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

In the Matter of	)	
	)	
Implementation of the Subscriber Carrier	)	
Selection Changes Provisions of the	)	CC Docket No. 94-129
Telecommunications Act of 1996	)	
	)	
New York Telephone Company, d/b/a	)	
Bell Atlantic-New York	)	
Request for Waiver	)	

**ORDER**

Adopted: August 5, 1999

Released: August 6, 1999

By the Chief, Common Carrier Bureau:

**I. INTRODUCTION AND BACKGROUND**

1. In its *Carrier Change Orders*,<sup>1</sup> the Commission adopted rules<sup>2</sup> applicable to the provision of preferred carrier freezes. In this order, we grant Bell Atlantic-New York (Bell Atlantic) a limited waiver of the authorization and verification requirements of the Commission's rules and *Carrier Change Orders* to allow Bell Atlantic to implement an interactive "Voice Response Unit" (VRU) for executing and lifting preferred carrier freezes for customers in New York State.

2. Section 258 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, makes it unlawful for any telecommunications carrier to "submit or

<sup>1</sup> *Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996 and Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Further Notice of Proposed Rule Making and Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 10674 (1997), Second Report and Order and Further Notice of Proposed Rule Making, 14 FCC Rcd 1508 (1998) (*Section 258 Order*), stayed in part, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. May 18, 1999); *Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Report and Order, 10 FCC Rcd 9560 (1995), stayed in part, 11 FCC Rcd 856 (1995); *Policies and Rules Concerning Changing Long Distance Carriers*, CC Docket No. 91-64, 7 FCC Rcd 1038 (1992), reconsideration denied, 8 FCC Rcd 3215 (1993) (*PIC Change Recon. Order*); Investigation of Access and Divestiture Related Tariffs, CC Docket No. 83-1145, Phase I, 101 F.C.C.2d 911 (*Allocation Order*), 101 F.C.C.2d 935 (*Waiver Order*), reconsideration denied, 102 F.C.C.2d 503 (1985) (*Reconsideration Order*) (the *Reconsideration Order* denied reconsideration of both the *Allocation Order* and the *Waiver Order*).

<sup>2</sup> 47 C.F.R. § 64.1190.

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execute a change in a subscriber's selection of a provider of telephone exchange service or telephone toll service except in accordance with such procedures as the Commission shall prescribe."<sup>3</sup> The goal of section 258 is to eliminate the practice of "slamming," which is the unauthorized change of a subscriber's preferred carrier. Pursuant to section 258, carriers are absolutely barred from changing a customer's preferred local or long distance carrier without first complying with the Commission's verification procedures.

3. The Commission recognized in the *Section 258 Order* that preferred carrier freezes may provide consumers with an additional level of protection against slamming. A preferred carrier freeze prevents a change in a subscriber's preferred carrier selection unless the subscriber gives the carrier from whom the freeze was requested his or her express consent. The Commission acknowledged in the *Section 258 Order*, however, that preferred carrier freezes could potentially be implemented in an unreasonable and anticompetitive manner. Therefore, the Commission adopted rules to ensure that carriers obtain the requisite authority from each customer before implementing a preferred carrier freeze. Pursuant to these rules, carriers must verify a customer's request for a preferred carrier freeze by either: (1) obtaining the subscriber's written authorization; (2) utilizing an independent third party to verify the subscriber's oral authorization to submit the preferred carrier freeze; or (3) obtaining the subscriber's electronic authorization by having the subscriber call a toll-free number from the telephone number on which the preferred carrier freeze is to be imposed.<sup>4</sup>

4. Bell Atlantic requests a waiver of 47 C.F.R. § 64.1190 of our rules to the extent necessary to allow it to verify preferred carrier freeze requests from New York State customers using an interactive VRU.<sup>5</sup> As evidenced in the record, this VRU system was developed at the direction of the New York Public Service Commission (New York Commission).<sup>6</sup> The New York Commission has submitted a letter in this proceeding strongly supporting BA's petition. Because we conclude that, under the circumstances presented, it is in the public interest to grant the waiver, we grant Bell Atlantic's petition.

## II. DISCUSSION

5. Waiver of the Commission's rules is appropriate only if special circumstances warrant

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<sup>3</sup> 47 U.S.C. § 258.

<sup>4</sup> 47 C.F.R. § 64.1190(d)(2).

<sup>5</sup> On June 28, 1999, Bell Atlantic filed a Petition for Declaratory Ruling, or in the Alternative, Waiver (Petition).

<sup>6</sup> The New York Commission adopted an intraLATA freeze plan for Bell Atlantic in a proceeding that was initiated by a complaint from Sprint Communications Company. Sprint claimed that Bell Atlantic was using unfair and anticompetitive procedures to freeze and unfreeze customer intraLATA accounts. The New York Commission determined in its order that the method used by Bell Atlantic required modification. See Letter from Lawrence G. Malone, General Counsel, New York Commission to Larry Strickling, Chief, Common Carrier Bureau, FCC, dated June 25, 1999 (New York Commission Letter).

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a deviation from the general rule, and such a deviation will serve the public interest.<sup>7</sup> We find that Bell Atlantic, with the support of the New York Commission, has made a showing of good cause to grant a waiver of the requirements in the Commission's rules and orders for verification of preferred carrier freezes. Bell Atlantic's proposed VRU system for administering preferred carrier freezes requires the customer to call a toll-free number from any telephone, enter the telephone number of the account to be frozen, and enter a six digit number that appears on the customer's telephone bill in order to implement or lift a preferred carrier freeze.<sup>8</sup> This proposed system differs from the Commission's prescribed electronic verification option for administering preferred carrier freezes in minor respects. Rather than relying upon the originating automatic numbering identification (ANI) that is captured in electronic verification, the VRU system relies on information from the customer's bill to verify authorization. For this reason, Bell Atlantic's VRU system allows the consumer to freeze or unfreeze all lines billed to an account, rather than requiring a separate call from each line that the customer wishes to freeze or unfreeze.

6. While this distinction is not technically consistent with the letter of our rules, we believe that Bell Atlantic's VRU system is consistent with the spirit of our rules because it provides consumer protection against slamming while guarding against anticompetitive conduct. The VRU system satisfies other basic requirements of the Commission's rules, including confirmation of: (1) the billing name and address; (2) the billing telephone numbers affected by the freeze or unfreeze order; (3) the decision to place a preferred carrier freeze on the affected numbers and services (*i.e.*, regional toll, long distance, or both); and (4) the fact that frozen preferred carrier selections cannot be changed without contacting Bell Atlantic to lift the freeze. While the VRU system does not capture the originating ANI for verification, we find that the requirement that the customer provide a 6-digit number from his/her telephone bill provides equivalent assurance that an authorized individual has requested the freeze for each line.

7. Our decision to grant a waiver to Bell Atlantic is supported by the New York Commission. In its letter, the New York Commission explains that it directed Bell Atlantic to implement an interactive automated response unit to administer preferred carrier freezes that would be cost effective, secure, verifiable, and that would impose no unreasonable requirements on customers.<sup>9</sup> We understand that the New York Commission actively participated in the development of the Bell Atlantic system. We agree with the New York Commission that Bell Atlantic's VRU system is consistent with the Commission's requirements to ensure consumer choice in placing and lifting carrier freezes on accounts. Although the proposed system currently requires a customer to speak with a customer service representative in order to freeze fewer than all of the lines on an account, we agree with the New York Commission that safeguards on the arrangement are adequate to prevent anticompetitive conduct in such cases. The New York Commission explains in its letter that it has

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<sup>7</sup> *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969).

<sup>8</sup> For a detailed description of how Bell Atlantic's VRU system operates, and for a flow chart of a typical call, see Appendix A (Petition and Attachments).

<sup>9</sup> See New York Commission letter at 2.

prohibited marketing by any Bell Atlantic representative who speaks with a customer using the automated system. Furthermore, Bell Atlantic will confirm these freeze changes using independent third party verification.<sup>10</sup>

8. We also conclude that Bell Atlantic has shown that granting its request is in the public interest. Bell Atlantic will provide each customer with a notification letter explaining what a freeze is and how the automated VRU works.<sup>11</sup> Customers will be able to implement preferred carrier freezes by calling a toll-free number available 24-hours a day, seven days a week. The automated system will be available in both English and Spanish. In addition, customers will be able to call the toll-free number from any telephone number and freeze or unfreeze multiple lines on the same call. Customers who wish to freeze fewer lines, or who prefer not to use the automated system, will have the option of speaking with a customer service representative. We find, therefore, that Bell Atlantic's VRU system appears to be an effective method of administering and verifying preferred carrier freezes.

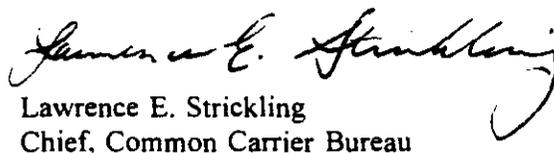
### III. CONCLUSION AND ORDERING CLAUSES

9. For the foregoing reasons, we grant Bell Atlantic-New York's petition for limited waiver of the electronic verification requirements of Section 64.1190 of our rules, 47 C.F.R. § 64.1190, to the extent necessary to allow it to utilize the VRU system detailed in its filing of June 28, 1999 as an alternative means of verifying the carrier freeze requests of its New York customers.

10. Accordingly, pursuant to authority contained in Sections 1, 4, and 258 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154, 258, and the authority delegated under sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, the waiver request filed by Bell Atlantic-New York on June 28, 1999 IS GRANTED to the extent, and pursuant to the conditions, indicated herein.

11. IT IS FURTHER ORDERED that this Order is effective upon its release.

FEDERAL COMMUNICATIONS COMMISSION

  
Lawrence E. Strickling  
Chief, Common Carrier Bureau

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<sup>10</sup> Petition at 5. Furthermore, Bell Atlantic explains that it is developing a modification to enable a customer to use the automated system to freeze or unfreeze fewer than all lines in a billing account, so that such an order will not have to be handled manually. *Id.* at 2, n.2.

<sup>11</sup> See Petition at Attachment C (Notification Letter).

Appendix A

Before the  
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In the Matter of )  
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Implementation of the Subscriber Carrier )  
Selection Changes Provisions of the )  
Telecommunications Act of 1996 )  
) CC Docket No. 94-129  
Policies and Rules Concerning Unauthorized )  
Changes of Consumers Long Distance Carriers )

**PETITION FOR DECLARATORY RULING OR, IN THE ALTERNATIVE,  
WAIVER**

New York Telephone Company, d/b/a Bell Atlantic-New York ("Bell Atlantic") respectfully requests the Commission to declare, by August 23, 1999, that an interactive response system that it has been ordered to deploy by that date by the New York Public Service Commission ("NYPSC")<sup>1</sup> for imposing or lifting preferred carrier change freezes complies with the Commission's rules relating to third party verification and that those rules apply to Bell Atlantic's proposed system. Alternatively, Bell Atlantic requests a waiver of the electronic verification requirements of 47 C.F.R. § 64.1190, in order to implement the interactive response system by August 23, 1999, and to use that system for interstate and intrastate preferred carrier freezes. This system will rely on verification methods other than automatic number identification ("ANI") and will allow the customer to freeze or unfreeze all lines billed to an account, rather than requiring a

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<sup>1</sup> *Order Adopting New York Telephone Company's IntraLATA Freeze Plan with Modifications*, Case Nos. 28425 et al., (NYPSC, Dec. 23, 1998); *Notice Granting an Extension of Time*, Case Nos. 28425 et al., (NYPSC, June 23, 1999). A copy of these orders appears in Attachment A.

separate call for each line that the customer wishes to freeze or unfreeze.<sup>2</sup> In these respects, it differs from the Commission's Electronic Verification rules. But neither of these features is inconsistent with the Commission's third party verification rules.

The New York system will work as follows. A customer will call a toll-free telephone number to access the response unit, which is available 24 hours a day. Consistent with the Commission's third party verification requirements, the customer will be informed that the system permits her or him to freeze or unfreeze regional toll or long distance service providers at no charge. The system will also say that the customer will be unable to change frozen carriers unless she or he contacts Bell Atlantic. The system will then prompt the customer to enter his or her telephone number. After verifying that this number is assigned to a Bell Atlantic customer, the unit will prompt the customer to enter a unique six-digit number that appears on the telephone bill that is associated with the customer's name, billing address, and account. Consistent with the Commission's third party verification rules, this entry will confirm the customer's billing name and address. The entry also will provide verification and security for the transaction, because only the recipient of the bill will have access to that number. Once the verification process is successfully completed, the customer will hear a menu explaining how to freeze or unfreeze either the presubscribed interLATA or intraLATA carrier, or both.<sup>3</sup> In the event the customer has trouble navigating the system or wishes to speak with a

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<sup>2</sup> Bell Atlantic is developing a modification to the proposed interactive system to meet the unusual circumstance when a customer wishes to freeze or unfreeze fewer than all lines in a billing account, so that such an order will no longer have to be handled manually.

<sup>3</sup> A flow chart of the call to the interactive system appears in Attachment B.

person, Bell Atlantic will provide operator backup. Those operators will be barred both by Bell Atlantic's internal rules and by the NYPSC order from engaging in marketing activities.

The specific features of the Voice Response Unit ("VRU") grew out of a Bell Atlantic proposal offered in response to certain concerns expressed by the NYPSC relating to the three-way calling procedure then being utilized by Bell Atlantic. The NYPSC accepted Bell Atlantic's proposal with certain modifications, which in turn were accepted by Bell Atlantic. Thus, the development of the VRU can be described as the result of a fruitful and cooperative exchange of views between Bell Atlantic and the NYPSC.<sup>4</sup>

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<sup>4</sup> Specifically, in an earlier order, the NYPSC concluded that "current processes used by [New York Telephone] to handle intraLATA PIC change orders on frozen accounts must be modified". *Order Granting in Part and Denying In Part Petition for Reconsideration*, Case Nos. 28425 et al., at 6 (NYPSC Dec. 15, 1997). The NYPSC identified two alternative processes (one a voice-mail response system, one based on TPV), and solicited comments on those or other proposals. In its comments, Bell Atlantic proposed the VRU system that is the subject of this pleading. Upon reviewing Bell Atlantic's proposal, and the proposals and comments of other parties, the NYPSC concluded that "[o]f the recommended alternatives to administer freezes . . . , the automated 800 system [i.e., the VRU] appears to be the most customer-friendly and cost effective method". *Order Adopting New York Telephone Company's IntraLATA Freeze Plan With Modifications*, Case Nos. 28425 et al., at 6-7 (NYPSC Dec. 23, 1998). It went on to state that the "freeze administration method that is ultimately implemented must be secure, verifiable, and must not place unreasonable requirements on the customer. The automated 800 number system appears to most reasonable meet all of these criteria." *Id.* at 7. Accordingly, Bell Atlantic was directed "to implement the automated 800 system for all PIC freeze administration that pertains to intrastate services subject to certain conditions that will help customers avoid unauthorized PIC changes and accomplish the goal of competitively neutral PIC administration." *Id.* The changes and clarifications mandated by the Commission have, of course, been incorporated into Bell Atlantic's final system.

This system fully meets the Commission's third party verification rules on an automated basis. It confirms billing name and address, the billing telephone numbers affected by the freeze or unfreeze order, the decision to place a preferred carrier freeze on affected numbers and services (i.e., regional toll, long distance, or both), the fact that frozen carriers cannot be changed without contacting Bell Atlantic to lift the freeze, and the fact that the freeze is provided at no charge.<sup>5</sup> In addition, the system satisfies Commission concerns about improper incentives, financial or otherwise, to market carrier freezes improperly. *See Second Report and Order and Further Notice of Proposed Rulemaking*, FCC 98-334, ¶ 71 (rel. Dec. 23, 1998). Bell Atlantic does not own, manage, control, or direct the supplier of the automated system and does not have an exclusive agreement with the system supplier. Further, the automated system is in a location separate from carrier telemarketing personnel. Accordingly, it satisfies the Commission's stated concerns regarding physical separation of telemarketing personnel and the verifier. *Id.*

By relying on information other than ANI for verification, this system will allow the customer to call from any telephone, not just the telephone number that is being frozen or unfrozen. This increases public convenience and allows the system to be used from a wider range of telephones. It also overcomes a shortcoming of using ANI, because, for certain services, such as PBX trunks, DID services, and multi-line hunt

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<sup>5</sup> Bell Atlantic will provide customers with a clear notification of the change process. The draft notification letter, which will be mailed to customers in their July bills, appears in Attachment C.

groups, the ANI will not necessarily pass the customer's billing telephone number, so use of ANI for verification would not be reliable or even possible.

By using information other than ANI for verification, the New York system will also allow the customer to freeze or unfreeze all lines billed to an individual account with one call. In the event that a customer wants to change the freeze status of fewer than all lines billed to an account, the call will be transferred to an operator, who will process the order (with third party verification), until the planned modification to the system is developed. And the system provides a high level of security, because it matches the telephone number(s) being frozen or unfrozen with the six-digit number that can be obtained only on the customer's telephone bill.

The interactive system serves the public interest, as the NYPS&C found. It will be easy to access – available 24 hours a day, seven days a week (except for brief maintenance periods during the week and a half-day scheduled maintenance period from Saturday night until Sunday morning). The customer will be able to call from any telephone number and freeze or unfreeze multiple lines on the same call. It is designed to be easy to navigate and will be available in both English and Spanish. It will operate completely without human intervention but will have human backup available to assist customers who are unable or unwilling to use the interactive system or who simply want to talk to a person. The operators will be prohibited from using the call for marketing purposes.

Accordingly, Bell Atlantic requests the Commission to declare that the interactive response system, as described above, is consistent with the Commission's rules relating to third party verification for presubscribed carrier freezes. Alternatively,

Bell Atlantic requests a waiver of the rules applicable to electronic verification to allow it to implement the interactive system in New York for all types of preferred carrier freezes by the NYPSC's deadline of August 23, 1999.

Respectfully submitted,

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June 28, 1999

# **ATTACHMENT A**

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

At a session of the Public Service  
Commission held in the City of  
New York on June 3, 1998

COMMISSIONERS PRESENT:

Maureen O. Helmer, Chairman  
Thomas J. Dunleavy  
James D. Bennett

- CASE 28425 - Proceeding on Motion of the Commission as to the Impact of the Modification of the Final Judgment and the Federal Communications Commission's Docket 78-72 on the Provision of Toll Service in New York State, filed in C 28425.
- CASE 92-C-0665 - Proceeding on Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone Company.
- CASE 95-C-0154 - Joint Complaint of AT&T Communications of New York, Inc, and MCI Telecommunications Corporation Against New York Telephone Company Concerning Establishment of a Schedule to Implement IntraLATA Presubscription in all New York Telephone Company End Offices by not Later than December 31, 1995, filed in C 28425.
- CASE 95-C-0650 - Joint Complaint of MCI Telecommunications Corporation, AT&T Communications of New York, Inc., Sprint Communications Company L.P. and the Empire Association of Long Distance Telephone Companies, Pursuant to Section 97 of the Public Service Law, Against New York Telephone Company Presubscription in NYNEX Service Territories in New York State.
- CASE 96-C-1041 - Ordinary Tariff Filing of New York Telephone Company to Revise its IntraLATA Presubscription (ILP) Tariff.

ORDER ADOPTING NEW YORK TELEPHONE COMPANY'S  
INTRALATA FREEZE PLAN WITH MODIFICATIONS

(Issued and Effective December 23, 1998)

BY THE COMMISSION:

SUMMARY AND BACKGROUND

By order dated December 15, 1997<sup>1/</sup>, the Commission denied a petition by Sprint Communications Company, L.P. (Sprint) to rehear the Order Directing Revised ILP Tariffs<sup>2/</sup>, but directed an examination of the process that New York Telephone Company (NYT) utilizes to freeze and unfreeze customers' intraLATA accounts. Sprint had alleged that many intraLATA Primary Interexchange Carrier (PIC)<sup>3/</sup> change orders were being improperly rejected by NYT. In the December 15 Order, the Commission concluded that the method NYT uses to process PIC changes for customer accounts with LPIC freezes merits modification and invited comments on two alternatives to the three-way conference call confirmation method:

- independent third-party verification; and/or,
- a voice mail system provided by the Local Exchange Company (LEC) that would permit a sales agent, while a prospective customer is on the telephone, to record and provide confirmation for the customers request to "unfreeze" the account so that a LPIC change may be processed. This system would be operable 24 hours a day, 7 days a week and NYT would not be permitted to reject a LPIC change request until retrieving the voice mail data.

Comments were received from AT&T Communications of New York, Inc. (AT&T), LCI International Telecom, Inc. (LCI), MCI Telecommunications Corporation (MCI), Sprint Communications

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<sup>1/</sup> Case Nos. 28425 et al. Order Granting in Part and Denying in Part Petition for Reconsideration (Issued December 15, 1997).

<sup>2/</sup> Cases 28425, et al. Order Directing New York Telephone Company to File by Revised Tariffs Implementing IntraLATA Presubscription (Issued December 1, 1995).

<sup>3/</sup> The term 'LPIC' refers to a customer's intraLATA interexchange carrier. The term 'PIC' will be used in this memorandum to refer to the customer's interLATA interexchange carrier.

Company, L.P. (Sprint), and New York Telephone Company (NYT).

NYT was directed to demonstrate that intraLATA customer accounts frozen after the implementation of intraLATA presubscription (ILP) were the result of an affirmative request. It was also directed to obtain and keep the information necessary to verify that an end-use customer requested a freeze for each service frozen. Based on our review, we conclude that NYT has kept accurate records of its LPIC customer freeze status and that its records sufficiently demonstrate that freezes have been properly implemented in the past. The Commission also adopts NYT's plan, with modifications, to administer customer freezes through an automated 800 number. This system should streamline the freeze/unfreeze system and minimize competitive concerns of carriers seeking to obtain customers.

#### COMMENTS

The commenters, exclusive of NYT, generally stated that NYT abuses its position as the provider of the network by unilaterally freezing customers' LPICs and that such actions are anti-competitive.

Carriers stated that numerous options should be available for customers to administer freeze options. AT&T suggested that the three-way conference call should remain available at the discretion of the interexchange carriers. It also advocated the use of a voice mail system and independent third party verification (TPV) as alternatives to the three-way conference call.

LCI proposed that a number of LPIC freeze options be available, including three-way conference calling and Realtime PIC Processing, which NYT withdrew on an interstate basis. LCI also suggested that, ultimately, a third-party clearinghouse model should be adopted to execute all PIC freeze changes. Absent such a clearinghouse, LCI recommended that the Commission require NYT to reinstate the three-way conference calls subject

to monitoring by LCI sales representatives to prevent anti-competitive activity by NYT representatives.

MCI urged that the Commission adopt a rule that all LPIC and PIC change requests handled by third party verification (TPV) should be processed by NYT, regardless of the PIC freeze status of the account. It also advocated a voice mail system as an acceptable alternative. Like LCI, it supported an independent third-party LPIC and PIC administrator.

Finally, Sprint supported independent TPV with costs initially shared between the interexchange carriers and the LEC.

These costs would eventually be passed on to the end user in a charge similar to the PIC change charges. In the alternative, Sprint suggested that the voice mail system would be satisfactory, if certain conditions were fulfilled. These include an audit and control process.

NYT responded that several methods are currently available to administer LPIC freezes - customers may call or write a letter directly to NYT to request a change in their PIC freeze status. NYT suggested an alternative to those proposed by the Commission and the commenters - an automated freeze/unfreeze system accessed directly by the customer through an 800 number. This system would be used both to freeze and unfreeze LPICs and would operate as follows:

- The customer would access the system by dialing an 800 telephone number.
- The system would prompt the customer to enter his or her telephone number, along with three additional digits from the account number.
- The customer would be prompted to indicate the action requested (PIC freeze, unfreeze, LPIC freeze, unfreeze).
- The system would automatically forward the customer's request to ICRIS (Interactive Customer Record Information System) for processing.
- If any of the steps is incorrectly performed, or if the

customer presses "0" during the call, the customer would be transferred to a service representative queue or would be prompted to call the service center during business hours.

The proposed system would build upon the existing automated account information system used by NYT. Therefore, the costs of the system would be minimal. The company estimates that full implementation of this system could be accomplished within a period of nine months to a year.

NYT explained that both voice mail and the three-way conference calls are unwieldy and are inferior alternatives to the automated 800 system. It pointed out that the voice mail method is the least efficient alternative, since it would require someone to replay the tapes, transcribe the requests and then enter them into NYT's systems. It would have the drawback of having a low accuracy rate due to unintelligible messages or ambiguous requests. Moreover, it stated, the three-way conference call option is "rife with opportunities for friction between carrier personnel and NYT personnel." (NYT comments at 4). NYT argued that maintaining the system would continue to produce complaints by competitive carriers of improper actions by NYT personnel to "win back" the customer.

NYT did not support the proposed independent TPV system because it would be expensive and less efficient than the 800 system it proposed. It completely discounted MCI's proposal that if an LPIC change has been verified by an independent TPV pursuant to FCC rules, that this should override any PIC freeze in place. NYT properly stated that the PIC freeze option is specifically designed to afford customers protection against slamming and that allowing this change would defeat the purpose of the PIC freeze. NYT also found that a second TPV in addition to that required for a LPIC change would be costly and less efficient than the proposed 800 system.

DISCUSSION

Verification of Freeze Process

The current status of a customer's PIC and LPIC freezes is available from the NYNEX Subscription System (NSS) and the Interactive Customer Record Information System (ICRIS). The information is available to both NYT and interexchange carriers.<sup>4/</sup> Previous freeze activities with a customer account are retained by ICRIS for six months. Afterward, this information is transferred to microfiche, and retained for six years. NYT states that this information is accurate and reliable and "demonstrates" that freezes have been properly implemented in the past.

NYT supplied staff with a description of its procedures, and representative records from the ICRIS system. This was used to demonstrate the reasonableness of the company's procedures. The records indicate that NYT retains sufficient information to verify whether a particular customer's account was handled correctly. It appears that NYT has kept accurate records of its LPIC customer freeze status and that its records sufficiently demonstrate that freezes have been properly implemented in the past. However, if competitors believe that the matter of unrequested PIC and LPIC freezes is a continuing problem, they can provide staff and NYT with information on specific accounts. NYT can then respond with the appropriate information from either NSS, ICRIS or microfiche.

LPIC Freeze Administration

Of the recommended alternatives to administer freezes (voice mail, TPV, three-way conference calls, and third-party PIC

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<sup>4/</sup> Contrary to AT&T's assertions, PIC and LPIC freeze information is offered by NYT to interexchange carriers. Bulk reports are offered on a monthly basis at \$0.02 per reported account, or on an ad hoc basis at \$0.03 per request.

freeze administration), the automated 800 system appears to be the most customer-friendly and cost effective method.

AT&T and MCI agree that the automated system would be acceptable, while Sprint does not, and LCI offers no opinion. Sprint believes that the requirement for customer interaction with the system, the need for a password based on the customer's account number, and the intervention of a NYT representative in case of a problem with the system weigh against its consideration.

The freeze administration method that is ultimately implemented must be secure, verifiable, and must not place unreasonable requirements on the customer. The automated 800 number system appears to most reasonably meet all of these criteria. The complaint that a NYT representative may intervene if the automated system does not work properly would be equally true for any freeze system that could be devised. The merit of NYT's proposed system is that it is likely to minimize customer contacts with NYT representatives.

We agree that the use of voice mail is problematic due to the potential for unintelligible messages that could be misconstrued by the transcriber. Three-way conference calls were the subject of many complaints by the interexchange carriers that NYT was trying to "win back" their customers. It is difficult to see how maintaining this system will be any less controversial than it has been in the past. Finally, TPV and third-party PIC administration result in additional costs which will be ultimately passed on to customers. Therefore, we will direct NYT to implement the automated 800 system for all PIC freeze administration that pertains to intrastate services subject to certain conditions that will help customers avoid unauthorized PIC changes and accomplish the goal of competitively neutral PIC administration.

In addition to the features detailed by NYT with respect to the automated system, the Commission requires:

(1) that if the system defaults to a NYT customer representative, the representative shall be prohibited from marketing NYT's service or trying to "win back" the customer; (2) that to avoid customer confusion, the system should be effective for all PIC frozen accounts affecting intrastate service; (3) that the system be substantially in operation within six months; (4) that NYT inform customers of the purpose of the system, including instructions on how to use it in a bill insert when the system is implemented; and (5) NYT must print the freeze status of all LPICs and PICs on a customer's bill at least annually and include instructions on how to use the system during the same billing cycle on an annual basis.

Emergency SAPA Adoption

This order is adopted on an emergency basis pursuant to State Administrative Procedure Act Section 202(6). The immediate adoption of this rule setting forth an efficient and competitively neutral method of PIC freeze administration is necessary to enable consumers to avoid being slammed and to promote competition. Therefore, timely approval and implementation of NYT's 800 number call-in system is essential to promote and preserve the general welfare of New York.

The Commission orders:

1. This action is taken on an emergency basis pursuant to SAPA §202(6).
2. New York Telephone Company is directed to maintain records of all PIC freezes and unfreezes affecting intrastate service for a period of 6 years.
3. New York Telephone Company is hereby prohibited from altering any customer's LPIC selection or freezing or unfreezing a PIC absent an affirmative request.
4. New York Telephone Company is ordered to implement the 800 number call-in system for PIC freeze administration for

all PICs that may complete an intrastate call within 6 months.

5. New York Telephone Company customer representatives shall be prohibited from marketing or attempting to "win back" customers if a call to the 800 freeze administration number defaults to the customer service system.

6. New York Telephone Company is ordered to insert a notice detailing the purpose of the system in each customer bill along with instructions on its use in the billing cycle prior to its implementation.

7. New York Telephone Company is ordered to print the freeze status of all LPICs and PICs on a customer's bill at least annually along with instructions on how to use the system during the same billing cycle on an annual basis.

8. These proceedings are continued.

By the Commission,

(SIGNED)

JOHN C. CRARY  
Secretary

**Bell Atlantic - Legal Department**  
1095 Avenue of the Americas  
New York, NY 10036  
37th Floor  
Tel 212 395-6509  
Fax 212 768-7569



**Joseph A. Post**  
Regulatory Counsel

May 11, 1999

Elaine Bartley, Esq.  
New York State Department of Public Service  
Three Empire State Plaza  
Albany, New York 12223

*Re: PIC/LPIC Freeze Procedures*

Dear Ms. Bartley:

Pursuant to our telephone discussion last week, I have attached (a) a revised version of the "Extra" bill insert concerning VRU implementation; and (b) a detailed description of the VRU system and how it operates. Please let me know if you would like any further revisions on either of these documents.

Very truly yours,

cc: Mr. Steven Sokal  
Mr. Daniel Martin  
Ms. Mary Monaco  
Ms. Penny Rubin

## ATTACHMENT A

### PROPOSED COPY FOR BILL INSERT

#### **New Automated System Lets You "Freeze" or "Unfreeze" Your Carrier Choices**

Starting \_\_\_\_\_, it will be easier for you to "freeze" or "unfreeze" the telephone company you choose to carry your regional toll and/or long distance calls. Freezing your selection means that your choice of carrier cannot be changed unless you contact us to change it. This may provide additional protection against unauthorized changes, also known as "slamming." There is no cost to freeze or unfreeze your choice of carrier.

You will be able to freeze or unfreeze your choice of regional and/or long distance carrier by dialing our new automated system, toll-free, on **1-800-305-4838** (1-800-288-4197 in Spanish). The system is available 24 hours a day, seven days a week, except for brief daily maintenance periods and the period from 7 PM on Saturday to 7 AM on Sunday. You can call from any number. When you use the system, you will be requested to enter your ten-digit telephone number and your customer code. *Your customer code is the six digit number that directly follows your telephone number on page one of your Bell Atlantic bill. This six-digit code appears only on your bill, and should not be known to anyone who does not have access to your bill. We ask you to provide the code in order to prevent anyone other than you from using the system to freeze or unfreeze your choice of carrier.*

You can separately freeze or unfreeze your choice of regional carrier and your choice of long distance carrier as often as you choose. The automated system will guide you through three basic options:

- Press 1 to freeze your current regional service provider and/or long distance provider
- Press 2 to unfreeze your current regional service provider and/or long distance provider.
- Press 0 to speak to a service representative (during business hours).

A touchtone phone is necessary to use the system (rotary phone customers must speak with a service representative). Currently, the system will freeze or unfreeze all the telephone numbers billed to the same account. If you want to freeze or unfreeze individual telephone numbers under the same account, you must speak to a service representative.

## ATTACHMENT B

### DESCRIPTION OF BELL ATLANTIC – NEW YORK'S PROPOSED SYSTEM FOR IMPLEMENTATION OF PIC AND LPIC FREEZES AND UNFREEZES

Pursuant to a recent order of the New York Public Service Commission<sup>1</sup>, Bell Atlantic – New York (“BA-NY”) has been developing an automated system, commonly referred to as the “VRU”, that customers can use to freeze or unfreeze their choice of intra-LATA or interLATA carrier.<sup>2</sup> BA-NY will be able to put the VRU system “on line” in June, 1999, although, as described below, additional modifications to the system are being developed that would not be in place for a few months after the initial implementation date.

BA-NY proposed the VRU in response to the general recognition that the three-way call procedure that had previously been used to process PIC unfreeze requests was unsatisfactory. From BA-NY’s perspective, the procedure, in which a customer called a BA-NY service representative with an interexchange carrier representative on the line, was inconvenient for the customer, wasteful of service representative time, and rife with opportunities for friction between interexchange carrier personnel and BA-NY personnel. Accordingly, when the NY-PSC solicited comments on possible alternatives to three-way calls, BA-NY recommended the elimination of the “live” three-way call procedure and its

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<sup>1</sup> Cases 28425, *et al.*, “Order Adopting New York Telephone Company’s IntraLATA Freeze Plan With Modifications” (issued and effective December 23, 1998).

<sup>2</sup> BA-NY does not currently offer a local PIC freeze option, so we do not address here the question of whether the VRU system can or should be extended to local PIC freezes, if such freezes are proposed by BA-NY and authorized by the NY-PSC.

replacement with an automated system. In effect, three-way calls could still be conducted, although BA-NY's end of the call would be handled by the automated system instead of by a live representative. Moreover, while the original three-way call procedure was only available when a customer wanted to change a carrier choice on a frozen line, the automated system is available either to impose or to lift freezes.

The key characteristics of the VRU, as it will be implemented by BA-NY, are as follows:

- ***The system is easy to access.*** A customer can access the VRU by dialing a toll-free number. The system is available 24 hours a day, seven days a week, except for a brief daily maintenance period and the period from 7 PM on Saturday to 7 AM on Sunday. Perhaps most importantly, the customer can call the system from any phone, and is not limited to calling from home.
- ***The system is easy to use.*** The VRU "script" is easy for the customer to follow. (A flow-chart of the proposed script is attached.) The system is available in both Spanish and English, on separate toll-free numbers. The customer indicates choices at each stage of the process by pressing specified touchtone keys.<sup>3</sup>
- ***The system protects the user by verifying his/her identity.*** Although the system can capture the caller's ANI, this is not used as the primary means of verifying the caller's identity, since BA-NY wanted the customer to be able to call from his or her office or from any other convenient number. Accordingly, the customer is asked to enter a six-digit code that follows the telephone number of the first page of the customer's monthly bill. Thus, only someone who has access to the customer's bill can use the system to freeze or unfreeze the customer's line.
- ***The system provides the customer with a number of choices that can be exercised independently.*** A customer can freeze his or her choice of pre-subscribed intraLATA carrier, or his or her choice of pre-subscribed inter-

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<sup>3</sup> BA-NY originally intended to use voice-response technology rather than touchtone signaling. This explains the name "VRU", for "Voice Response Unit", a designation that BA-NY has continued to use, at least internally, to describe the system.

LATA carrier, or both; or can unfreeze the intraLATA carrier, or the interLATA carrier, or both.

- ***The system allows freeze/unfreeze orders to be processed without human intervention.*** Orders entered through the VRU are automatically fed through to the ICRIS system. The customer's instructions thus will not be misunderstood, mistranscribed, or incorrectly transmitted. This is more convenient for the consumer, and avoids unnecessary disputes between BA-NY and interexchange carriers over whether a statement made by a BA-NY representative on a three-way call constituted impermissible "marketing" of BA-NY's services.
- ***The system does not require the customer to make separate calls for each telephone number included in a single billed account.*** Any freeze or unfreeze order entered through the VRU is implemented for *all* of the lines that are billed to a single number. This avoids the necessity of separate calls for each line. We recognize that some customers may want to freeze some lines but not others, although we anticipate that such situations will be relatively rare. Nevertheless, we have been developing a modification to the VRU that will enable customers who so desire to freeze or unfreeze each line separately. This modification will not be available, however, until a few months after initial VRU implementation.
- ***The system provides options for customers who are unable to use it.*** If a customer has trouble using the VRU, he or she can be transferred to a service representative queue or prompted to call the Service Center during normal hours. This can also be done if the customer wants to change the freeze status of individual lines within a billed account. (Transfer to a live representative would be unnecessary in the latter situation once the system modification described in the preceding paragraph is implemented.)
- ***The system would automatically generate an electronic "audit trail" confirming that the customer requested the change in freeze status.***

These features of the system make it one that is beneficial to consumers, interexchange carriers, regulators, and BA-NY. It eliminates or avoids the disadvantages associated with alternative freeze/unfreeze systems. BA-NY continues to urge its implementation in New York for both interstate and intrastate freeze-change requests.

STATE OF NEW YORK  
PUBLIC SERVICE COMMISSION

- CASE 28425 - Proceeding on Motion of the Commission as to the Impact of the Modification of the final Judgment and the Federal Communication Commission's Docket No.78-72 on the Provision of Toll Service in New York State, filed in Case 28425.
- CASE 92-C-0665 - Proceeding on Motion of the Commission to Investigate Performance-Based Incentive Regulatory Plans for New York Telephone Company.
- CASE 95-C-0154 - Joint Complaint of AT&T Communications of New York, Inc., and MCI Telecommunications Corporation against New York Telephone Company Concerning Establishment of a Schedule to Implement IntraLATA Presubscription in all New York Telephone Company end Offices by no Later than December 31, 1995, filed in Case 28425.
- CASE 95-C-0650 - Joint Complaint of MCI Telecommunications Corporation, AT&T Communications of New York, Inc., Sprint Communications Company L.P. and the Empire Association of Long Distance Telephone Companies, Pursuant to Section 97 of the Public Service Law, Against New York Telephone Company Presubscription in NYNEX Service Territories in New York State.
- CASE 96-C-1041 - Ordinary Tariff filing of New York Telephone Company to Revise its IntraLATA Presubscription (ILP) Tariff.

NOTICE GRANTING AN EXTENSION OF TIME

(Issued June 23, 1999)

On December 23, 1998, the Commission issued an order adopting New York Telephone Company's d/b/a Bell Atlantic-New York (BA-NY) intraLATA Plan with Modifications relating to intrastate preferred carrier (PC) freezes. Also on December 23, 1998, the Federal Communications Commission (FCC) issued an order adopting new rules with respect to PC freezes. Certain portions of the Commission's order may be inconsistent with the FCC's new rules. The Commission's order required that BA-NY implement its new PC freeze administration plan within six months, or by

June 23, 1999. On June 18, 1999, BA-NY sought a waiver from the FCC so that it may implement promptly the PC freeze administration plan consistent with the Commission's requirements.

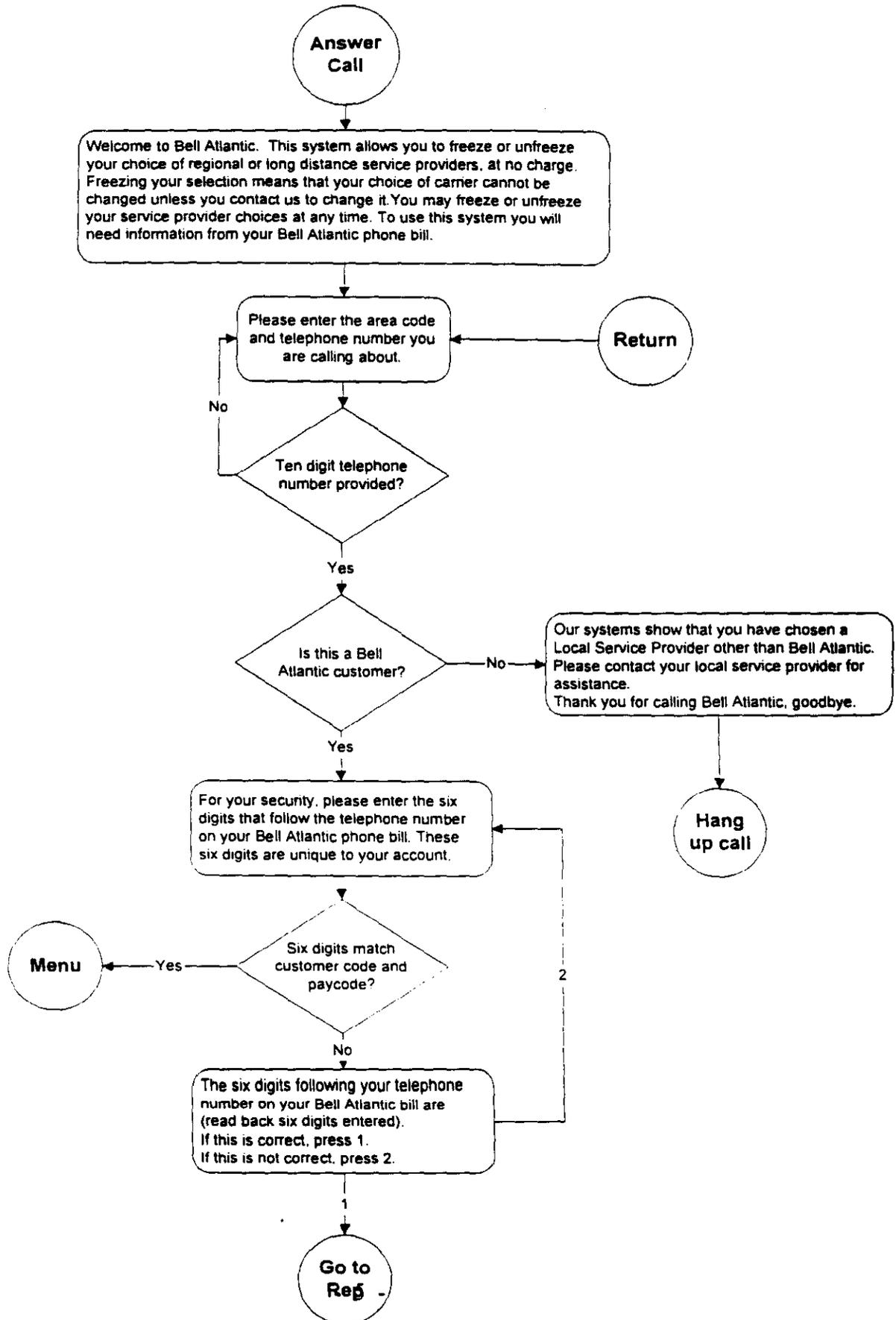
The Commission also received three petitions for reconsideration on its order from AT&T of New York, Inc., MCI-WorldCom, and BA-NY. Specifically, BA-NY's petition requests an extension of time to implement its intraLATA freeze plan until the FCC acts on its waiver request.

Pursuant to 16 NYCRR Section 3.3(b)(1), the time for BA-NY to comply with the Commission's December 23, 1998 order will be extended by a period of 60 days so that it may receive a response to its waiver request from the FCC. This Notice does not constitute a major modification in the Commission's order, but is necessary for the fair, orderly, and efficient conduct of the proceeding. The remaining petitions for rehearing will be addressed at a later date.

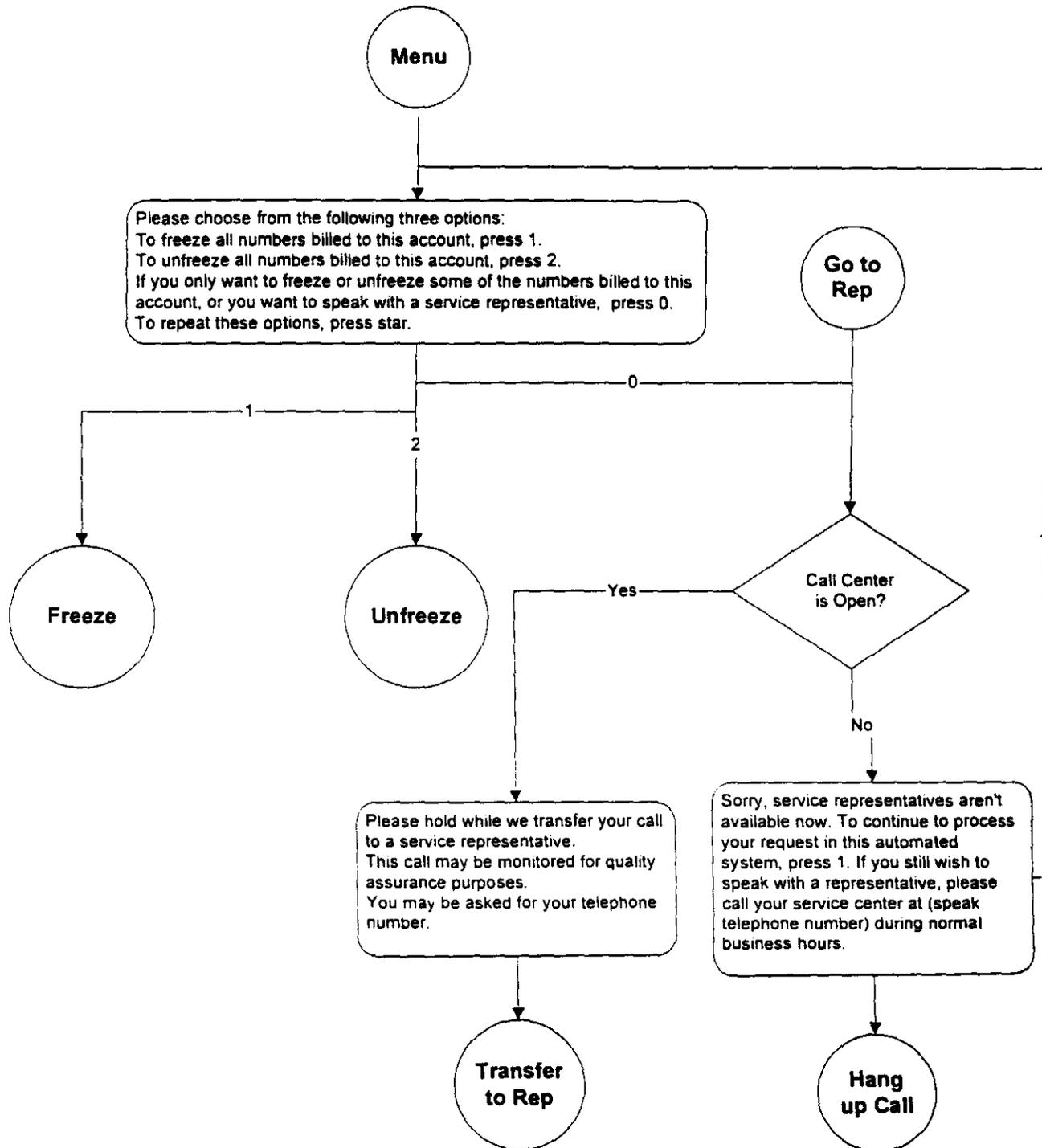
DEBRA RENNER  
Acting Secretary

# **ATTACHMENT B**

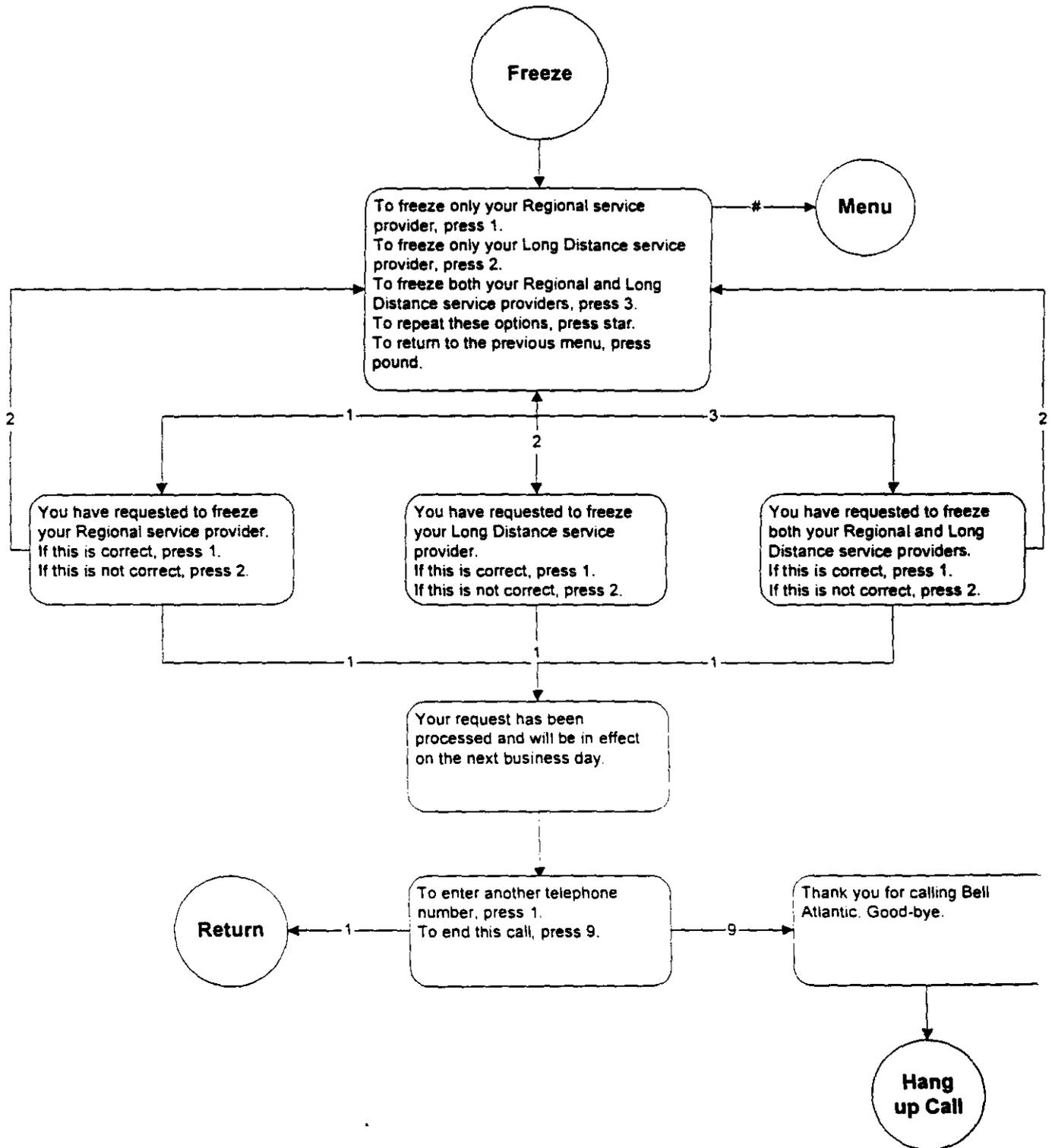
# Bell Atlantic PIC/LPIC Freeze/Unfreeze - Typical Call Flow



