

Approved: January 27, 2000
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE.

The meeting was called to order by Chairperson Alicia Salisbury at 8:00 a.m. on January 26, 2000 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Lynne Holt, Legislative Research Department
Jerry Ann Donaldson, Legislative Research Department
Bob Nugent, Revisor of Statutes
Betty Bomar, Secretary

Conferees appearing before the committee:
Steven Rarrick, Deputy Attorney General
Charles Freeman, AARP
Mike Murray, Sprint

Others attending: See attached list

SB 431 - An act concerning consumer protection; relating to telecommunications

Steven Rarrick, Deputy Attorney General, Consumer Protection Division, testified in support of **SB 431**, stating the legislation prohibits the unauthorized charges to a consumer's telephone bill. (Attachment 1)

Mr. Rarrick reported that cramming charges range from \$5.00 to \$50.00 on monthly telephone bills and the unauthorized charges include voice mail, personal 800#'s and Internet access/web page design. Currently, unauthorized Internet-related charges are the basis of most cramming complaints. The Consumer Protection Division commenced tracking cramming complaints in April 1998 and received 121 complaints through the end of 1998. In 1999 the Division received 59 cramming complaints. Mr. Rarrick distributed a list of companies with cramming complaints filed against them as of December 31, 1999. (Attachment 2)

Mr. Rarrick explained that **SB 431** prohibits the addition of any supplemental telecommunications services or billing or collecting without the consumer's express authorization and places the burden of proof on the supplier; defines "supplemental telecommunications services" to include specific types of items that are frequently crammed onto consumers' phone bills; prohibits deceptive, misleading or confusing conduct when soliciting a consumer to add additional services; imposes civil penalties of \$5,000 to \$20,000 against crammers or third-party billing companies for violations; replaces the phrase "local exchange carrier or telecommunications carrier" with the term "supplier" as that term is currently defined in the Consumer Protection Act; exempts existing local or long distance carriers; and allows organizations and businesses to bring a private cause of action.

Mr. Rarrick stated that **SB 431** should be amended on Page 2, Line 21 due to a grammatical error by striking the word "~~adding~~" and inserting the following: "*while soliciting or verifying the addition of*".

The Committee questioned Mr. Rarrick as to the reason for exempting the local or long distance carriers from the provisions of the legislation. Mr. Rarrick stated the local and long distance carriers are not the problem, the problem is the third-party companies.

The Committee questioned whether or not it was possible to outlaw the billing for certain services such as dating services or memberships, travel club memberships, etc. The Committee was advised the federal government requires the Local Exchange Carriers (LECs) to do such billing on a non-discriminatory basis. State's are not allowed to prohibit such practices.

CONTINUATION SHEET

Charles Freeman, AARP, testified in support of **SB 431**, stating slamming and cramming are two of the most frequent problems cited by telephone consumers. AARP proposes additionally that telephone bills be printed in a bold and/or larger type with a clear and truthful description of all charges listed and that they clearly identify the service provider responsible for each charge. Mr. Freeman stated consumers who have been slammed or crammed should not have to pay for any of the resulting charges and should receive full refunds for any payments for unwanted services. (Attachment 3)

Mike Murray, Director, Governmental Affairs, Sprint, testified in support of **SB 431** stating the proposed legislation is the result of an agreement between the industry and the Attorney General. It clarifies the Attorney General's authority to go after the switchless resellers and the third party vendors of supplemental telecommunications services by adding the phrases "submits or causes to be submitted" and "adds or causes to be added". The industry has acted in good faith in cooperating with the Attorney General and believes the proposed legislation will effectively allow the Attorney General to bring action against those companies where slamming or cramming exist. (Attachment 4)

Sprint's internal policy subjects its employees or agents found to be cramming to immediate disciplinary action. Sprint has adopted a more proactive policy to ensure that vendors meet certain standards by making prospective vendors undergo a vigorous pre-qualification process to weed out probable problem cases beforehand. Provisions of the contract are attached. (Attachment 5) Sprint has embarked on an extensive consumer protection information campaign about slamming and cramming by putting information on its bill, distributing brochures and newspaper advertising. Sprint's Local Telephone Division is instituting a new billing format, incorporating requirements from the FCC Truth in Billing Order. The new billing format insures customers receive clear and concise billing information that will assist customers in identifying unwanted and unauthorized charges. (Attachment 6). Sprint policy incorporates the Federal Communication Commission Anti-Cramming Best Practices Guidelines. (Attachment 7)

Mr. Murray stated that incumbent local exchange companies and long distance providers should be exempt from the provisions of the legislation for the following reasons: 1) the local and incumbent carriers are not the problem; 2) Sprint has taken aggressive steps to educate its customers and to educate and discipline its employees; 3) Cramming is not a good business practice as customers are alienated and future business is lost; 4) Sprint bills only for Sprint-branded products and services and for telecommunications and information services provided by others; 5) Verification of every sale will result in a significant cost increase which will be passed on to customers through higher rates.

Without the exemption, Sprint would be forced to obtain express authorization from its own customers who call the business office to add services, or who have done business with a third party vendor which has a billing contract with Sprint and who has agreed to abide by all applicable laws. Mr. Murray stated customers want simplicity in their billing and the ability to upgrade their local telephone or long distance services immediately, and they do not want to wait for an expensive third party verification, or a written letter of authorization to add or change their service when doing business with their authorized provider.

A copy of testimony from Rob Hodges, Kansas Telecommunications Industry Association in support of **SB 431** was distributed to the Committee. (Attachment 8).

The Chair informed the Committee that additional discussion and possible action on **SB 431** would be deferred until January 31, 2000.

Senator Steffes moved, seconded by Senator Jordan, that the Minutes of January 25, 2000 be corrected on Page 2, 4th paragraph by striking "the FCC had not provided"; by adding the words "there were no"; following the word "protection" by adding, " provided at the federal level"; and further by adding a new sentence at the end of the paragraph as follows: "In light of the recently enacted federal legislation, the FCC took no action on this issue.", and approved as corrected. The voice vote was in favor of the motion.

The meeting adjourned at 9:00 a.m.

CONTINUATION SHEET

The next schedule meeting is January 27, 2000.

SENATE COMMERCE COMMITTEE GUEST LIST

DATE: January 26, 2000

NAME	REPRESENTING
Brady Cantrell	CWRB
CHARLES H. "SONNY" FREEMAN	AARP-SLC
Ernest C. Pogge	AARP-CCTF
DONALD C. NORWOOD	AARP-MASG
Michael Donnelly	AARP
Foster Chisholm	AARP
Jamie L. Kwolek	Senate Minority Office
George Brecht	Visitor
Steve Montgomery	MCI Worldcom
Carolyn Hunter	Sprint
D. S. Koch	SW Bell
Debbie Vignatelli	SW Bell
Anna Mul	SW Bell
ROSE MULVANY	KCC
JANETTE LUEHRING	KCC
Shelly Welch	A.G.
Kristy Hiebert	A.G.
Teresa Salts	A.G.
Nancy Lindberg	AG



CARLA J. STOVALL
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION

301 S.W. 10TH, LOWER LEVEL, TOPEKA 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

Testimony of
Steve Rarrick, Deputy Attorney General
Consumer Protection Division
Office of Attorney General Carla J. Stovall
Before the Senate Commerce Committee
SB 431
January 26, 2000

CONSUMER HOTLINE
1-800-432-2310

Chairperson Salisbury and Members of the Committee:

Thank you for asking me to appear before you this morning on behalf of Attorney General Carla J. Stovall to testify in support of SB 431. My name is Steve Rarrick and I am the Deputy Attorney General for Consumer Protection.

Cramming is the unauthorized submittal of additional charges to a consumer's telephone bill and usually results in much higher damages to consumers than slamming. Cramming charges range from \$5.00 to \$50.00 on monthly telephone bills. Examples of unauthorized charges include voice mail, personal 800#'s and Internet access/web page design. As you can imagine, consumers are not happy when these charges appear on their telephone bill without their authorization.

We did not begin tracking cramming complaints until April of 1998. We received 121 cramming complaints through the end of 1998. In 1999, we received 59 cramming complaints. As with all areas of consumer violations, the number of complaints we receive on cramming reflects only a small percentage of actual consumer violations. Southwestern Bell advises that in 1998 they received an average of 496 cramming complaints per month from Kansas customers. This decreased in 1999 to an average of 221 cramming complaints per month, or approximately 2,650 in 1999.

We believe the decrease in cramming complaints in 1999 is attributable to both the 1998 prohibition against using sweepstake/prize drop boxes to add telecommunication services and the increased effort by the telecommunication industry to protect their customers from this abusive practice. However, unauthorized Internet-related charges are currently the most common cramming complaint. With the increased use and popularity of the Internet, we anticipate similar complaints in the future.

Senate Bill 431 seeks to amend K.S.A. 50-6,103, the statute enacted in 1998 which prohibits slamming (the unauthorized switching of a consumer's local or long distance telephone service without a consumer's express authorization), to also prohibit cramming (adding unauthorized charges to a consumer's telephone bill).

Senate Commerce Committee
Date: 1-26-00

Attachment # 1-1 thru 1-5

Briefly summarized, the provisions in SB 431 would:

- Include cramming as a prohibited practice by:
 - prohibiting the addition of any supplemental telecommunications services or billing or collecting for such services without the consumer's express authorization and placing the burden of proving the express authorization on the supplier;
 - defining "supplemental telecommunications services" to include the types of items that are often crammed onto consumers' phone bills, including: personal 800 numbers, calling card plans, Internet advertisement and website services, voice mail services, paging services, psychic services, dating services or memberships, travel club memberships, Internet access services and service maintenance plans;
 - prohibiting deceptive, misleading or confusing conduct when soliciting a consumer to add any supplemental telecommunications services; and
 - imposing civil penalties of \$5,000 to \$20,000 against crammers or third-party billing companies for cramming violations.
- Replace the phrase "local exchange carrier or telecommunications carrier" with the term "supplier" to allow the Attorney General to pursue all entities involved in a cramming or slamming scheme when such company knew or had reason to know the express authorization had not been obtained, such as the companies' demanding payment from consumers.
- Exempt a consumer's existing local or long distance carrier from the cramming provisions. Our complaint history demonstrates that existing companies are not a problem in the cramming area. These existing carriers would still be liable for any deceptive acts and practices under general consumer protection provisions, and would certainly lose existing customers if they bill their customers for unauthorized services.
- Allow organizations and businesses to bring their own private cause of action. Currently, the slamming law does not protect anyone other than a consumer as defined by the Act (an individual or sole proprietor) from slamming or cramming. This amendment would not expand the authority of the Attorney General, but merely give these entities a private cause of action for slamming and cramming.

I have attached to my testimony a balloon amendment to the bill which would correct a grammatical error at page 2, line 21.

On behalf of Attorney General Stovall, I urge your favorable consideration of Senate Bill 431. I would be happy to answer any questions of the chair or the members. Thank you.

SENATE BILL No. 431

By Committee on Commerce

1-18

9 AN ACT concerning consumer protection; relating to telecommunica-
10 tions services; amending K.S.A. 1999 Supp. 50-6,103 and repealing the
11 existing section.

12
13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 1999 Supp. 50-6,103 is hereby amended to read as
15 follows: 50-6,103. (a) As used in this section:

16 (1) "Express authorization" means an express, affirmative act by a
17 consumer clearly agreeing to ~~the a~~ change in the consumer's telecom-
18 munications carrier or local exchange carrier to another carrier *or the*
19 *addition of any supplemental telecommunications services to the con-*
20 *sumer's account.*

21 (2) "Supplemental telecommunication services" means any property
22 or services for which any charge or assessment appears on a billing state-
23 ment directed to a consumer by a local exchange carrier or telecommu-
24 nications carrier, including but not limited to personal 800 number serv-
25 ices, calling card plans, internet advertisement and website services, voice
26 mail services, paging services, psychic services, psychic memberships, dat-
27 ing services or memberships, travel club memberships, internet access
28 services and service maintenance plans. "Supplemental telecommunica-
29 tion services" does not include direct dial services to which a per use
30 charge applies.

31 ~~(2)~~ (3) "Telecommunications services" has the meaning provided by
32 K.S.A. 66-1,187 and amendments thereto.

33 (b) No local exchange carrier or telecommunications carrier shall sub-
34 mit *or cause to be submitted* to a local exchange carrier an order to change
35 a consumer's telecommunications carrier or local exchange carrier to an-
36 other carrier without having obtained the express authorization of the
37 consumer authorized to make the change. The local exchange carrier or
38 telecommunications carrier requesting the change shall have the burden
39 of proving the express authorization by a preponderance of the evidence.
40 *It shall not be a violation of this subsection for a local exchange carrier*
41 *to assign a consumer to a telecommunications carrier for purposes of*
42 *intralata services pursuant to order of the state corporation commission.*

(c) *No supplier, other than the consumer's existing local exchange*

1 carrier or telecommunications carrier, shall:

2 (1) Add or cause to be added any supplemental telecommunications
3 services to a consumer's account without having obtained the express au-
4 thorization of the consumer authorized to make the addition and the sup-
5 plier requesting the addition shall have the burden of proving the express
6 authorization by a preponderance of the evidence; or

7 (2) directly or indirectly, bill, collect, attempt to bill or collect or cause
8 to be billed or collected, charges arising from a change in a consumer's
9 local exchange carrier or telecommunications carrier to another carrier
10 or charges arising from the addition of any supplemental telecommuni-
11 cations services to a consumer's account when such supplier knew or had
12 reason to know that the consumer's express authorization for such change
13 or addition was not obtained.

14 ~~(e)~~ (d) No local exchange carrier, telecommunications carrier or third
15 party utilized to verify an order to change a consumer's telecommunica-
16 tions carrier or local exchange carrier to another carrier supplier shall:

17 (1) Engage in any activity, conduct or representation that has the
18 capacity to mislead, deceive or confuse the consumer, while soliciting or
19 verifying a change in a consumer's telecommunications carrier or local
20 exchange carrier to another carrier that has the capacity to mislead, de-
21 ceive or confuse the consumer or adding any supplemental telecommu-
22 nications services to a consumer's account;

23 (2) employ a box or container used to collect entries for sweepstakes,
24 contests or drawings to gather letters of agency or other documents that
25 constitute authorizations by consumers to change the consumers' tele-
26 communications carrier or local exchange carrier to another carrier or to
27 change or add to the consumers' other accounts any supplemental tele-
28 communications services; or

29 (3) use any methods not approved by statute, regulations of the fed-
30 eral communications commission statutes, rules and regulations or federal
31 trade commission (as in effect on the effective date of this act) or state
32 corporation commission rules and regulations to change a consumer's
33 telecommunications carrier or local exchange carrier to another carrier
34 or to add supplemental telecommunications services to a consumer's
35 account.

36 ~~(d)~~ (e) Any local exchange carrier or telecommunications carrier sup-
37 plier that violates subsection (b) or ~~(e)~~, (c) or (d) shall be subject to a civil
38 penalty of not less than \$5,000 nor more than \$20,000 for each such
39 violation instead of the penalty provided for in subsection (a) of K.S.A.
50-636, and amendments thereto.

40 ~~(e)~~ (f) Any violation of this section is a deceptive and unconscionable
41 act or practice under the provisions of the Kansas consumer protection
42 act and shall be subject to any and all of the enforcement provisions of
43

while soliciting or verifying the addition of

1 the Kansas consumer protection act. Nothing in this section shall preclude
2 the state corporation commission from exerting its authority as it pertains
3 to intrastate services nor the attorney general from pursuing violations of
4 any other provisions of the Kansas consumer protection act by a ~~local~~
5 ~~exchange carrier or telecommunications carrier~~ *supplier*.

6 ~~(f)~~ (g) All local exchange carriers shall offer consumers the option of
7 notifying the local exchange carrier in writing that they do not desire any
8 change of telecommunications carrier regardless of any orders to the con-
9 trary submitted by any third party. The consumer shall be permitted to
10 cancel such notification or to change its telecommunications carrier by
11 notifying the consumer's local exchange carrier accordingly. All local
12 exchange carriers shall annually notify the consumers of the carrier's tel-
13 ecommunications services of the availability of this option.

14 (h) *Any person alleging a violation of this section may bring a private*
15 *action to seek relief pursuant to K.S.A. 50-634, 50-636 and this section,*
16 *and amendments thereto and such person may be defined as a consumer*
17 *pursuant to K.S.A. 50-624, and amendments thereto for the purposes of*
18 *such private action.*

19 ~~(g)~~ (i) This section shall be part of and supplemental to the Kansas
20 consumer protection act.

21 Sec. 2. K.S.A. 1999 Supp. 50-6,103 is hereby repealed.

22 Sec. 3. This act shall take effect and be in force from and after its
23 publication in the statute book.



CARLA J. STOVALL
ATTORNEY GENERAL

State of Kansas

Office of the Attorney General
CONSUMER PROTECTION/ANTITRUST DIVISION

301 S.W. 10TH, LOWER LEVEL, TOPEKA 66612-1597
PHONE: (785) 296-3751 FAX: 291-3699 TTY: 291-3767

CONSUMER HOTLINE
1-800-432-2310

COMPANIES WITH CRAMMING COMPLAINTS
AS OF DECEMBER 31, 1999
(Billing Aggregators Noted in Parentheses)

Accessport Gateway (Integretel)	Privacy Card Service (USP&C)
Accutel Communications, Inc.	Profile National Business Directory
Advanced Tech Systems (USP&C)	Progressive Gateways (Integretel)
All American Telephone (Hold)	Public Communications, Inc. (Hold)
America Net (Hold)	QE Teleconnect (ESB)
America's TeleNetwork	Quality Systems (Integretel)
ASP Telecom (USP&C)	Quikpages (ESB)
Associated Transmissions (Integretel)	Quintelco (ESB, Integretel & USBI)
Axis Technology (Hold)	RCP Communications (ITA)
Bahia Encounters (Integretel)	Southern Switch (Integretel)
Calling, Inc. (USP&C)	Southwestern Bell
Capital United (Integretel)	Telco Partners, Inc.
Cendant (USP&C)	Tele Voice Processor (Integretel)
Colorado River Communications (USBI)	Telephonics (USP&C)
Consumer Access (US Republic)	U.S. Communications (ESB)
Coral Communications (ITA)	U.S. Republic
Cyberspace.com (Olympic Telecomm.)	Veteran's of America Association (Hold)
DAMI (USP&C)	Vision Telemedia, Inc. (ESB)
Direct American IV (USP&C)	Voice ConnectNetwork (Integretel)
Dynamic Network Service (Hold)	Voice Frame Networks (USP&C)
Encounters Telecom (USP&C)	Wazzu (OAN)
Enhanced Phone Service (Integretel)	Web America Networks
Equal Net	Web Source Media (Hold)
Federal Transtel	Web Valley (Federal Transtel)
Global Fibre (Integretel)	Wireless Data Tech (Integretel)
Jet Pages (Hold)	Yellowpage.com (Olympic Telecomm.)
Least Cost Routing (Hold)	Yellowpage.net (Olympic Telecomm.)
Linkdown Networks (Integretel)	
Minimum Rate Pricing	
National Voice Comm, Inc. (Federal Transtel)	
Network 2000 (Integretel)	
Network Management (Integretel)	
New World Telecom (USP&C)	
Online Consulting (ITA)	
Pantel (Hold)	
Phone Calls Services (Integretel)	

*ESB = Enhanced Services Billing
*Hold = Hold Billing Services
*USBI = U.S. Billing

Senate Commerce Committee

Date: 1-26-00

Attachment # 2



in Kansas

January 26, 2000

Good morning Senator Salisbury and Members of the Senate Commerce Committee. My name is Sonny Freeman. I am the volunteer Chair of our AARP State Legislative Committee. We represent the concerns and interests of our more than 344,000 members in Kansas. Thank you for this opportunity to express our views regarding cramming and Senate Bill 431.

Slamming and cramming are two of the most frequent problems cited by telephone consumers. The National Fraud Information Center reports that among the 50 types of telephone-related scams, cramming and slamming are two that consumers complain about most.

We support Senate Bill 431, and would like to propose the following protections:

- The format of telephone bills can make it hard for consumers to recognize that they have been crammed, especially when charges for these services are listed on their bills in vague terms. We therefore believe that Federal *and* state policymakers should ensure that telephone bills contain complete, clear and truthful descriptions of all charges listed, and clearly identify the service provider (name, address, and telephone numbers) responsible for each charge. We also recommend that any new charges placed on a consumers bill should be typed in bold and/or larger type so that the consumer can readily determine that new charges have been added.
- Consumers who have been slammed or crammed should not have to pay for any of the resulting charges.
- Consumers who have been slammed or crammed should receive full refunds for any payments for unwanted services.

I want to thank the Committee for addressing this type of fraudulent activity. If I can answer any questions, I am happy to do so.

Sonny Freeman, Chair
State Legislative Committee
785/228-2363

Ernest Pogge, Coordinator
Capital City Task Force
785/842-2317

Senate Commerce Committee

Date: 1-26-00



Before the Senate Commerce Committee
Wednesday, January 26, 2000
SB 431
Mike Murray
Director, Governmental Affairs

Thank you Madam Chair for the opportunity to appear in support of SB 431 which gives the Attorney General additional means to deal with cramming and slamming.

If I could for a moment I'd like to recall the history of this bill with you.

After the 1998 Session and passage of SB 212 part of which dealt with slamming, I remember Senator Barone admonishing me (and probably others) saying that the industry had better get a handle on cramming or it would be at the top of the agenda in 1999.

During the latter part of 1998, many of us from the telecommunications industry were asked by the Attorney General to sit down and help draft a bill to address cramming.

The bill you have before you is largely the result of that meeting. It was introduced in the House Utilities Committee in 1999, received a hearing, but no action was taken.

Then, in November of 1999, we again responded to the Attorney General's request for another meeting to further refine the bill. That meeting resulted in the language being added which clarified the Attorney General's authority to go after the switchless resellers and the third party vendors of supplemental telecommunications services by adding the phrases "submits or causes to be submitted" and "adds or causes to be added". At that meeting we also agreed to add corporations to the definition of consumer so that they might have a cause of action under the consumer protection laws for slamming and cramming.

We believe the industry has acted in good faith in cooperating with the Attorney General to come up with a bill which effectively gets to those companies which are causing any slamming or cramming which may yet exist.

Not only did the industry respond to assist with the legislative solution to the problem, Sprint has been hard at work to address cramming on its own.

Sprint's internal policy on cramming by its employees or agents is tough. Cramming is not tolerated. Any employees found to be engaging in that practice are subject to immediate disciplinary action up to, and including, dismissal.

Senate Commerce Committee

Date: 1-26-00

Attachment # 41 thru 3

Vendors for whom we do billing must comply with the provisions of their contract and if they don't, we discontinue billing for them. In fact, we've discontinued billing for at least 8 vendors since 1998. Sprint has adopted a more proactive policy to insure that vendors meet our standards by making prospective vendors undergo a vigorous pre-qualification process to weed out probable problem cases beforehand. Provisions of our contracts are contained in the Sprint White Paper on Cramming which also are in your packets.

We are not sitting still waiting for someone else to solve the problem. We are taking this fight into our local exchanges.

In an effort to educate our customers about slamming and cramming, periodically Sprint prints consumer protection information about slamming and cramming on its bill. In addition, we have sent information to the various media outlets serving our exchanges with public service information on cramming and slamming. Also, Sprint has embarked on a newspaper advertising campaign to educate our local customers and we are distributing anti-cramming and slamming brochures to key community leaders, local governments and civic groups throughout our local exchanges. We provided the Committee copies of these items on January 14th.

During the first quarter of this year, Sprint's Local Telephone Division (LTD) will institute a new billing format, known as the Millenium Bill, incorporating requirements from the FCC Truth in Billing Order. The new billing format will insure customers are receiving clear and concise billing information, and will assist customers in identifying unwanted and unauthorized charges. This is one of the best weapons consumers can have against slamming and cramming.

And finally, we are working to put consumer protection information about slamming and cramming in our directories and on our web site.

During the Committee briefing on the 14th, some Senators questioned why the incumbent local exchange company and the incumbent long distance provider should be exempt from the provisions of this legislation.

First, the plain fact is that we are not the problem. There was testimony earlier from the Attorney General that the complaints they are receiving do not involve the incumbent local exchange companies or the incumbent long distance companies.

Second, we've taken aggressive steps to educate our customers, to educate and discipline our employees, and to weed out the bad actors.

Third, it is not in our business interest to slam or cram. When this happens, we alienate the customer. We not only want to sell long distance and local service, but wireless and internet services. It makes no sense for us to slam or cram a consumer. We lose their future business, and their good will.

Fourth, Sprint Local Telephone Division and Sprint Long Distance bill only for Sprint-branded products and services and for telecommunications and information services provided by others.

For example, we offer billing and collection to our long distance resellers. Many of them are small start up companies without the resources to invest in a billing and collection system, and some of them would simply go out of business if they had to incur the overhead involved in billing and collection. Providing this service helps sustain competition in the long distance industry and creates jobs and economic opportunity.

Fifth, forcing the incumbent local exchange companies and incumbent long distance carriers to comply with the provisions of this bill by verifying every sale, will result in a significant cost.

For Sprint's Local Telephone Division (LTD) alone, verification would cost at least \$1.83 per transaction using an independent third party verifier. Sprint LTD in Kansas bills for about 100,000 local orders per month with each order containing 2 or 3 individual sales. This means there will be about 40,000 calls to a third party verifier at \$1.83 per call. The monthly cost of verification would be about \$73,200, or about \$878,400 a year.

Our customers, your constituents, will pay for the cost of verification through higher rates, or higher costs for such supplemental telecommunications services. Some might call this a hidden tax.

Without the exemption, we would be forced to obtain express authorization from our own customers who prefer to call the business office to add services, or who have done business with a third party vendor which has a billing contract with us and who has agreed to abide by all applicable laws.

Customers want simplicity in their billing. And they want the ability to upgrade their local telephone or long distance services immediately. Today a customer calls up, orders a service, and just that quickly it's on their bill. That's the way they want it. There's no waiting around for expensive third party verification, or a written letter of authorization to add or change services when consumers are doing business with their authorized local or long distance provider.

Lastly, other states have been working on the problem of cramming, too. At least three other states, Montana, Maine and Florida, have enacted laws against cramming with the exemptions for incumbent local and long distance carriers provided for SB 431.

We respectfully ask that the Committee act favorably on SB 431.

I'd be happy to respond to any questions.

Sprint

Cramming White Paper

Background:

At the request of several of our Billing and Collection (B&C) customers, during early 1996 Sprint's Local Telecommunication Division (LTD) implemented the necessary system and process changes to allow for billing of what the industry refers to as enhanced telecommunication services. These system and process changes were required to accommodate billing of enhanced telecommunication services through the industry standard miscellaneous charge billing record. Due to the fact many of the companies providing these enhanced services are small, entrepreneurial type firms, the ability to bill through the Local Exchange Carriers (LECs) provides an efficient and relatively low cost method for billing their customers. Generally, these companies have billing agreements with billing aggregators, also known as billing clearinghouses, who in turn have billing agreements with Sprint LTD.

The enhanced telecommunications services generally involve flat-rated monthly charges for products such as internet recurring charges, paging, pre-paid phone cards, and voice mail services. The charges appear on a separate section within the end user's local telephone bill.

With the implementation of billing for these services, the industry began to experience a problem where customers were being billed for enhanced services they had not ordered. During 1997, Sprint LTD began receiving an increasing number of customer complaints resulting from being billed for unauthorized charges related to enhanced telecommunication services.

Due to the similar nature of these complaints to slamming, this problem of unauthorized charges appearing on an end users bill became known as cramming. In many of the LTD states, the Commissions are greatly concerned, as is Sprint LTD, about the frustration our end user customers experience when they have been crammed. In light of these concerns, we have proactively initiated several nation-wide measures to minimize the incidence of cramming. The details of this plan are provided within this document.

B&C Cramming Prevention Plan

Revised B&C Policy

First, and most importantly, effective March 1, 1998 Sprint LTD adopted revised national Billing and Collection (B&C) policy guidelines related to billing for information services and enhanced telecommunications services to ensure our B&C customers do not abuse our billing services. Specifically, this policy describes the services or charges for which Sprint LTD will or will not bill. It also places requirements on our B&C customers to provide information on the underlying service provider before Sprint LTD will bill their charges. Examples of information required include a copy of the service provider's state certificate, a detailed description of the service being provided and the marketing techniques used to sell the service. Attachment A provides the full checklist of information required.

Sprint LTD will not knowingly bill for service providers who do not meet the policy guidelines highlighted below:

Billing and Collection Policy Guidelines

Sprint agrees to bill Information Services Calls which are defined as recorded information programs, interactive information programs, or programs advertised as being an information or entertainment service for which the caller pays a charge of any type for making the call. Sprint will also bill miscellaneous charges, also known as enhanced telecommunications services within the parameters defined herein.

1. All record types received must adhere to Bellcore Standards.
2. All Information Service Calls must be sent in the 01-01-16 EMI record layout. The 01-01-16 record layout will be used exclusively for Information Service Call transactions and must contain the number the end user actually dialed (in addition to previously mentioned Bellcore Standards).
3. All miscellaneous service charges (telecommunication service charges only) must be sent as 42-50-01 (e.g. Monthly Internet charges); or appropriate record type as approved by Sprint.
 - The billing record must contain the name of the service and/or a brief description, using a 12-character category as defined/approved by

Sprint.

- An example of charges that will not be included are: Membership fees
4. The record must carry an indicator to identify the transaction as regulated or non-regulated.
 5. All Information Service Calls (e.g. 900 calls) will appear in a separate section on the end user bill.
 6. The B&C customer will not submit charges for any transactions containing harmful matter. Harmful matter is defined as, but not limited to, matter taken as a whole, which to the average person, applying contemporary statewide standards, appeals to the prurient interest, and matter which, taken as a whole, depicts or describes in a patently offensive way sexual conduct and which, taken as a whole, lacks serious literary, artistic, political or scientific value for minors.
 7. The B&C customer will not submit calls that do not adhere to FCC and CPC regulations or State and Federal laws.
 8. The customer will establish procedures for promptly resolving all end user inquiries and must provide a toll free number which provides reasonable availability to end user customers.
 9. The customer must also provide Sprint an escalation phone number which provides timely availability to a representative to handle escalated end user calls.
 10. The customer will provide the end user, upon request, with a specific Information Provider's name, address, and telephone number.
 11. If the customer sustains any or all of an end user charge and the end user appeals to Sprint to resolve the dispute, Sprint will issue an adjustment to the end user for the full amount and recouse the amount of the adjustment with an associated processing charge to the customer.
 12. The customer is responsible for blocking end users from their service at the end user's request.
 13. Consistent with Sprint's policies, Sprint will not deny basic telephone service solely for the end user's failure to pay for end user charges related to information services or enhanced telecommunications services.

14. The number of complaints must be maintained within the following threshold:

- The number of end user complaints per B&C customer will not exceed X% of the total number bills rendered (the actual percentage threshold is currently under review).

15. In the event a customer fails to comply with any provision of this policy, Sprint will give the customer written notice of the breach. If the customer fails to cure the breach to Sprint's reasonable satisfaction or the breach is of such a magnitude to cause substantially increased call volume to Sprint's customer service, Sprint may terminate billing for the customer.

16. If a customer is not aware that a directly dialed number (e.g. 1-800 dialed) terminates to an international location (010201 record type), Sprint will issue an adjustment to the end user for the full amount and recourse the amount of the adjustment with an associated processing charge to the customer.

17. Billing which will not be processed by Sprint includes:

- All billings containing charges that in whole or part relate, or reasonably give the appearance of relating to goods or services provided outside the message or references to telephone numbers.
- Charges for information regarding credit cards, credit repair or any information related to credit.
- Charges for information regarding sweepstakes and/or giveaways; and/or charges resulting from solicitation through sweepstakes/giveaways.
- Charges for services which, in Sprint's sole determination, may result in nuisance calls to Sprint.
- Charges for 800 Services except when the End-User has entered into a written or recorded presubscription agreement.
- Charges for services billed to a Sprint WATS End-User account.
- Monthly Fees or fees other than a per-call fee for access to any service in which any person provides, or purports to provide audio information or audio entertainment produced or packaged by such person, whether such access is provided directly or through a voicemail box service, unless agreed to in writing by Sprint.

- Fees for services offered on the Internet, unless agreed to in writing by Sprint.
1. The Customer agrees, as a condition of Sprint's performance under this Agreement, that Sprint will not provide B&C Services that Sprint deems harmful to its image. Customer billing to End-Users will not be processed by Sprint under this Agreement where such billing is for or is associated with objectionable content, including but not limited to:
 - Services which explicitly or implicitly refer to sexual conduct,
 - Services which contain indecent, obscene or profane language,
 - Services which allude to bigotry, racism, sexism or other forms of discrimination,
 - Services which, through advertising, content or delivery, are deceptive, or that may take unfair advantage of minors or the general public,
 - Services which are publicly accessible, multi-party connections commonly known as "GAB" or "chat" services.

Stop Billing for Charges Initiated through Sweepstakes LOAs

Sprint believes, based upon information available, that a large percentage of the customer complaints for unauthorized charges have been related to LOAs associated with sweepstakes entries. In response to the customer confusion and complaints related to LOAs with sweepstakes entries, effective March 1, Sprint LTD no longer bills for service providers that use sweepstakes marketing techniques.

As part of the new B&C policy guidelines previously highlighted, Sprint requires that all companies who request billing with the LTD for enhanced services provide a description of the program and information regarding the marketing techniques, such as marketing scripts and copies of the LOA.

Consumer Education

Sprint LTD has determined that customer education is an important step in our efforts to address this issue. Sprint LTD is in the process of developing bill messages that will be sent to

all Sprint LTD customers beginning in June with emphasis on being careful when dialing unfamiliar numbers, especially 800 and 900 numbers, fully reading and understanding the fine print before signing contest forms, and listening to and understanding telemarketing sales attempts.

Sprint will continue to monitor the number of cramming complaints on an ongoing basis to determine whether further customer education efforts are necessary.

Automated Tracking for Customer Complaints

As stated in the B&C policy guidelines, if the number of complaints reaches certain thresholds further action will be taken, up to and including termination of billing for that company.

Sprint LTD is currently developing high level business requirements for an automated internal tracking mechanism for customer complaints in an effort to determine the feasibility of implementing this system enhancement.

Sprint LTD is also evaluating the communication processes between our internal organizations and with the Federal and State Commissions to determine if there are enhancements required to support an effective method for mutual exchange of complaint information. The information shared with the Commissions will be subject to proprietary information guidelines as defined in our B&C agreements.

Full Investigation of Cramming Complaints

In light of the number of customer complaints regarding cramming, Sprint LTD has worked closely with our B&C customers to fully investigate recent specific cramming complaints. Sprint LTD has found that, in many cases, the cramming complaints are a result of buyer's remorse or an unauthorized decision maker within a household incurring the charges.

Representatives from Sprint LTD recently visited the customer care center for one particular billing clearinghouse that has had a significant number of cramming complaints brought against it and its underlying service providers. The Sprint LTD representatives spent time listening to actual live customer calls and in many instances where the customer was complaining that they had been crammed, the clearinghouse had a voice capture or signed LOA from the customer authorizing the charge. In many cases, it was a relative within the house that approved the charge, but the relative had not informed the "decision maker" that such a charge had been approved.

Customer Dispute Resolution

Sprint LTD has the ability under end user dispute resolution procedures in the B&C contract to adjust the full amount of a charge disputed by the end user and to recourse the full amount to the B&C customer. Under this provision Sprint LTD is required to refer the customer to the billing clearinghouse or underlying service provider for resolution. However, if the customer refuses to call the service provider or has previously called the service provider and not received satisfactory resolution, Sprint LTD has the authority to adjust the calls on behalf of the service provider. This authority has and will continue to be exercised by Sprint LTD when appropriate to ensure timely resolution of end user complaints regarding cramming.

Criminal Prosecution

Sprint LTD suggests that, in addition to our efforts, the Federal and State Commissions advocate the need for increased enforcement and prosecution activities in this area when the cramming activities are willful and intentional in nature .

Cancel Billing for Violating Policies

In an effort to reduce the instances of cramming, Sprint LTD has discontinued billing for any B&C carrier which has demonstrated cramming practices. As of May 15, Sprint LTD has discontinued billing for eight service providers.

Sprint LTD

Service Provider Billing Approval Checklist

Information Regarding Service Provider:

- Provide service provider (sub-CIC) number and name (this should include the abbreviated name to be used on the end user bill and full name).
- Provide detailed description of services to be offered by service provider.
- Provide copies of signed State Certification for those states, within Sprint LTD territory, in which the service provider plans to do business.

Sprint LTD territory includes:

Florida	Nebraska	Pennsylvania	Wyoming
Illinois	New Jersey	S. Carolina	
Indiana	Nevada	Tennessee	
Kansas	N. Carolina	Texas	
Minnesota	Ohio	Virginia	
Missouri	Oregon	Washington	

- Provide the requested effective date for the service.
- Provide updates relative to the types of services to be offered as they occur.

Information regarding services provided:

- Provide marketing, VRU scripts or live sale scripts, and advertisements associated with the **service offering**.
- Provide marketing, VRU scripts or live sale scripts, and letters/documents related with the **fulfillment of the service(s)**.

- Provide marketing, VRU scripts or live sale scripts, and forms associated with **customer's enrollment process for the service(s)**.
- Provide marketing, VRU scripts or live sale scripts, and forms associated with **enrollment verification methods of for the service(s)**.
- Provide the requested effective date for the service.
- Provide updates relative to the types of services to be offered as they occur.



Monthly statement: June 21, 1999

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Customer service
1-800-555-1234

Internet address
www.sprint.com

Customer number
316-123-4567-793

Fast Facts

Jane Doe
2000 Millennium Drive
Next Century, KS
20001-2001

Date Due:	July 7, 1999
Total Due:	\$50.36

Your satisfaction is important. Now you can call us toll free with your comments, suggestions or ideas. We are always looking for ways to improve our service to you.

Customer summary

Previous charges	86.51
Payment received June 11 - Thank you!	- 86.51
Balance	0.00
Current month charges	50.36
Total amount due	\$50.36

Current month charges

Sprint local services: page 3	37.75
AT&T: page 5	12.61
Total current month charges	\$50.36

Carrier selections

Local toll: Sprint
Long distance: AT&T

Please recycle

Please return this portion with payment.



Customer service
1-800-555-1234

Internet address
www.sprint.com

Customer number
316-123-4567-793

Date due: **July 7, 1999**

Total amount due: **\$50.36**
\$51.37 if received July 20 or after.

Check here if information is requested on back.



AUTO CR **R006

Jane Doe
2000 Millennium Drive
Next Century, KS 20001-2001

Amount enclosed:

Write your 13-digit customer number on check

Make checks payable to:

Sprint
Post Office Box 419114
Kansas City, MO 64141-6114

Senate Commerce Committee
Date: 7-26-00

04 31612345677935 0000000005036 0000

Attachment # 6-1 thru 6-5



Monthly statement: June 21, 1999

Page 2 of 5

Customer service
1-800-555-1234

Internet address
www.sprint.com

Customer number
316-123-4567-793

Important Information

State and federal regulatory news concerning your communication services.

Truth-In-Billing (§)

According to state and federal rules, local phone service cannot be interrupted for non-payment of the charges indicated (§). Valid charges that are not paid, however, may cause the availability of these services to be restricted and may be subject to collection actions. Please review your bill and notify Sprint of any unauthorized charges or changes to your account.

Consumer rights – pay-per-call services

This notice is to inform consumers of their rights regarding pay-per-call services (for example 900 calls), as specified by the Federal Telephone Disclosure and Dispute Resolution Act. Charges for pay-per-call services may be billed on your local Sprint telephone bill by companies that have a billing agreement with Sprint. Further information about a pay-per-call service charge can be obtained by calling the toll free number of the pay-per-call service provider or its agent. Access to pay-per-call services can be blocked by contacting Sprint's customer service department.

To dispute a pay-per-call service charge appearing in the local telephone bill, please call the Sprint customer service number shown above. You must call Sprint within 60 days of the monthly statement date to dispute a service charge. Sprint will accept notification of the billing error over the phone.

Any dispute not resolved over the phone will be investigated, and Sprint will advise you of the outcome within 90 days of your initial notification (written responses provided on request). You may withhold payment of pay-per-call service charges under investigation, and Sprint will not pursue collection activities for these charges. In the event the pay-per-call service provider subsequently determines that its charges are valid, the pay-per-call service provider may use its own collection process to obtain payment for the amount due.

Failure to comply with these rules will result in a forfeit of up to \$50 per occurrence of the disputed amount. The Federal Communications Commission classifies pay-per-call services as non-communications services, so non-payment of such charges cannot result in discontinuation of your local or long distance services. Failure to pay for legitimate pay-per-call service charges, however, can result in terminating access to pay-per-call services.

Customer Number



• 3 1 6 1 2 3 4 5 6 7 9 3 •

Amount Due



• 5 0 3 6 •

An easy way to receive information about Sprint products and services!

Would you like to know more about how Sprint products, services and technology can make your life easier? Just mark any item which interests you.

To ensure a response, please remember to check the box on the front of this page. For more information call 1-800-555-1234 or visit our web site.

- Sprint local, long distance and feature packages
- Sprint MessageLine voice mail
- Sprint paging
- Sprint calling services
- Sprint PCS
- Sprint on-line billing
- Sprint telephones and equipment

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Monthly statement: June 21, 1999

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Customer service
1-800-555-1234

Internet address
www.sprint.com

Customer number
316-123-4567-793

Sprint Local Services

Phones for your home or office. Sprint has a variety of feature rich residential and home office telephones. For more information check out our web site at www.sprint.com or call us at 1-800-555-1234

Summary of charges: June 21 -- July 20

Local services for 316-123-4567	28.71
Taxes and surcharges	9.04

Total Sprint local services	\$37.75
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Detail of charges: June 21 -- July 20

Local services for 316-123-4567

Residential telephone service	10.99
Touch tone	1.25
Call waiting	4.00
LineGuard §	3.95
Non-published directory listing	1.95

Local toll calling

For more information about your local toll calling area please refer to your phone directory

Direct dial charges	6.57
Total local services for 316-123-4567	\$28.71

Direct dial itemized calls

Date	Time	Place called	Number called	Period	Minutes	Amount	
1	May 20	2:18 P	Hutchinson, KS	316-123-4567	Day	2	.28
2	May 21	11:36 A	Lyons, KS	316-123-4567	Day	1	.23
3	May 21	11:36 A	Lyons, KS	316-123-4567	Day	3	.53
4	May 21	12:46 P	Lyons, KS	316-123-4567	Day	1	.23
5	May 21	12:46 P	Lyons, KS	316-123-4567	Day	1	.23
6	May 21	12:47 P	Lyons, KS	316-123-4567	Day	1	.23
7	May 21	1:02 P	Lyons, KS	316-123-4567	Day	2	.38
8	May 21	1:24 P	Lyons, KS	316-123-4567	Day	1	.23
9	May 21	1:48 P	Lyons, KS	316-123-4567	Day	1	.23
10	May 21	1:53 P	Lyons, KS	316-123-4567	Day	1	.23
11	May 21	2:22 P	Lyons, KS	316-123-4567	Day	1	.23
12	May 23	11:12 A	Hutchinson, KS	316-123-4567	Night	2	.15
13	May 23	11:59 A	Hutchinson, KS	316-123-4567	Night	4	.27
14	Jun 2	6:42 P	Hutchinson, KS	316-123-4567	Day	1	.16
15	Jun 5	5:01 P	Hutchinson, KS	316-123-4567	Night	1	.08
16	Jun 5	6:00 P	Hutchinson, KS	316-123-4567	Night	1	.08
17	Jun 5	6:01 P	Hutchinson, KS	316-123-4567	Night	1	.08
18	Jun 5	6:04 P	Hutchinson, KS	316-123-4567	Night	1	.08
19	Jun 5	6:12 P	Hutchinson, KS	316-123-4567	Night	1	.08
20	Jun 5	7:03 P	Hutchinson, KS	316-123-4567	Night	1	.08
21	Jun 5	7:04 P	Hutchinson, KS	316-123-4567	Night	1	.08
22	Jun 5	7:13 P	Hutchinson, KS	316-123-4567	Night	1	.08
23	Jun 5	8:05 P	Hutchinson, KS	316-123-4567	Night	1	.08
24	Jun 5	8:08 P	Hutchinson, KS	316-123-4567	Night	1	.08
25	Jun 6	12:23 P	Hutchinson, KS	316-123-4567	Night	1	.08
26	Jun 6	1:20 P	Hutchinson, KS	316-123-4567	Night	1	.08
27	Jun 6	1:20 P	Hutchinson, KS	316-123-4567	Night	1	.08
28	Jun 6	7:25 P	Hutchinson, KS	316-123-4567	Night	13	.84
29	Jun 7	7:16 P	Hutchinson, KS	316-123-4567	Night	18	1.11

Total direct dial charges

\$6.57

Sprint local services continued next page

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Monthly statement: June 21, 1999

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Customer service
1-800-555-1234Internet address
www.sprint.comCustomer number
316-123-4567-793**Taxes and surcharges**

Interstate access surcharge	3.50
<i>For an explanation of long distance access surcharge Please call 1-800-555-1235</i>	
Kansas universal service fund	1.55
<i>For an explanation of long distance access surcharge Please call 1-800-555-1235</i>	
Emergency 911 surcharge	.75
Federal tax	.90
State tax	1.67
County tax	.34
Franchise fee	.33
Total taxes and surcharges	\$9.04

Change in Service

For your convenience this section of your bill is provided to easily identify any changes to your Sprint local service account since the last billing statement, and to confirm your carrier selections.

Summary for 316-123-4567

Current carrier selections	Confirmation
Local toll: Sprint	no change
Long distance: AT&T	no change

Customer News

Billing questions?

To get answers to frequently asked billing questions or make payment arrangements, call 1-800-677-7077. You will be prompted to enter the 13 digit customer number located in the upper right hand corner of your bill. You can call this number any time, day or night to take advantage of Sprint's new automated billing services.



Monthly statement: June 21, 1999

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Customer number
316-123-4567-793For AT&T billing inquiries
call 1-800-222-0300

Sprint provides billing on behalf of AT&T.
There is no connection between Sprint and AT&T.
Please review all charges appearing in this section. Any questions regarding
these charges should be referred to the number listed for billing inquiries.

Summary of current charges

Long distance charges	9.80
National access contribution	1.78
Taxes	1.03

Total current charges	\$12.61
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AT&T Invoice Charges For Period Ending Jun 13, 1999

As the industry leader, AT&T is committed to providing a smooth transition into the Year 2000 and beyond. And we are proud to share with you that AT&T is on target to successfully meet the Year 2000 challenge. Since 1996, we have been preparing our services for the next century, and expect to be compliant by June 30, 1999. To find out more, visit www.att.com/year2000 or call our customer service number found on this bill.

Long distance charges

Date	Time	Place called	Number called	Period	Minutes	Amount
31 Jun 2	3:43 P	Lincoln, AR	501-123-4567	Direct - day	1	.28
32 Jun 2	4:28 P	Lincoln, AR	501-123-4567	Direct - day	1	8.96
33 Jun 9	3:37 P	Lincoln, AR	501-123-4567	Direct - day	2	.56

Total long distance charges	\$9.80
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National access contribution

Universal connectivity charge	.93
For an explanation of this charge, please call 1-800-532-2021	

Carrier line charge	.85
For an explanation of this charge, please call 1-800-532-2021	

Total national access contribution charges	\$1.78
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Taxes

Federal tax @3%	.34
State/local tax	.69
Total taxes	\$1.03

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[[Text Version](#) | [WordPerfect Version](#) | [Acrobat Version](#)]

ANTI-CRAMMING BEST PRACTICES GUIDELINES

Consumer Summary

Introduction

On April 22, 1998, William Kennard, Chairman of the Federal Communications Commission (FCC), invited a group of the largest local exchange carrier (LEC) providers of billing and collection services, along with representatives of USTA, ALTS, and CompTel, to participate in a workshop to develop a set of guidelines that represent best practices to combat the problem known as "cramming". Cramming refers to the submission or inclusion of unauthorized, misleading, or deceptive charges on consumers' local telephone bills. The billing relationship between the Service Providers and the LECs stems from the fact that many LECs bill their local telephone customers for some services provided by others such as long distance carriers and information service providers, pursuant to contracts and/or tariffs.

The cramming problem has increasingly been receiving a great deal of attention from federal and state legislators, regulatory agencies, and law enforcement agencies. In his April 22 letter to prospective workshop participants, Chairman Kennard expressed his strong concern over the rate at which consumers are experiencing cramming. In addition to the consumer harm caused by cramming, Chairman Kennard recognized the harm that cramming causes the LECs, both in the costs incurred by the LECs and the damage caused to the LECs reputations with consumers. Chairman Kennard expressed the willingness of the FCC staff to assist the workshop in its efforts, and to provide a neutral forum for the workshop's activities. In his opening remarks at the initial workshop meeting on May 20, 1998, Chairman Kennard described cramming as a serious problem that is likely to become even more serious in the near future. He urged the workshop participants to come up with a way to handle this growing problem. FCC Commissioner Susan Ness also spoke to the workshop participants about the cramming problem.

At the May 20 meeting, the workshop participants were also addressed by Congressman Bart Gordon of Tennessee, who echoed the concerns of Chairman Kennard about the serious consumer problem represented by cramming. Congressman Gordon characterized cramming as the fastest growing consumer fraud, and one that affects the most vulnerable consumers.

The workshop participants uniformly concur with the views of Chairman Kennard and Congressman Gordon concerning cramming. The workshop participants are committed to seeking ways to eliminate cramming and prevent the substantial harm that cramming is causing to consumers. In addition, as pointed out by Chairman Kennard, the workshop participants recognize that cramming results in substantial harm to the LEC providers of billing services. Cramming causes the LECs to incur significant cost and effort to investigate and resolve the numerous individual consumer complaints. In addition, because many consumers view the LECs (rather than the Service Providers) as imposing these improper charges, cramming damages the LEC's reputation and hurts consumer confidence in the LEC.

Various individual LECs have already developed and implemented a number of measures designed to remedy the cramming problem. Despite these efforts, however, the cramming problem has continued to grow. As recognized by the FCC in deciding to convene this workshop, a more elaborate, comprehensive effort that makes use of the collective experience and ideas of the participants is necessary in order to have a meaningful impact on cramming.

The guidelines set out below represent the culmination of the workshop's efforts to identify best practices designed to prevent, deter, and eliminate cramming. Although the guidelines were jointly developed by the workshop participants, the decision of whether, and to what extent, to implement any or all of these guidelines is an individual company decision to be made by each LEC unilaterally.

The cramming problem that led to the convening of this workshop stems from Senate Commerce Committee
by third parties to LECs for inclusion on consumers' local telephone bills, ar Date: 1-26-00

Attachment # 7-1 thru 7-11

or services provided by the LECs. Thus, the guidelines are intended to deal solely with cramming by third parties. While the scope of these guidelines is third party billing on the LEC bill, the LECs affirm their responsibility to ensure that consumers are afforded basic billing rights for all billing on the local telephone bill, including the LEC's own. These consumer rights include:

- (1) a clear, concise description of services being billed,
- (2) full disclosure of all terms and conditions,
- (3) billing for authorized services only, and
- (4) prompt and courteous treatment of all disputed charges.

In addition, effective regulatory mechanisms are in place today to deal with any problems caused by the billing of products or services provided by the LECs.

There is no single cure for the cramming problem. These guidelines offer various methods for combating cramming. It is not expected that any LEC would need to implement all these best practices, or any particular best practice. Rather, it is expected that the maximum consumer benefit will result from each LEC choosing from among these best practices those that best suit its individual circumstances. Further, it is not intended that the identification of the best practices set out below would preclude the implementation of other practices reasonably calculated to address cramming problems.

If a LEC chooses to implement a particular best practice, it is expected that such practice will be implemented in an objective, fair, and equitable manner.

Definitions of Commonly Used Terms

For purposes of these guidelines, the following definitions shall apply:

Billing and Collection Customer (B&C Customer): Any entity who submits billing information under contract to the LEC to be included on the End-user Customer's billing statement.

Clearinghouse: Billing and collection customers that aggregate billing for their Service Provider customers and submit that billing to the LEC.

Cramming: The submission or inclusion of unauthorized, misleading, or deceptive charges for products or services on End-user Customers' local telephone bills.

End-user Customer: The party (i.e., the consumer) identified in the account records of a local exchange carrier issuing a telephone bill (or on whose behalf a telephone bill is issued), any other person identified in such records as authorized to change the services subscribed to or to charge services to the account, and any person contractually or otherwise lawfully authorized to represent such party.

End-user Customer Complaint: An oral or written communication between an End-user Customer and an authorized representative of a LEC where the customer identifies an unauthorized, deceptive or misleading charge, or charges.

Local Exchange Carrier (LEC): The local telephone company (this would include CLECs) that renders the bill to the End-user Customer.

Service Provider: The party that offers the product or service to the End-user Customer and directly or indirectly sends the billable charges/credits to the LEC, for billing to the End-user Customer.

SubCIC Entity (SubCIC): A Service Provider that is a customer of a Clearinghouse and has no direct (or contractual) relationship with the LEC.

Best Practices Guidelines

The following best practices guidelines present options that can be considered for Billing and Collections processes, procedures and contracts.

I. Contract Provisions

A. Screening - Products and Service Providers

1. Products to be Billed - An appropriate practice for charges that are placed on the local telephone bill would be to include those approved charges that are related to telecommunications and information services and other services approved by the LEC.
2. Each LEC should consider establishing criteria to help Service Providers identify problematic programs. Some programs that have a history of problems include the following:
 - Programs advertised via "box" or sweepstakes/contest entry forms
 - Programs initiated via "assumptive sale" or "negative option" plans
3. Product Screening - For the purposes of identifying programs that may be deceptive or misleading or otherwise not in compliance with applicable LEC policies, the LEC should consider requiring a comprehensive product screening and text phrase review/approval process. Material submitted to a LEC should be reviewed by the LEC in a timely manner. The LEC should require the Service Provider to furnish various data, including but not limited to the following:
 - Suggested text phrase language for bill presentation
 - The name, date and issue number for any publication(s) in which the product or service will be advertised
 - Advertisement placement plans
 - Copy of actual advertisement (print advertisement, tape of radio or television advertisement, etc.)
 - Internet web page address where product or service will be advertised or where the End-user Customer may subscribe to the product or service
 - Detailed description of how the product is ordered, including any telemarketing scripts (if telemarketing is used)
 - Detailed description of how the product can be canceled
 - Detailed description of how the End-user Customer can generate questions, request adjustments, etc., including a description of how such requests will be accommodated
 - Copy of actual post sale fulfillment documentation

As part of the screening process, the LEC should consider determining that all promotional and marketing materials:

- clearly and accurately describe the services being purchased
- clearly and conspicuously disclose all material terms and conditions of the offer, including

without limitation,

- the amount of the charge which will be billed to the End-user Customer's telephone bill
 - if the charge is a recurring charge, the frequency of billing and any minimum time interval for which the End-user Customer will be billed
 - clearly and conspicuously disclose that the charges will appear on the End-user Customer's telephone bill
 - do not contain any information which is false, misleading or deceptive
4. The LEC should consider developing a process to ensure that only pre-approved text phrases are applied to the End-user Customer's telephone bill. For example, the LEC could develop a process whereby text codes and a text code table/mechanized process are used to control the application of charges on the End-user Customer's telephone bill.
 5. Service Provider - The LEC should consider developing an approval process for the addition of subCICs. The types of data to be supplied by the Clearinghouse may include, but are not limited to, the following:
 - SubCIC Company Name
 - SubCIC Company Address
 - SubCIC Company Officer Names
 - State of Incorporation
 - Public Utility/Service Commission certification, as required
 - State registration for each state for which billing will be submitted
 - Information regarding whether the company, its affiliates and its principals or any company that its principals have been associated with have been subject to prior conviction for billing related or other consumer fraud, had access to billing services terminated or been denied access to billing services
 - Type of data to be billed
 - Estimated number of customers to be billed
 - Inquiry company name and address
 - Inquiry procedures
 - Names of other companies with whom they have a billing contract
 - Number of complaints and adjustments associated with other billing companies

B. Sample General Contract Provisions

The LEC should consider implementing the following general contract provisions:

1. The LEC has and maintains discretion for charges that appear on its local telephone bill.

2. The B&C agreement is between the LEC and the B&C Customer. In those instances where the B&C Customer is a Clearinghouse, the Clearinghouse is directly responsible for the actions of its customers (i.e., the subCICs).
3. The B&C customer, by signing the B&C contract, agrees to abide by the terms and conditions of the contract and the LEC's billing policies. If the B&C Customer is a Clearinghouse, it shall hold its customers equally responsible for upholding the terms and conditions of the contract.
4. The LEC reserves the right to modify its billing policies based upon regulatory agency rules, End-user Customer complaint levels, as well as any negative impact to the LEC's image or reputation.
5. Should the LEC billing policies change, a minimum of 30 days written notice shall be provided to each B&C Customer.
6. The LEC reserves the right to review and re-evaluate any previously approved product or service.
7. The Service Provider shall submit to the LEC billing records only for those products or services that have been approved by the LEC. If a request to bill for a product or service is rejected, the Service Provider may not send charges for said product or service to the LEC for billing (i.e., the rejected product or service must not be misrepresented as a different product or service).
8. The LEC reserves the right to terminate the B&C contract, either in its entirety or for an individual Service Provider's subCICs, if the Service Provider and/or the subCIC is found to be in breach of the contract.
9. The LEC reserves the right and authority to immediately suspend billing for Service Providers or programs whose billing generates customer complaints that indicate a pattern consistent with cramming.

C. Service Level Thresholds

1. The LEC should consider establishing a complaint threshold to be applied at the Service Provider or subCIC level.
2. The LEC should consider establishing an adjustment threshold to be applied at the Service Provider or subCIC level.
3. "Inquiry Service" is an optional B&C service offered by the LECs for a fee that enables the LEC customer service representatives to discuss and resolve questions from End-user Customers about the B&C customer's service. Most B&C customers do not purchase the LEC Inquiry Service, choosing instead to offer customer service directly to their subscribers. For those B&C contracts that are without Inquiry Service, the LEC should consider establishing an End-user query threshold (based on an acceptable number of calls from End-user Customers into the LEC's customer contact centers regarding questions or issues on the specific Service Provider's charges).
4. In implementing the above mentioned thresholds, the LEC should consider including requirements for written notification to the billing and collection customer if a threshold is exceeded, a cure period (that could include suspension) for a specific period of time to allow the situation to be remedied, assessment of administrative charges and a contract termination provision.
 - a. The notification letter should document the acceptable threshold and that the specific

threshold has been exceeded, and that appropriate administrative charges are applicable and will be assessed.

- b. The notification letter should advise the billing and collection customer of the cure period length, start and end dates, and that the number of complaints, adjustments, or queries must be below the applicable threshold by the end date of the cure period.
- c. The notification letter should advise the B&C Customer that if the above mentioned results are not obtained by the end of the cure period, the contract, either in its entirety or for specific subCICs, will be terminated.

D. Administrative Charges

The LEC should consider imposing appropriate compensatory administrative charges when the above described service level threshold(s) (for complaints, adjustments or queries) are exceeded. There are a number of appropriate methods for calculating the dollar amount of any such charges. One possible methodology is as follows:

- The complaint, adjustment, or query threshold administrative charge could be calculated by the LEC on a P X Q (i.e., price multiplied by quantity) basis and could be assessed for each complaint, adjustment or query that exceeds the threshold.

In addition, the LEC should consider assessing an administrative charge when a charge for a product or a service not approved by the LEC is placed on the End-user Customer's bill.

In an effort to assist the Clearinghouses in their efforts to identify problematic subCICs, consideration should be given to computing and reporting these charges at the subCIC level.

E. Settlement Process Modification

The LEC should consider settlement process modifications, that could include the following:

1. Higher billing charges when thresholds are exceeded (e.g., a sliding scale based on threshold level).
2. A Purchase of Accounts Receivable (PAR) reserve account for post billing adjustments, based upon a percentage of billed revenue for each Service Provider who exceeds a predetermined level of adjustments.
3. A longer settlement cycle for Service Providers who submit primarily pay per call traffic or miscellaneous (i.e., EMI 42) charges.
4. A process to recourse adjustments for any non-deniable charges that are unpaid after being on the End-user Customer's telephone bill for a period of 90 days.

F. Clear Criteria for Clearinghouse Function

As mentioned above, Clearinghouses are billing and collection customers that aggregate billing for their subCIC customers and submit that billing to the LEC, on behalf of the subCIC(s). Experience has shown that many of the cramming problems have occurred on charges originating at the subCIC level. Therefore, to have a meaningful effect on cramming, the LEC should consider establishing criteria for Clearinghouse responsibilities, as follows:

1. The Clearinghouse should be responsible for activities performed by their subCIC customers.
2. The Clearinghouse should ensure that the only charges that are submitted for each subCIC are those that have been approved for billing through the LEC's program approval process.

3. The Clearinghouse should provide adjustment reports for each of their subCICs to the LEC. The data to be provided on these reports should be, at a minimum, subCIC name and identification number, number of adjustments, adjusted revenue, number of accounts billed and revenue billed.
4. The Clearinghouse contract with their subCICs should ensure that the LEC has the right to audit the Service Provider and/or the subCIC data used to provide the above referenced reports. A copy of this contract provision should be provided to the LEC.

G. Confidentiality

The LEC should consider establishing procedures to preserve the confidentiality of proprietary information furnished to the LEC as part of the screening process. Such procedures should include limiting the use and disclosure of such information to the performance by the LEC of the product screening function and the provision of billing and collection services. In addition, the LECs should consider a contract provision to maintain the confidentiality of such proprietary information furnished to the LEC, to the extent consistent with legal or regulatory requirements. Information or data which is in the public domain or becomes available to the LEC from a source other than the service provider should not be considered proprietary or confidential.

H. Disclosure of End-user Customer Complaints and Aggregate Adjustment Data

The LEC should consider a contract provision that expressly permits the LEC to disclose the categories of data described in detail in item III below.

I. Other Contract Provisions

1. The LEC should consider a contract provision that requires each billing and collection customer to provide the LEC with requested information about their (or any Service Provider that is billing through that B&C customer) operating history related to cramming in other geographic areas.
2. The LEC should consider a contract provision that allows the LEC to reserve the right to impose additional controls, as deemed necessary, in order to address new forms of cramming.
3. The LEC should consider a contract provision to indicate that the LEC has sole discretion to determine if due to cramming practices its reputation has been harmed. If the LEC determines its reputation has been harmed or may be harmed, the B&C contract may be terminated.
4. The LEC should consider a contract provision to allow the B&C contract to be terminated if it is determined that the Service Provider sold a product or service to the end-user while misrepresenting themselves as the LEC or an agent of the LEC.

II. Process for Authorization/Verification of End User Approval

It is recognized that both the LEC and the Service Provider have a direct relationship with the consumer, and therefore have a responsibility to ensure that no unauthorized non-message telephone service charges are assessed via the LEC bill. However, it is the Service Provider's responsibility to inform End-user Customers of rates, terms, and conditions of its services and to obtain and retain the necessary End-user Customer authorization and verification as set out below.

To ensure that End-user Customers are appropriately informed of Service Provider rates, terms and conditions, the LEC should consider obtaining assurance from the Service Provider that the following processes and conditions are met by the Service Provider for authorization and verification of a Service

- Provider non-message telephone service charge.
- A. A Service Provider should submit for billing on the End-user Customer's telephone bill only charges for products or services that are authorized by the End-user Customer and charges that are required by regulatory or governmental authority (such as the subscriber line charge and taxes).
 - ✓ B. A Service Provider that is the End-user Customer's preselected provider of toll or local telephone service may submit other charges for customer-used or requested telecommunications-related products or services without additional documented authorization.
 - C. Where the End-user Customer's authorization is to be obtained, it should be documented through one of the following formats:
 1. A voice recording of the entire and actual conversation with the End-user Customer.
 2. A written and signed document.
 3. Independent third party verification.
 - D. The documented authorization should contain, at a minimum, the information set out below. Information contained in any communications with consumers should be provided in a clear and conspicuous manner.
 - Date
 - Name and telephone number of the End-user Customer
 - Question and answer to ensure that the End-user Customer is qualified to make the requested changes and to authorize billing
 - Question and answer regarding the End-user Customer's age, to ensure that authorization is provided by an of-age End-user Customer
 - Explanation of the product/service being offered
 - Explanation of all applicable charges
 - Explicit End-user Customer acknowledgment that said charges will be assessed via the telephone bill
 - Explanation of how a service or product can be canceled
 - Description of how the charge will appear on the telephone bill
 - Information related to whom to call (and the appropriate toll-free telephone number) for inquiries
 - E. The documented authorization should be retained for a period of not less than 2 years.
 - F. Upon request, the documented authorization should be made available by the Service Provider to the LEC, regulatory or government agency, or End-user Customer in a timely manner.
 - G. Failure to comply with the above provisions should be considered a breach of contract, for which the B&C contract may be terminated.

III. Disclosure of Information

- A. Each LEC should consider providing various categories of information upon request to those

federal and state public utility commissions and law enforcement agencies that request such information, as well as to other LECs. The LEC should consider providing this data at the subCIC level, if available. Examples of such information could include:

1. A description of the specific practices relating to cramming that the LEC has encountered, and the steps being taken by the LEC to deal with such practices. This is intended to be general information that does not identify the entities that have allegedly engaged in the described practices.
2. The identity of Service Providers either terminated or notified of a need to cure due to cramming related problems.
3. Aggregate escalated complaint data, by billing and collection customer, received by the LEC. Escalated complaints are those complaints issued by the End-user Customer to any regulatory or law enforcement agency (such as the FCC, FTC, a state Attorney General, or a public utility/service commission), or to a LEC executive officer or news organization.

Aside from the beneficial regulatory and law enforcement goals that the disclosure of such information would serve, the LECs have a significant interest in obtaining the information submitted by others that relates to the LECs' current billing and collection customers as well as prospective billing and collection customers. Among other things, such information would permit the LECs to do the following:

1. Develop more efficient, effective and less costly methods for detecting, preventing and eliminating cramming.
 2. Reduce the costs to End-user Customers and the LECs associated with cramming.
 3. Better evaluate the cramming risks posed by prospective billing and collection customers.
 4. It should be emphasized, however, that the decision of what, if any, action to take based on the information obtained from this process is an individual company decision to be made by each LEC unilaterally.
- B. The Clearinghouses and Service Providers should consider collecting and disclosing similar data to that described in Section III.A., above.

IV. End-User Customer Dispute Resolution Process

Each LEC should consider establishing an End-user Customer Dispute Resolution Process. For example:

- A. With respect to charges for which failure to pay will not result in disconnection of local telephone service (e.g., non-deniable), the LEC should consider responding to End-user Customer complaints of having been crammed with an immediate recourse adjustment (i.e., the End-user Customer will not be requested to contact the Service Provider).
- B. Once the charges have been removed from the End-user Customer's telephone bill, they may not be re-billed by the Service Provider via the local telephone bill.
- C. If the End-user Customer contacts the Service Provider, rather than calling the LEC, with a complaint of having been crammed, the Service Provider must agree to provide a credit adjustment to the telephone bill. Any further collection attempts on the part of the Service Provider should not involve the telephone bill.
- D. Credit adjustments (for any charges that were originally billed via the telephone bill) should be applied to the End-user Customer's phone bill. The adjustment should not be provided via a check paid directly to the End-user Customer, unless otherwise specified by a regulatory or government

agency or unless the End-user Customer no longer has a billing account with the LEC.

- E. The LEC reserves the right to adjust the End-user Customer's telephone account for any non-deniable charges that remain on the End-user Customer's account and are unpaid for greater than 90 days.

The LEC should also recognize the potential for abuse by End-user Customers in the dispute resolution process and should take this into account in developing appropriate dispute resolution mechanisms.

V. Enforcement of Compliance with Existing Laws by Government Agencies

Upon appropriate request from regulatory, government, and/or legislative bodies, the LEC should provide documentation regarding Service Provider billing and collection contract violations.

VI. Bill Format

An End-user Customer's rights will be upheld and the End-user Customer's telephone service will not be disconnected for failure to pay non-deniable charges. Prior to disconnection of service for other appropriate reasons, an End-user Customer rights/advisory message should be displayed on the bill or other notification upon which the non-deniable charges appear.

The LEC should consider modifications to the Bill Format that include:

- A. Each Service Provider and any of their subCICs should be adequately identified on the End-user Customer's telephone bill.
- B. The bill pages should adequately display the toll free number that the End-user Customer is to call with any questions, requests for credit, etc.
- C. Non-deniable charges should be uniquely identified as such.

VII. Consumer Billing Controls

The workshop participants believe that consumers should have the ability to avoid the inclusion of unauthorized service or product charges on their local telephone bills. The LEC should consider retaining the right, at the request of an End-user Customer, to limit which End-user Customers may receive billing as a result of a B&C contract.

The workshop participants recognize that there are significant implementation issues associated with such controls. Needed mechanization presents significant technical challenges and costs and will require an extended period of time to implement. To avoid abuse by consumers, a method to notify Service Providers would have to be developed for use in conjunction with allowing consumers the ability to "block" billing on the LEC bill. Most importantly, to effectively block at a Service Provider level, there would have to be a universally assigned, nationwide subCIC designated for each Service Provider. This is an industry wide issue.

Despite these challenges, however, consumer-designated billing options can be an extremely powerful method of controlling third party cramming on the LEC bill and should be actively pursued.

Individual LECs may opt, in the short-term, to implement internal processes that would give consumers some limited control over miscellaneous charges and their appearances on a LEC bill.

VIII. End-user Customer Education

The workshop's participants recommend the following as potential End-user Customer education initiatives:

- A. Bill Inserts - Develop a bill insert that reinforces knowledge and education on "how to read the LEC bill," defines cramming and advises the End-user Customer on what can be done to avoid being crammed, who to call if they do get crammed, what to expect, etc.
- B. Page Left Intentionally Blank - Utilize the "this page left intentionally blank" pages of the End-user Customer's bill, in the same manner as described for bill inserts in section VIII.A, above.
- C. Web Page - Modify the LEC's WWW page to include an End-user Customer advisory message regarding cramming, as described above.
- D. Telephone Directories - Develop text for printing in the "useful information" portion of the LEC's telephone directories, to contain the same type of information described above.



Legislative Testimony

Kansas Telecommunications Industry Association 700 SW Jackson St., Suite 704, Topeka, KS 66603-3758 V/TTY 785-234-0307 FAX 785-234-2304

Before the Senate Committee on Commerce

SB 431

January 26, 2000

Madam Chairwoman, members of the committee, I am Rob Hodges, President of the Kansas Telecommunications Industry Association. Our membership is made up of local telephone companies, long distance companies, wireless telecommunications companies, and firms and individuals that provide service to and support for the telecommunications industry in Kansas.

I am truly sorry that I cannot appear today in person. A medical appointment in Kansas City prevents me from being in Topeka at the committee's meeting time. I will be available later to answer questions, if you have any for me.

As we testified before this committee some twelve days ago, "KTIA members, and indeed the industry as a whole, have worked with and supported the Kansas Attorney General in finding solutions to protect Kansas consumers from the unscrupulous practices of firms and individuals commonly referred to as 'slamming' and 'cramming'."

At the January 14, 2000, committee briefing, issues were raised and questions asked that are related to the bill being considered today. I hope this written testimony will address some of the issues and questions that came up at that earlier meeting.

First was a question of limiting or eliminating the ability of local telephone companies to bill and collect for services provided by other entities. I mentioned when the question arose that there is a significant convenience factor for consumers and service providers alike that would be eliminated if telcos were prohibited from doing the billing. Also, it was noted that, in certain circumstances, federal law requires that billing services be provided in a non-discriminatory manner for services provided by other entities.

Market research continues to indicate that telephone customers want to have one bill for their services. Some of the reason for that is for them to be able to pay for several services with one check. I can't imagine that the Senate Commerce Committee wants to prevent that from occurring.

The second issue that was raised was the potential elimination of the bill's exemption from the "cramming" provisions for local exchange carriers and telecommunications carriers. This exemption language begins on line 43 at the bottom of page 1 and continues on line 1 at the top of page 2. As you might imagine, KTIA members are opposed to the elimination of this exemption, but let me explain our opposition in more detail.

Without that exemption, both local exchange carriers (LECs) and telecommunications carriers (all other telecommunications service providers) would be required to acquire and maintain the "express authorization" called for elsewhere in the bill.

Senate Commerce Committee

Date: 1-26-00

Attachment # 8-1 thru 8-2

that this bill addresses services added to the customer's bill, not a change in the customer's service provider.

In many, indeed most, cases the customer calls the LEC or telecommunications carrier (TC) and requests that a service be added or deleted. The LEC or TC is able to make the change immediately or to initiate the change immediately. When the customer hangs up the phone at the conclusion of that call, in his or her mind the change is made – the deal is done.

If the exemption is removed from the bill, the scenario will change. The customer will be told that a form will be mailed to them for signature and return, or some other approved verification procedure will have to be performed, before the customer's new service can be added. This adds two things to the process. An unwanted delay for the customer and, depending on the verification method chosen, the significant cost of preparing, mailing, receiving, processing, and maintaining the signed verification form.

Customers today want immediate response. If that were not true, 14.4 or 28.8 speed connection to the internet would be sufficient. The fact is that what was considered fast before is not fast enough today.

The cost issue for companies should not be taken lightly, either. For a small company, it might not be a big deal, but for Southwestern Bell, they may process over 60,000 customer orders a month in Kansas. Obviously, customers want to be able to receive new services.

In many ways, the telephone bill is becoming more like a credit card bill. Several purchases can be made from different merchants and paid for with one check. How many customers want to return to the days when they carried 4 to 8 gasoline credit cards, plus cards for six or eight department stores? Not many people want to turn back that clock.

We submit that our customers don't want to return to the "old days" for their telephone services, either. Today, it's a trend for customers to want all of their telecommunications services on one bill. This could include wireline, wireless, voice mail, paging, internet, cable TV, and even satellite service.

In our presentation to the committee during the briefing, you heard about the decreasing number of cramming complaints to Sprint and Southwestern Bell from their customers. Those companies and the others are working to protect their customers from abusive practices of unscrupulous service providers. If strengthening the law will help the Attorney General's Consumer Protection Division in that effort, we're all in favor. The AG's office says we're not the problem.

If SB 431 is amended to remove our exemption in the name of strengthening the law, then we have to question how much is gained by passage of the bill. Removing the exemption challenges our ability to quickly and economically respond to the wishes of our customers. That we cannot support.

Thank you for allowing me to present this written testimony. I'll make myself available for questions at a later date if that is the desire of the Committee.