

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Implementation of the Subscriber Carrier)	
Selection Changes Provisions of the)	CC Docket No. 94-129
Telecommunications Act of 1996)	
)	
United-KUC, Inc.)	
Petition for Waiver)	

ORDER

Adopted: December 4, 2000

Released: December 5, 2000

By the Associate Chief, Accounting Policy Division, Common Carrier Bureau:

I. INTRODUCTION AND BACKGROUND

1. In its *Carrier Change Orders*,¹ the Commission adopted rules applicable to carriers changing a consumer's preferred carrier.² In this Order, we grant United-KUC, Inc. (United-KUC) a limited waiver of the authorization and verification requirements of the Commission's rules and *Carrier Change Orders*.³ We grant this limited waiver to the extent

¹ *Implementation of the Subscriber Carrier Selection Changes Provisions of the Telecommunications Act of 1996 and Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Further Notice of Proposed Rule Making and Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 10674 (1997), Second Report and Order and Further Notice of Proposed Rule Making, 14 FCC Rcd 1508 (1998) (*Section 258 Order*); *stayed in part*, *MCI WorldCom v. FCC*, No. 99-1125 (D.C. Cir. May 18, 1999); First Order on Reconsideration, FCC 00-135 (released May 3, 2000), 65 Fed. Reg. 47678 (August 3, 2000); *stay lifted*, *MCI World Com v. FCC*, No. 99-1125 (D.C. Cir. June 27, 2000); Third Report and Order and Second Order on Reconsideration, FCC 00-255 (released August 15, 2000); *reconsideration pending*; *Policies and Rules Concerning Unauthorized Changes of Consumers' Long Distance Carriers*, CC Docket No. 94-129, Report and Order, 10 FCC Rcd 9560 (1995), *stayed in part*, 11 FCC Rcd 856 (1995); *Policies and Rules Concerning Changing Long Distance Carriers*, CC Docket No. 91-64, 7 FCC Rcd 1038 (1992), *reconsideration denied*, 8 FCC Rcd 3215 (1993) (*PIC Change Recon. Order*); Investigation of Access and Divestiture Related Tariffs, CC Docket No. 83-1145, Phase I, 101 F.C.C.2d 911 (*Allocation Order*), 101 F.C.C.2d 935 (*Waiver Order*), *reconsideration denied*, 102 F.C.C.2d 503 (1985) (*Reconsideration Order*) (the *Reconsideration Order* denied reconsideration of both the *Allocation Order* and the *Waiver Order*). We refer to these orders collectively as the *Carrier Change Orders*.

² 47 C.F.R. §§ 64.1100 - 64.1190.

³ On September 19, 2000, United-KUC filed a Petition for Waiver of the Commission's carrier change rules relating to the transfer of local customers presently served by GTE Alaska and Alaska Telephone Exchange Acquisition Corporation (ATEAC) to United-KUC. On December 1, 2000, United-KUC supplemented the Waiver Petition (Supplement) with a copy of its post-transfer customer notification letter (Attachment).

necessary to enable United-KUC to become the preferred local carrier of certain customers currently presubscribed to GTE Alaska Inc. (GTE Alaska), without first obtaining the consumers' authorization and verification.

2. Section 258 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, makes it unlawful for any telecommunications carrier to "submit or execute a change in a subscriber's selection of a provider of telephone exchange service or telephone toll service except in accordance with such procedures as the Commission shall prescribe."⁴ The goal of section 258 is to eliminate the practice of "slamming," the unauthorized change of a subscriber's preferred carrier. Pursuant to section 258, carriers are absolutely barred from changing a customer's preferred local or long distance carrier without first complying with the Commission's verification procedures.⁵ In the *Section 258 Order*, the Commission revised its procedures to ensure that carriers obtain the requisite authority prior to changing a customer's preferred carrier. The Commission requires that carriers follow one of the Commission's prescribed verification procedures before submitting carrier changes on behalf of consumers.⁶

3. United-KUC seeks a waiver of our verification rules to allow United-KUC to be designated the preferred local carrier for certain customers of GTE Alaska without first obtaining each customer's authorization and verification. Because we conclude that, under the circumstances presented, it is in the public interest to do so, we grant United-KUC a waiver, subject to the conditions represented in its filings.

