which basically repeats the service terms scripted by the telemarketer) is unlikely to erase this confusion**
- ***Thus, third-party verification is only as good as the telemarketing that precedes it.***

**II. *Mandatory* TPV Would Effectively *Preclude* Other, Superior Methods of Confirming a Consumer's Intent**

- **Excel utilizes person-to-person marketing and requires a *hard copy, one-page, plain English* letter of authorization ("LOA"), *signed by the customer* to verify an order. We believe that this method, where the customer sees it in writing and personally signs a service order, and Excel gets it in writing, is the best evidence of a consumer's intent to subscribe.**
- **Forged LOAs occur rarely, because it is universally understood that signing another person's name to a legal document without authorization is a crime. A customer's written, signed LOA is a far more reliable form of confirmation than a verbal "OK" over the phone. Giving (or**

recording) misleading information over the phone is far less of a taboo than forgery.

- ***But* under *mandatory* TPV, Excel could not continue to use person-to-person marketing, because the lapse of time between the customer contact and the TPV (ordered by Excel after receiving the LOA from the field) frequently results in an inability to obtain the re-confirmation (e.g., customer not home, doesn't return messages, considers repeated attempts to contact a nuisance, etc.) *Mandatory* TPV would force Excel to resort to telemarketing in order to obtain instantaneous TPV.**

### **III. The Best, Least Intrusive Defense Against Slamming: Written Authorization PLUS Re-Confirmation By Mail**

---

- **Excel *both*: (1) obtains hard-copy authorization signed by the customer, and (2) then promptly mails the new customer an information package welcoming him or her to Excel and further describing our services. Therefore, if any mistake or misunderstanding has occurred, the consumer has a clear second chance to decline Excel service.**
- **This “double confirmation” is a far better defense against slamming than TPV, which**
  - \* **typically is a one-time event, within the same phone call as the telemarketing solicitation;**
  - \* **doesn't assure that the “authorized” subscriber is making the choice;**
  - \* **doesn't necessarily relieve confusion or misperception by the consumer; AND**
  - \* **virtually mandates that all telephone customer solicitations be performed through telemarketing-- assuring a massive proliferation in this widely unpopular, unwelcome marketing practice.**

### **CONCLUSION**

**TPV SHOULD NOT BE REQUIRED BY LAW OR REGULATION.**

## “CUSTOMER CHOICE” PRINCIPLES

Competition in all telecommunications markets will bring to customers the benefits of lower prices, greater choices and improved service. For these benefits of competition to be fully realized, however, it is imperative both that customer choice be maximized and that each customer's choice of carrier(s) be honored and faithfully implemented. Consistent with these goals, Excel offers the following principles:

### I. CONSUMERS MUST BE ABLE TO CHOOSE LOCAL AND LONG DISTANCE SERVICE PROVIDERS WITHOUT FEAR OF “SLAMMING” OR ‘CRAMMING”

- The unauthorized transfer of a customer's local or long distance service (“slamming”) or the unauthorized addition of services by an incumbent carrier (“cramming”) are unacceptable practices which Excel rejects and deprecates. Indeed, as reputable and law-abiding competitive telecommunications carriers, we and our customers are severely harmed by such practices.
- We pledge a *zero tolerance* policy toward intentional slamming, whether it is attributable to their employees or agents or to the local exchange carriers that execute virtually all carrier changes. A *zero tolerance* policy means that we will fully investigate all allegations of slamming, will take all appropriate action to make consumers whole in the event of a ‘slam,’ will terminate any employee or agent who is found to have knowingly and willfully engaged in slamming, and will pursue all appropriate remedies when we find that the slamming of a consumer is attributable to the executing local exchange carrier.
- We acknowledge our responsibility to prevent slamming, and will undertake to fully educate our customers, our employees and our agents on the practice and the unacceptability of slamming.
- We acknowledge that even the most reputable telecommunications carriers sometimes *unintentionally* initiate an unauthorized transfer of a consumer through mistake or inadvertence, such as the misreading of a consumer's telephone number or a data entry error. We respectfully ask policymakers and the public to understand that the vast majority of such carrier changes are the result of the kind of inadvertent error that is inevitable and common to all businesses. *Nevertheless*, in recognition of our own responsibilities, we pledge to redouble our efforts to reduce even inadvertent “slamming” to an absolute minimum.
- We will adhere to or exceed all applicable federal and state laws and regulations designed to prevent slamming. *In particular:*
  - All telecommunications service providers that submit primary carrier (PC) changes should be required to demonstrate affirmative customer verification for the change, either through a document signed by the authorized subscriber, verification by an unaffiliated third party, or by appropriate electronic means. Any verification method must be designed to be clear and easily understandable

to the customer in conformance with applicable law and regulation. We will not consider a “negative option” method to be a sufficient form of verification.

- Customers who are subjected to an unauthorized change should pay only the authorized carrier’s rates, and will be entitled to full reimbursement of the difference between any payments made and the payments that would have been made had the unauthorized change not occurred. Such reimbursement will be in addition to any other payments or damages that may be awarded by a competent agency or court.
- We will not engage in deceptive, inappropriate or “high pressure” telemarketing or sales tactics.

II. AS COMPETITION FOR LOCAL AND LONG DISTANCE TELECOMMUNICATIONS SERVICES INCREASES, CUSTOMERS SHOULD RETAIN THE ABILITY TO EXPECT FAST AND RELIABLE CHANGES IN THEIR PREFERRED TELECOMMUNICATIONS SERVICE PROVIDER(S) WITHOUT DISRUPTION OF SERVICES THEY WISH TO RETAIN

- The rules and laws governing the carrier selection process must apply to all telecommunications service providers, including incumbent local exchange carriers (ILECs).
- Service providers serving the dual role of submitting and executing carrier must (1) obtain affirmative customer verification and (2) provide such verification materials to the FCC, a state and/or any requesting carrier that sets forth reasonable cause for suspecting an improperly authorized PC change.
- PC change information should be afforded customer proprietary network information (CPNI) protection, so that it is available only to carrier personnel tasked with executing PC change requests. In no case should an executing carrier’s marketing and sales personnel have access to PC change information.
- Carriers should be liable for failures to properly process and execute PC change requests and they should be liable to the submitting carrier for revenues in the event of unreasonable delay between submission and execution of the PC change.
- The availability of a “PC Freeze” option (whereby a consumer may instruct his telecommunications service provider *not* to execute a change in one or more of his service provider(s) without his explicit authorization) can be a useful means for consumers to protect themselves from slamming and/or cramming. *However*, the PC Freeze option can easily be abused if it is solicited by an incumbent local exchange carrier (ILEC) which possesses the sole power to execute *and* block carrier changes *and* at the same time has an inherent conflict of interest as a competitor for the customer’s local, intraLATA and/or interLATA service. Accordingly, as competition develops and expands in these markets, the following principles should be followed *and codified*: