

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

RECEIVED
MAR 18 1999
FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

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

CC Docket No. 94-129

DOCKET FILE COPY ORIGINAL

COMMENTS OF
CORECOMM LTD.

CoreComm Ltd. ("CoreComm"), by its undersigned counsel, hereby respectfully submits its Comments on the Further Notice of Proposed Rulemaking in the above-referenced proceeding¹ pursuant to the Federal Communications Commission's ("Commission") Public Notice released February 16, 1999.

CoreComm subsidiaries provide long distance telecommunications services in a number of states, including California, Colorado, Florida, Kentucky, Minnesota, Nevada, Ohio, Pennsylvania, Texas and West Virginia. One year ago, CoreComm (through one of its subsidiaries, CoreComm Newco, Inc.), began reselling Ameritech local exchange service to residential and business customers in Ohio. Various CoreComm subsidiaries currently have CLEC certification in other

¹ *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, Second Report and Order and Further Notice of Proposed Rulemaking, CC Docket No. 94-129 (rel. Dec. 23, 1998) ("Report and Order" or "FNPRM").*

No. of Copies rec'd 074
List A B C D E

states and numerous other applications are pending.² Accordingly, CoreComm has an interest in ensuring that the Commission adopts slamming regulations that will protect consumers from unscrupulous carriers, but will permit continued competitive growth of new entrants.

As the Commission recognized, the key consideration in crafting new policies and regulations is the protection of consumers. CoreComm fully agrees with the Commission's goals of ensuring that when a customer's carrier is switched, the customer did indeed authorize that change. It is for this reason that CoreComm agrees that appropriate precautions must be taken to ensure that unscrupulous carriers are prevented from slamming innocent consumers.

However, in the Commission's quest to advance consumer protection, CoreComm urges the Commission to refrain from unnecessarily limiting consumer choices, and especially from preventing consumers from using the fastest growing communications vehicle -- the Internet. As discussed below, CoreComm urges the Commission to use this rulemaking as an opportunity to foster the ability of consumers to use the Internet to exercise their choices. By doing so, the Commission would grant consumers increased options by allowing them an additional avenue to communicate with their telecommunications carrier, or learn about services and products. Although the Commission should establish appropriate verification procedures, the Commission should not burden consumers' ability to use the Internet to select carriers. Indeed, as the Internet becomes more available and accessible to the general public (a goal espoused by this Commission), the Commission should not shy away from allowing consumers to utilize this new information source to receive increased services and products from multiple carriers.

² CoreComm is in the process of purchasing the assets of USN (A CLEC and IXC, currently under bankruptcy protection), and of acquiring MegsInet, a fast growing Internet network and regional telecommunications provider. In addition, CoreComm owns an Internet service provider, Stratos.

The potential for slamming on the Internet can be prevented with thoughtful verification requirements, just as the Commission has established such requirements for written LOAs and telephone solicitations. The Commission, instead of rejecting the Internet as a source of permitting increased customer choice, should embrace the possibilities and work with the industry to establish rules that will protect consumers. Ultimately, the goal should be to adopt verification procedures which are no more burdensome than the methods currently employed to verify carrier change orders.

I. The Commission Should Permit Carrier Changes Using the Internet

As the Commission is aware, more consumers than ever are connected to the Internet and are using the Internet to purchase an increasing number of products and services. Indeed, consumers purchase everything from books and records to plane tickets and hotel reservations online. Transactions of a more sensitive nature, such as banking and bill payment are also effected via the Internet. There is no reason to prevent consumers from purchasing phone services online. As the information superhighway is permitting more uses of the Internet, it would be a shame for the Commission to unnecessarily limit the possibilities of online services. This is especially true in the current situation since most customers have had positive experiences using the Internet to purchase products and services and no widespread problems have become apparent.

CoreComm envisions using the Internet to provide better products and faster services to its customers. A carrier's website can be used as a sales channel to deliver a full portfolio of products and services to new and existing customers. Customers would benefit by receiving the convenience of shopping 24 hours per day, seven days per week and being able to shop without undue sales pressure. In addition, online sales would facilitate increased customization of products and services so that each customer could receive exactly what he or she wants. Moreover, CoreComm would use the Internet to provide superior customer service. At their leisure customers would be able to visit the website and would, among other things, be able to: (1) obtain answers to frequently asked

questions; (2) view, understand, and pay their bill; (3) report problems; and (4) connect or disconnect service.

Although CoreComm recognizes that there is potential for abuse by unscrupulous carriers, CoreComm contends that the potential for abuse on the Internet is no greater than with other carrier change methods, such as telephone solicitations and LOAs, and thoughtful policies could prevent such abuse. For example, unlike telephone solicitations, Internet users would be subject to no high pressure sales pitch. To the contrary, consumers who choose to sign up via the Internet actually initiate the contact with CoreComm, as opposed to other methods, in which the customer is solicited by the carrier. Similarly, there is always the risk of forgery with written LOAs. However, despite the shortcomings of these methods, the Commission adopted policies to protect consumers against such unscrupulous practices, but still permitted those methods to be used. CoreComm urges the Commission to treat the Internet in the same manner.

For example, as the Commission suggested, one possibility would be to require carrier changes submitted over the Internet to include certain personal information, such as a social security number or birth date to ensure that only the subscriber may change his or her own carrier.³ CoreComm believes that either requiring such personal information as verification, or requiring a credit card number would serve as sufficient evidence to ensure that customers are actually intending to change their carrier. In addition, the Commission should not rule out the use of digital signatures just because that technology is not widely used today. Clearly, as Internet usage continues to grow, the use of digital signatures will become more commonplace. Using such verification procedures, a carrier change on the Internet is as safe as a telephone solicitation. Indeed, if the Commission decides that a credit card number should be required for an Internet carrier change, in some respects,

³ *FNPRM*, at ¶ 172.

the customer would receive greater protection against slamming with an Internet change. It is certainly more difficult to fraudulently obtain and use a consumers' credit card, than it is to submit a forged written LOA. The same standards should be used for PC freezes. By requiring appropriate verification information or a digital signature, customers should be permitted to initiate or lift a PC freeze over the Internet.

Accordingly, CoreComm urges the Commission to embrace and work with the industry to take advantage of the potential offered by the Internet. It is clear that the public wants the ability to perform more, not fewer tasks online. By requiring verification information to be submitted with an Internet carrier change, the Commission can ensure customer protection, while at the same time promoting use of this exciting telecommunications medium.

II. The Commission Should Refrain from Further Regulating Third Party Verification

Although CoreComm commends the Commission's clarification that independent third party verifiers must truly be independent from the telemarketer and the carrier, the Commission should refrain from further regulating third party verification. Specifically, CoreComm urges the Commission not to adopt the NAAG suggestion that would prohibit the telemarketer from being on the line during the verification.

As the Commission recognized, "using a three-way call is often the most efficient means by which to accomplish third party verification."⁴ CoreComm agrees with that observation. As long as the independent verifier is truly independent, CoreComm believes that prohibiting the carrier from being on the verification call would be contrary to the public interest and would ignore marketplace realities. Indeed, in most commercial situations, when a customer purchases a product, no independent verification is needed. Permitting the three-way call allows the customer to be afforded

⁴ *FNPRM*, at ¶ 166.

the additional verification without unnecessary delay of the purchase. If the Commission decided that the telemarketer could not be on the verification portion of the call, customers would experience unnecessary delays, in which the connection would have to be terminated and a verifier would have to connect with the customer at a later time. Even worse, the choice could be invalidated should the verifier not be able to reach the customer. Moreover, allowing the carrier's telemarketer to remain on the line could provide benefits to the customer. The carrier would then be available to answer questions or offer clarifications should any issues arise during the verification process.

The most essential aspect of third party verification is to ensure that the verification is indeed "independent." CoreComm believes that as long as certain guidelines are followed, the customer would benefit by having the telemarketer on the line to answer questions.

III. The Commission Should Refrain From Requiring Reports

The Commission also requests comments on whether carrier should be required to submit reports of slamming incidences and/or to register with the Commission.⁵ At this time, CoreComm believes that any advantage to the Commission of slamming reports would be outweighed by the increased costs to carriers and consumers.

In this intensely competitive environment, an open ended request for reports on slamming incidences could easily turn into a situation in which carriers attempt to gain competitive advantage by falsely accusing their competitors of slamming violations. In addition, every reporting requirement puts demands on competitive carriers' resources, simply making it more difficult to compete. These additional resources expended on reporting requirements result in greater costs to provide service, which in turn, are passed on to the customers. CoreComm believes that because of

⁵ *FNPRM*, at ¶¶ 179-182.

the costs to the carrier of preparing such reports, and the likely limited utility the reports would serve, the Commission should not require such reports. At the present time, the cost of providing the reports seem to clearly outweigh the likely benefit to the Commission. However, if the Commission decides to adopt such a reporting requirement, it should limit the frequency of filing and should be wary of charges by carriers against their competitors.

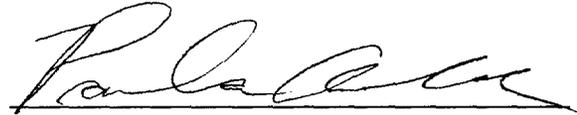
In terms of registration, CoreComm believes that some limited registration requirement may be useful in preventing slamming. A simple registration requirement would permit the Commission to monitor the entry of carriers in the market and any associated increase in slamming activities. More importantly, a registration requirement would provide the Commission and the public with a contact point for complaints, should slamming complaints arise.

IV. CONCLUSION

CoreComm commends the Commission on its efforts to protect the public from unscrupulous carriers and the unfortunate increase in slamming incidences. However, CoreComm urges the Commission to not allow its concern regarding the Internet to prevent the public from taking advantage of this exciting new medium. With appropriate verification procedures, the Commission should allow customers to change their carrier over the Internet.

Regarding independent third party verification, CoreComm urges the Commission to permit the telemarketer to stay on the line during the verification, subject to appropriate guidelines. Finally, CoreComm agrees that a registration requirement may be beneficial, but urges the Commission to refrain from requiring slamming reporting at this time.

Respectfully submitted,



Pamela Arluk
Marcy Greene
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007
(202) 424-7500

Counsel for CoreComm, Ltd.

Dated: March 18, 1999