

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Implementation of the Subscriber Carrier)
Selection Changes Provisions of the)
Telecommunications Act of 1996)
)
Policies and Rules Concerning)
Unauthorized Changes of Consumers)
Long Distance Carriers)

CC Docket No. 94-129
FCC 98-334

COMMENTS OF SBC COMMUNICATIONS, INC.

SBC COMMUNICATIONS INC.

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SUMMARY

- SBC supports the use of an industry forum to address issues such as those raised in this NPRM.
- SBC does not believe the Commission has jurisdiction to establish what amounts to liquidating damages for the violation of the Commissions rules.
- SBC supports a national registration and unique identifier for identification of all telecommunications providers. SBC does not support using CICs for identifying switchless resellers.
- SBC supports the use of automated third party verification systems and having the option of the SBC representative remaining on the call during verification. SBCV does not support the use of "live scripted" third party verifiers.
- SBC extends the term "subscriber" to the person named on the bill and other persons authorized to make changes on the bill.
- SBC does not support a slamming report requirement for carriers
- SBC does not see the need for a third party administrator to handle verification and resolution of slamming disputes; and if such is created participation should be optional.

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COMMENTS OF SBC COMMUNICATIONS, INC.

COMES NOW SBC Communications, Inc.¹ ("SBC") to file this, its Comments in response to the Further Notice of Proposed Rulemaking ("FNPRM") in the above referenced docket. SBC certainly supports the efforts of the Commission to staunch the irresponsible actions of those carriers that submit carrier change orders without customer authorization. However, some of the proposed remedies punish not only the wrongdoers, but innocent parties as well. Further, some of the proposed remedies are beyond the jurisdiction of the Commission.

SBC strongly supports establishment of a registration system for identification of carriers in lieu of requiring the assignment of CICs to resellers. The specific details as to

¹ SBC Communications Inc. is the parent company of various subsidiaries, including telecommunications carriers. These subsidiaries include Southwestern Bell Telephone Company ("SWBT"), Pacific Bell, Nevada Bell, and The Southern New England Telephone Company ("SNET"). The abbreviation "SBC" shall be used herein to include each of these subsidiaries as appropriate in the context.

how a registration program should be implemented can best be worked out in an industry forum, as was done to develop the "Industry Anticramming Best Practices Guidelines." SBC has structured its comments to follow the structure of the FNPRM.

A. Recovery of Additional Amounts from Unauthorized Carriers

The Commission does not have jurisdiction to impose fees that equate to liquidated damages for violations of its rules or Section 258 of the Federal Telecommunications Act of 1996 ("FTA 96"). 47 U.S.C. §151: The Federal Communications Commission was created for the purpose of regulating interstate and foreign commerce in communication. The FCC is given a "comprehensive mandate" with "expansive powers." Where the Commission interprets 47 USC §151, et seq. so as to find sufficient legal authority to act, courts may give due consideration to the Commission's interpretation, but courts cannot relinquish their duty to conduct independent analysis. See *Office of Communication of United Church of Christ v. FCC*, 707 F.2d 1413 at 1424 (D.C. Cir. 1983). Congress, rather than purporting to transfer its legislative power to the unbounded discretion of a regulatory body, intended a specific statutory basis for FCC authority. See *American Tel. & Tel. Co. v. FCC*, 487 F.2d 865 (2nd Cir. 1973). While Section 207 of FTA 96 does give the Commission concurrent jurisdiction with the federal district courts over damage claims against a common carrier, that provision does not establish any jurisdictional basis for establishing what amounts to a liquidated damages type of penalty for violation of the statute and/or the Commission's rules.

Nor does Section 258 authorize the Commission to award damages to the authorized carrier that exceed the charges paid by the subscriber to the slamming carrier, in the absence of evidence that the authorized carrier has suffered damages in excess of the amount paid by the subscriber . A review of the legislative history of Section 258 reveals that in discussing this provision, no reference was made to indicate any intention

to assess such identical amount, in addition to the actual charges billed to the subscriber, nor was there any reference that would indicate a Congressional intent to authorize the FCC to make any such assessment as a penalty, fine, remedy, etc. The Conference Report at page 136 discusses the agreement and intent of Congress in passing the slamming law. Although the report clearly identifies the reimbursement requirement and the provision that consumers be made whole, there is absolutely no mention of specifically granting the FCC additional jurisdiction or authority to do anything beyond making restitution to the consumer.² The Report further explains that the "slamming" carrier should also "be held liable for premiums, including travel bonuses, that would otherwise have been earned by telephone subscribers, but were not earned due to the violation of the Commission's rules under this section."³ The language of the committee report seems very clear as to Congressional intent. The absence of any reference to an imposition or assessment of any remedy requiring an unauthorized carrier to pay damages to an authorized carrier would seem to indicate there was no such intention on the part of Congress.

SBC does not agree that Section 201(b) grants such jurisdiction to the Commission. Section 202 comes closer in authorizing the Commission to impose forfeitures on any common carrier that subjects any particular person to "any undue or unreasonable prejudice or disadvantage."⁴ Certainly the subscriber whose carrier was changed without his/her permission has been subjected to undue and unreasonable prejudice. However, the Commission does not propose forfeitures; instead it seeks to impose a payment obligation from one carrier to another based upon an alleged violation of Section 258.

² *Telecommunications Act of 1996*; Conference Report on S. 652; Report 104-458, 104th Congress, 2d Session at 136.

³ *Id.* at 136.

⁴ 47 U.S.C. 202.

Finally, there is no support in Section 4(i) for such unprecedented damage award. Under this section, the FCC is granted the authority "to perform any and all acts, make such rules and regulations, and issue such orders, not inconsistent with this Act, as may be necessary in the execution of its functions." Again, no evidence could be found to indicate any Congressional intent to elaborate or extend such jurisdiction to include the power or authority to impose penalties or remedies on carriers. This section, while very general, only authorizes the Commission to take action "not inconsistent with this Act, as may be necessary in the execution of its functions."⁵ It is inconsistent with the Act to impose damages beyond the level authorized by the Act.⁶ It would also be a denial of due process to require payment of such damages without first establishing that the authorized carrier has, in fact, suffered damages in that amount. The Commission certainly can establish a rule that the unauthorized carrier must reimburse the authorized carrier for any damages that the authorized carrier suffers as a result of the actions of the unauthorized carrier. But if the two carriers cannot agree on the amount of those damages, due process requires that the unauthorized carrier have opportunity to be heard before being required to pay an amount that may exceed the damages suffered as a consequence of its actions.

Establishment of the equivalent of a liquidated damages arrangement may very well be a just and reasonable solution to a vexing industry problem. Such penalties, if they could be lawfully imposed, would probably help to deter slamming by making slamming so unprofitable that carriers would cease practicing it. However, the Rules already established by the Commission will probably accomplish that purpose, even without the additional damages here proposed.

⁵ 47 U.S.C. 4(i).

⁶ See, AT&T v. FCC, 487 F.2d 865 (2nd Cir. 1972).

B. Resellers and CICs

SBC strongly supports the efforts of the Commission to find a solution to the carrier identification problems that arise from the facilities based carriers' practice of reselling telecommunications service to non-facilities based (switchless) carriers⁷ or resellers. The California Public Utility Commission is currently requiring all IXC's who do not have a unique CIC to use their Commission-Assigned Utility Number on all bills and carrier service changes.⁸ However, a nationwide carrier registration system is superior to Options 1, 2 and 3 as proposed by the Commission in this NPRM and would eliminate a state-by-state solution. "Option 1" as set forth in Paragraphs 154 through 156 of the Slamming Order is problematical. Even though the industry has just gone from three digit CICs to four digit CICs, CICs are still a numbering resource with finite limits. Any requirement that every reseller have its own CIC will hasten the day that the telephone industry will incur the additional expense to allow for the expansion to 5 digit CICs.

Nor does SBC support Option 2, as set forth in Paragraphs 157 through 159 of the Slamming Order. CICs today have a dual purpose: the same number is used for both routing and billing purposes. The best solution is to separate those two functions into separate numbering systems. There is no need for resellers to have a separate CIC for

⁷ The term "switchless carrier" is a true oxymoron insofar as it is used to mean a carrier providing universal long distance termination because it is not technically possible to provide universal termination without use of a switch. The general meaning of the term is that the carrier does not own a switch; in fact, not only does the switchless carrier not own a switch; neither does it own any lines, poles, telephone trucks, or any of the other equipment or facilities normally used by a telecommunications carrier. It is a "carrier" in name only because it doesn't "carry" any calls; it doesn't usually provide anything other than marketing efforts to switch customers to its "services." When a customer agrees to switch, the switchless carrier then determines the rate the customer will be charged and, presumably, bills the customer for the service or services provided by one or more other carriers.

⁸ See, Draft Decision of ALJ in California Public Utility Commission Rulemaking R.97-08-001 and I.97-08-002 issued February 3, 1999.

routing purposes and requiring additional CICs for billing purposes would be an unnecessary and wasteful use of numbering resources.

The problems that arise from a reseller not having a separate CIC are carrier identification, billing and customer account issues, not routing issues. For that reason, SBC supports the establishment of a national carrier registration requirement that would assign individual numbers to carriers to be used for customer identification, billing and customer account issues, but not for routing purposes. Moving the carrier identification and billing functions presently served by CIC codes over into a separate Carrier Identification System ("CIS") numbering arrangement would allow the assignment of a unique billing number to each and every entity that controls rate levels on a customer's bill. Yet, because the numbers would not be used for routing purposes, this solution would not diminish the supply of numbers in the CIC numbering pool, thereby helping to preserve this valuable resource.

SBC proposed a nationwide carrier registration system in its Truth in Billing Comments CC Docket No. 98-170 on November 13, 1998, and SBC renews that proposal here. A national registry could be established with an annual registration fee to cover administrative costs. The administrator could assign unique codes to each service provider that would be used for carrier identification and reporting purposes, leaving CICs to be used solely for routing purposes. Such a system would eliminate the anonymity that shields some "carriers" from responsibility for their actions and would help reduce customer confusion as to the specific provider involved in any transaction.

The proposed CIS could require an annual registration renewal to ensure the availability of up-to-date information on the names under which the company operates, the identity of the principals of the company, and the states in which that Company is operating and/or is licensed to operate. The Carrier Identification Number ("CIN") assigned by the CIS could be used to ensure the proper identification of all providers of

telecommunications services, as well as telecommunications-related services, including but not limited to local, long distance, information and enhanced services. The CIN should be a required entry on any commercial transaction with an end-user customer, including the marketing, purchasing and billing of services. It should also be a required entry on any order for services from any other telecommunications carrier, including orders for access/transmission, submission of customer records and billing services. Any reports or responses to inquiries and investigations with state and/or federal regulatory and law enforcement agencies should also require that number, including resolution of customer complaints and imposition of penalties and fines, and would facilitate the sharing of statistics between states.

With the information now available on all carriers, the CIS administrator could implement a database to provide information to subscribers, carriers, and regulators. For example, an 800 number help line for consumers could be established. An on-line database containing information that can be utilized by all carriers to verify registration information prior to the execution of any transaction with a carrier in real time, similar to LIDB for credit card validation, could be developed. The same database could be used by end-user customers that have access to the Internet to check performance information prior to selecting a provider for any aspect of telephone or telephone-related services. The database could also be a valuable resource for regulatory and law enforcement agencies for the purpose of investigation and enforcement activities.

FTA96 provides the jurisdictional support for the establishment of the CIS in §258 because any verification procedure prescribed by the FCC is dependent upon accurate carrier identification. The FCC would be an appropriate administrator of such a registry. Alternatively, the North American Numbering Plan Administrator (NANPA) could be authorized by the FCC to administer the CIS.

SBC also opposes the use of Option 3, set forth in Paragraphs 160 through 162 of the Slamming Order. SBC supports implementation of the CIN/CIS registration process to address the reseller PIC freeze problem. Requiring the establishment of an IXC internal only freeze program is problematic. The constant exchange of PIC freeze status information between carriers would be burdensome, regardless of the schedule for such information exchange. Such an arrangement might also require more explanations to the customer, increasing the time spent on line explaining the PIC freeze process, when the demand for access to LEC customer service representatives is already heavy. Lifting the PIC freeze would also become more complicated. When a carrier calls in with the customer on line in a three way call, the LEC could lift the freeze completely only if the carrier was not a switchless carrier reselling the service of the facilities based carrier currently serving the customer. If a carrier change order was for a switchless carrier to serve a customer of its facilities-based carrier, the freeze could only be lifted in that case by the underlying facilities-based carrier.

In addition, it is not reasonable to just assume that because customers want to participate in the PIC freeze administered by their LEC, they would also want to be covered by the IXC PIC freeze. Some customers become convinced that their particular long distance company has the highest quality long distance network. For that reason, they do not mind having to take extra steps to make a carrier change away from that network in order to protect against slamming. Such a consumer might, however want the flexibility to easily change its carrier among the carriers reselling service on that same network in order to take advantage of the incentives being offered to change carriers.

As the FCC noted in Paragraph 146, in today's environment the LEC may not even be notified of a carrier change that is submitted by the switchless reseller to its facilities based provider. The IXC whose service is being resold is necessarily aware of the change, however, because it must treat the minutes of use generated by the reseller's

customers as the reseller's traffic. Presumably, the IXC must also record and rate those minutes of use at the rate levels dictated by the reseller, since the reseller would have no facilities to perform those functions. In this situation, the IXC is the "Executing Carrier" under the terms of the Slamming Order and the IXC is the carrier in the best position to solve the switchless carrier problem. If a CIS were implemented, the IXC should have the right and the duty to deny service to any switchless carrier that attempts to order service without that identification number on the order and to cease providing service to any such carrier that fails to include such number on its customer bills⁹. The slamming rules should be amended to provide that any IXC that provides service to a switchless carrier without requiring the CIN on its orders shall be liable as an unauthorized carrier. Such additional rule changes could help solve the switchless reseller problem without imposing significant additional expense on anyone. If CIS were implemented, that system in conjunction with the provisions of the Order, would take the profit out of slamming and could be the solution to the switchless carrier problem.

The CIS proposal is not a perfect solution, but it appears to be superior to the three options proposed in the Order. The drawbacks are that it, too, imposes additional cost on all carriers because significant changes would be required in their operating systems to support the CIS. Modifications would also be required in a number of national guidelines and standards. Registration information would have to be made readily available to the executing carriers for the program to function efficiently.

Those disadvantages, however, are shared by all three of the Options listed in the Order, and in most instances, to a much greater degree. The advantages of the CIS option are the following:

⁹ Of course, the discontinuance of service should not be based on an isolated incident where the billing system just failed to print the CIN on the bill, but should be stated in terms that would allow such action only where it appears that the carrier intentionally left the identifying number off the bill.

- the CIS would allow the FCC to track slamming complaints to the carrier that originated the unauthorized carrier change,
- the implementation of the CIS would not involve the network or require massive changes to switches,
- the implementation of the CIS would allow the FCC to compile data on a national level instead of a state or regional level,
- there would be no need for additional enforcement mechanisms, if the CIN were required on every service change request (i.e. PIC, dialtone, LPIC, LNP, etc.) and the executing carrier were treated as an unauthorized carrier if it accepted an order without a valid CIN,
- the CIS proposal would not cause an increased demand for CICs, and
- State regulatory and enforcement agencies would be able to easily share statistics between states.

Other potential benefits of implementation of a CIS would be that such carrier identification would promote competition by giving greater emphasis to the identity of resellers that provide the service. Clearly identifying the carrier responsible for charges on a customer's bill would alleviate many of the more troublesome billing problems. This solution would not make any improvement in the present system of routing customer calls, however, no routing problems were identified in the Slamming Order, nor is SBC aware of any routing problems related to slamming.

C. Independent Third Party Verification

SBC's position on the issue set forth in Paragraphs 165-166 as to whether the sales representative should be allowed to remain on the line during the third party verification call is that the sales representative should have that option. In many instances, a three way call is the most efficient and customer-friendly way to handle the third party verification. For example, if the sales representative is verifying CPNI approval in order to make a proposal to the customer, the sales representative will need to remain on the line so that, after the customer approval is verified, the sales representative can continue the call with the customer. If the third party verification call is for a carrier change order, the sales representative needs to remain on the line, so that the sales

representative will know whether the third party verification was successfully completed. Otherwise, the carrier would have to await notification from the third party verifier that the verification had been successfully completed before submitting the order or else risk slamming liability if the customer changed his/her mind after the sales representative dropped off the call. A three way call will usually be the most cost-efficient way for third party verification to be performed and in most cases, it is more convenient and user-friendly for the customer.

It is also SBC's position that the sales representative should not be an active participant with the third party verifier on the verification call. If, for example, the customer were to confuse local toll with local service, even after the proper notices have been provided, the sales representative should not answer for the customer or prompt the customer. The customer should respond to all of the third party verifier's questions without any assistance from the sales representative. If the customer attempts to ask questions of the sales representative during the verification call, the sales representative should discontinue the verification call and answer the customer's questions, then re-establish the call for the third party verification.

SBC would have the same concerns expressed by NAAG if the sales representative were to become an active participant in the call, rather than acting as a mere observer in order to determine whether a verification was actually received. The mere fact that the carrier's sales representative initiates that three way call and remains on the line as an observer does not threaten the independent nature of the call, but active participation by the sales representative during the three way call could have that effect. The rules should neither require nor prohibit the sales representative remaining on the line during the verification call. The decision to remain on the line is a business decision that should be left to each carrier and could vary depending on the circumstances of each call. The rules should prohibit the carrier's sales representative from answering for the

customer, prompting the customer, or pressuring the customer to provide the correct response during the three way call.

The proposal to use a fully automated system in Paragraph 167 is not a very customer-friendly system, but would probably cost less than the live operator system. SBC does not oppose this type of verification, as long as the carrier's sales representative is allowed to remain on the line, so that the carrier will know immediately whether the verification was successfully completed or not. The sales representative could also discontinue the call, if the customer indicates doubt or confusion or attempts to ask a question during the verification call. So long as there is a recording retained of the verification call, the fact that the third party verifier is a recording should not affect the validity of the independent verification.

SBC does support "live scripted" alternatives for independent third party verification.¹⁰ This alternative is described in Paragraph 167. From a customer perspective, it is of course more customer friendly, because the customer would be talking to a live person, even though that person were following a set script. However, the fact that the carrier's representative is asking the questions, even from a set script, could affect the validity of the independent verification, especially if the carrier's sales representative is allowed to answer the customer's questions during the verification call. The sales representative is usually compensated for sales completed, not sales attempts, and therefore could not be an unbiased third party that is simply taking the verification without any motivation to influence the outcome. Even if the call were recorded, there is still a problem in characterizing this arrangement as an independent third party verification. For those reasons, SBC does not support the "live scripted" alternative if the FCC is going to continue to require independent third party verification.

¹⁰ SBC's understanding is that Voicelog does not offer a "live scripted" product. SBC believes Voicelog provides only a fully automated service as described in the preceding paragraph. The following discussion is in reference to "live scripted" alternative.

In response to the inquiry in Paragraph 168 regarding the content of the third party verification script, SBC is in agreement with NAAG that the content and format of that script should be defined by the Commission. While the Commission has made very stringent rules to try to ensure the independent third party verifiers are actually independent, there is a good possibility that some of the third party verifiers could provide services to only to one segment of the industry. The rules prohibit compensation that is in any way dependent on the closure of authorizations, but there really is no way to prevent the fact that a third party verifier has a good success rate from being more successful in drawing new business than another third party verifier that is not as successful in completing verifications. For that reason, third party verifiers should be limited to set script guidelines issued by the Commission and should not be permitted to answer questions, unless the Commission is going to define the questions and answers, too. Leaving the third party verifiers free to answer questions as they see fit leaves the verification process open to the kind of pressure that could impact the independence of the verification process. There should be a set script, regardless of whether the third party verifier uses live operators or is a fully automated system.

The best way to determine the specifics of the script is in an industry forum where there is opportunity for the flexibility to work out the best possible language. The third party verifier should, of course, ask the customer's name and the numbers to be affected by the authorization, as well the last four digits of the customer's social security number or some other personally identifiable information that will leave no doubt as to the customer's identity.

D. Carrier Changes Using The Internet

SBC certainly supports the use of the Internet and recognizes the immense future potential of that medium to allow customers to interact with their carriers on a real time

basis. SBC also recognizes that there is a segment of customers that would prefer to do business over the Internet. However, despite these strong incentives to promote Internet use, SBC also believes customers should be given every avenue to protect their accounts against unauthorized changes.

SBC does not currently have an internet structure in place that affords an internet communication the same level of security as the FCC-approved forms of verification, so SBC does not support treatment of a carrier change submitted over the internet as a valid LOA. It is SBC's position that any carrier changes submitted over the Internet today should be subject to the verification requirements specified in the Order. While that position does not allow the customer the freedom to use the internet exclusively as the customer interface, it does allow use of the internet to initiate a request, while still preserving the same level of protection against unauthorized changes as the FCC has provided customers who use more traditional methods of communication.

Internet technology is developing with ever increasing speed. Thus, while SBC does not have an Internet structure in place that can afford the same level of protection as the existing verification methods, such a structure could be available soon or in the future. It is SBC's recommendation that some flexibility be written into the rules to allow verification over the Internet whenever any carrier can demonstrate it has an adequate Internet verification system in place.

E. Definition of Subscriber

SBC still contends the term "subscriber" must be broader than the name on the bill, at least for the existing customer base. For example, it is simply not practical for a carrier to tell Mr. Jones that he cannot change the carrier on his home service or order any new services because the telephone is in the name of Mrs. Jones, especially when orders have been accepted from both Mr. and Mrs. Jones in the past. Imposition of such a rule,

particularly on longstanding residential customers, would lead to widespread customer dissatisfaction. Currently, the customer service representative look at the notes on the service record and asks questions to ascertain that the person placing an order is authorized to do so. If the definition of "subscriber" is limited to the name appearing on the bill, sophisticated customers will insist on listing all of the responsible adults in their household as joint subscribers on the account, thereby burdening the billing process. Customers do not want their right to make changes on their service restricted to the person whose name is on the bill.

SBC would not oppose a rule that would only prospectively require the identification of authorized persons at the time service is established. Such a rule should only apply to service established after the date that the rule becomes effective, however, to avoid the unnecessary expense of making changes to the existing service database.

SBC would propose a simpler definition of "subscriber" than it previously proposed, however. That definition (with the word "subscriber" substituted for the word "consumer") reads as follows:

"Subscriber" means the person named on the customer's bill, or any other person authorized to make changes in the customer's bill.