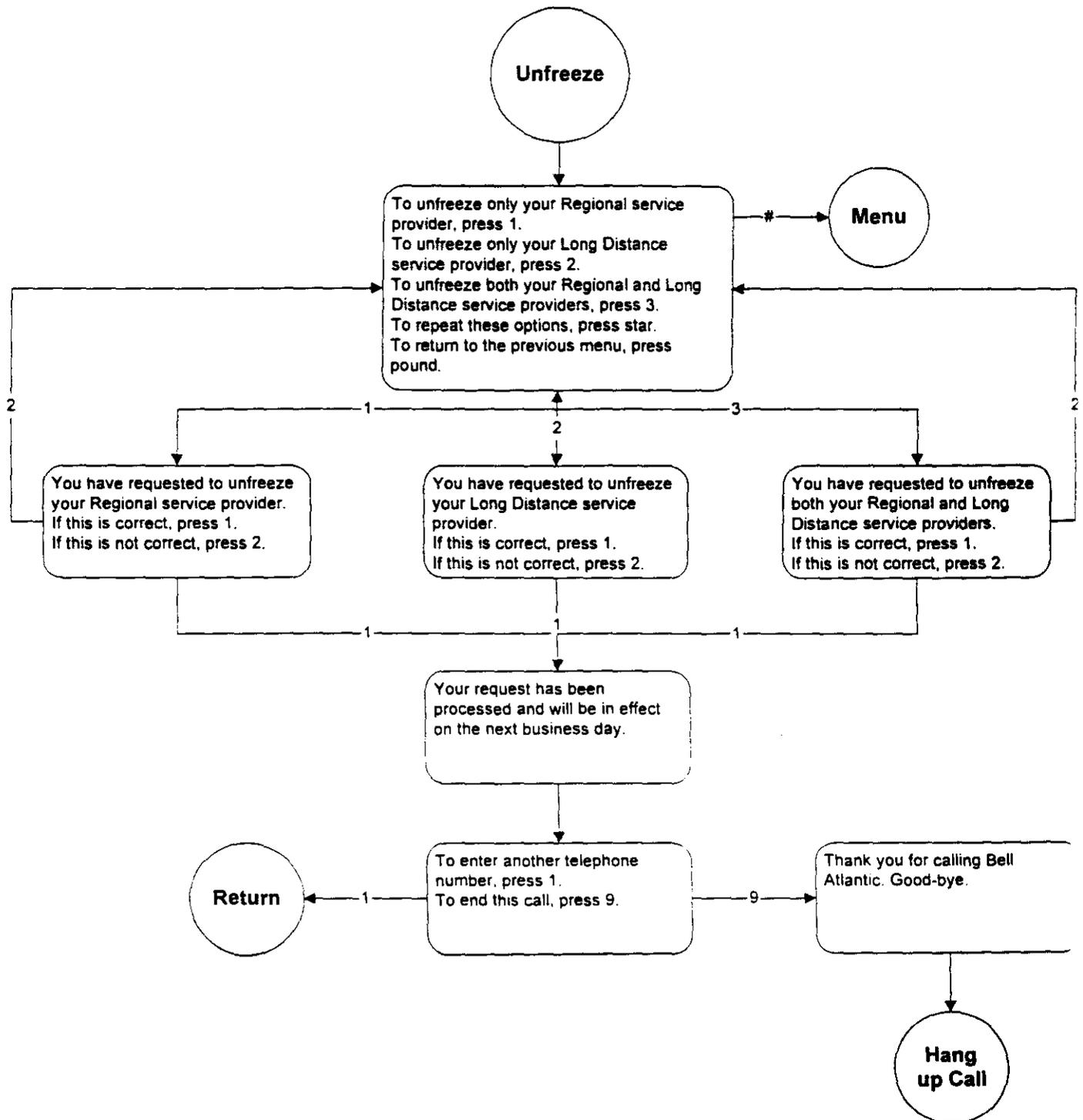
# Bell Atlantic PIC/LPIC Freeze/Unfreeze - Typical Call Flow



# Bell Atlantic PIC/LPIC Freeze/Unfreeze - Typical Call Flow



# Bell Atlantic PIC/LPIC Freeze/Unfreeze - Typical Call Flow



# **ATTACHMENT C**

JULY 1999  
BA-NY EXTRA "Consumer News"  
Upstate/Downstate Bus/Res

### New Automated System Lets You "Freeze" or "Unfreeze"

#### Your Carrier Choices

Starting August 15, it will be easier for you to "freeze" or "unfreeze" the telephone company you choose to carry your regional toll and/or long distance calls.\* Freezing your selection means that your choice of carrier cannot be changed unless you contact us to change it. This may provide additional protection against unauthorized changes, also known as "slamming." There is no cost to freeze or unfreeze your choice of carrier.

You will be able to freeze or unfreeze your choice of regional and/or long distance carrier by dialing our new automated system, toll-free, on 1-800-305-4838 [1-800-288-4197 in Spanish]. The system is available 24 hours a day, seven days a week, except for brief daily maintenance periods and from 7 p.m. on Saturday to 7 a.m. on Sunday. You can call from any number.

When you use the system, you will be requested to enter your ten-digit telephone number and your customer code. Your customer code is the six digit number that directly follows your telephone number on page one of your Bell Atlantic bill. This six-digit code appears only on your bill and should not be known to anyone who does not have access to your bill. We ask you to provide the code in order to prevent anyone other than you from using the system to freeze or unfreeze your choice of carrier.

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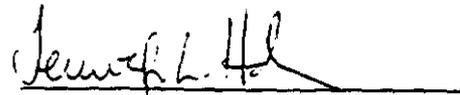
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- Press 2 to unfreeze your current regional service provider and/or long distance provider.
- Press 0 to speak to a service representative (during business hours).

A touchtone phone is necessary to use the system (rotary phone customers must speak with a service representative). Currently, the system will freeze or unfreeze all the telephone numbers billed to the same account. If you want to freeze or unfreeze individual telephone numbers under the same account, you must speak to a service representative.

\* Subject to final regulatory approval.

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of June, 1999, copies of the forgoing "Petition for Declaratory Ruling Or, In The Alternative, Waiver" were sent by first class mail, postage prepaid, to the parties on the attached list.

  
Jennifer L. Hoh

\* Via hand delivery.

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