F. Submission of Reports by Carriers

SBC generally does not support the establishment of additional reporting requirement. In addition, requiring such reports from the executing carriers seems impractical. As the executing carrier, SBC receives numerous complaints from customers that they have been slammed. Under the investigation procedures set forth in the Slamming Order, however, the executing carrier does not investigate to determine whether the slam has really occurred; the authorized carrier is charged with that responsibility. Thus, if there is a reporting requirement established, that responsibility

should be placed on the authorized carrier to report just those slamming complaints that it has determined to be valid.

Such a requirement will be burdensome for the authorized carrier, too, and the authorized carrier is also an innocent victim of the slammer. But there does not seem to be any other practical alternative if reporting is to be required. SBC did initially consider proposing that the Commission impose the reporting requirement on the slamming carrier that has caused the problem. Theoretically, every carrier could be required to report each incident where, after the procedures outlined in the Slamming Order reach conclusion, a determination was made that the carrier was guilty of slamming. However, upon reconsideration, SBC determined that requiring each carrier file a report listing incidents where they were found to have slammed a customer would not be very practical. Carriers that intentionally slam customers probably are not going to be the best candidates for filing accurate reports about that activity.

On balance, SBC does not support the establishment of a new report requirement because SBC believes any slight advancement of the date that the FCC receives notice of slamming activity through that process cannot possibly justify the immense cost of that reporting arrangement.. Additionally, if the Commission adopts the form of carrier identification or carrier registration recommended by SBC, there will be a convenient way to track the information that already exists and the new complaints filed after the Slamming Order takes effect.

G. Registration Requirement

SBC strongly supports the registration requirement because the first step in solving the slamming problem is identification of the carriers causing the problem. SBC outlined its recommendation for such a system in Section B, the "Reseller and CICs" section. SBC does agree the registration requirement should apply to all

telecommunications providers because it is only if the same requirements apply to all carriers that such requirement will be effective.

SBC also supports the revocation remedy proposed by the Commission. SBC does agree that such action would be appropriate in a situation where a carrier was clearly engaging in fraudulent practices such as intentionally submitting unauthorized carrier changes. As the Commission stated, the cooperation of all carriers will be necessary for the registration process to be effective, but it is not too much to ask for carriers to refuse to accept any orders or in any way interact with a carrier that does not display a valid registration number on its order. In this case, the consumer benefits would clearly outweigh the burden of the registration requirement on the carriers.

H. Third Party Administrator for Preferred Carrier Changes and Preferred Carrier Freezes

When the Slamming Order was released, SBC began working to understand the full impact of the Order, to determine if there were any areas where clarification or reconsideration was needed, and to determine how the required procedures could be implemented. SBC did not at first spend time working on a Third Party Administrator plan. Now that SBC has worked through the details of the Slamming Order, SBC does not see the need for a Third Party Administrator. SBC would urge caution in that the Third Party Administrator system suggested in the Order is a complete transformation of the industry processes for handling carrier changes, verification and resolution of slamming disputes. The carriers have not yet had time to clarify and interpret the new procedures imposed in the Slamming Order, much less time to assess the impact of those procedures. Establishment of a Third Party Administrator plan at this time would be confusing for customers and expensive for carriers, but would not offer any better solution than the procedures already set forth in the Order. SBC would support an industry forum facilitated by the FCC to address the implementation issues arising from

the Order and to determine how best to implement a national registration requirement to aid in the identification of carriers. The FCC industry forum on cramming produced the industry Best Practices Guidelines. It was an excellent example of how the industry can work together with the FCC, in a neutral forum, to develop voluntary practices to combat fraud in a very short time frame. A slamming forum could build on that precedent to reach an expeditious solution here, as well.

Respectfully Submitted,

SBC COMMUNICATIONS INC.

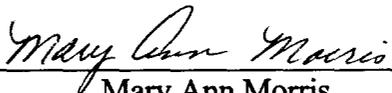
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March 18, 1999

Certificate of Service

I, Mary Ann Morris, hereby certify that the foregoing "Comments of SBC Communications, Inc." in CC Docket No. 94-129 has been served on March 18, 1999 to the Parties of Record.



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March 18, 1999

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