II. DISCUSSION

4. Generally, the Commission's rules may be waived for good cause shown.⁷ As noted by the Court of Appeals for the D.C. Circuit, however, agency rules are presumed valid.⁸ The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.⁹ In addition, the Commission may take into

⁴ 47 U.S.C. § 258.

⁵ The Commission's rules and orders clearly contemplate that a switchless reseller may be a customer's preferred carrier. Therefore, changes to a customer's preferred carrier that do not involve a change in the customer's underlying facilities-based carrier are nonetheless subject to the Commission's authorization and verification rules. *See Section 258 Order*, 14 FCC Rcd at 1593,1594, paras. 145-146; *WATS International Corp. v. Group Long Distance (USA), Inc.*, 12 FCC Rcd 1743, 1752 (1997) (*citing PIC Change Recon. Order*, 8 FCC Rcd at 3218).

⁶ Pursuant to these procedures, a carrier must: (1) obtain the subscriber's written authorization; (2) obtain confirmation from the subscriber via a toll-free number provided exclusively for the purpose of confirming orders electronically; or (3) utilize an independent third party to verify the subscriber's order. *See* 47 C.F.R. § 64.1120(c).

⁷ 47 C.F.R. § 1.3.

⁸ *WAIT Radio v. FCC*, 418 F.2d 1153, 1157 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972).

⁹ *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990).

account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.¹⁰ Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such a deviation will serve the public interest.¹¹

5. We find that United-KUC has demonstrated that good cause exists to justify a limited waiver of the Commission's authorization and verification requirements to the extent necessary to enable United-KUC to transfer to its own customer base the affected GTE Alaska customers. In the Waiver Petition, United-KUC states that, on October 20, 1999, United-KUC and ATEAC filed a joint application with the Alaska Commission to acquire approximately 5,000 access lines in Bethel, McGrath, and Unalakleet, Alaska.¹² In December 1999, GTE Alaska filed a Section 63.71 Application to transfer to ATEAC all of the access lines then operated by GTE in Alaska.¹³ Pursuant to this transfer, United-KUC would acquire, through ATEAC, substantially all of GTE Alaska's assets used to provide local telecommunications services in the Bethel, McGrath, and Unalakleet exchanges, including the affected customer base, and would provide local services on a presubscription basis to GTE Alaska's former customers.¹⁴ According to the Waiver Petition, this transfer would not result in any discontinuance, reduction, or impairment of existing service provided to customers in the relevant Alaska exchanges.¹⁵

6. We conclude that special circumstances exist to justify a waiver. Without this waiver, some former GTE Alaska customers might temporarily lose their presubscribed local service when GTE Alaska ceases to provide such service in the affected exchanges. We conclude that a waiver of the Commission's carrier change rules and orders is necessary to provide a seamless transition with no disruption of local service to the transferred customers.

7. We find that United-KUC has demonstrated that a limited waiver of the authorization and verification rules is in the public interest because it will prevent consumers from temporarily losing local service, and because United-KUC Alaska has agreed to notify the affected customers as described below. United-KUC states that a two-step process to notify the affected customers of the transaction has already begun, with GTE Alaska sending notification letters, in the form of billing inserts, pursuant to its application requesting authority under section 214(a) of the Communications Act of 1934, 47 U.S.C. § 214(a), and section 63.71 of the Commission's

¹⁰ *WAIT Radio*, 418 F.2d at 1157.

¹¹ *WAIT Radio*, 418 F.2d at 1159; *Northeast Cellular*, 897 F.2d at 1166.

¹² Waiver Petition at 1-2. ATEAC has served as a conduit for acquisition of GTE Alaska's local telephone operations and properties on behalf of four Alaskan corporations: Alaska Telephone Company; Arctic Slope Telephone Association Cooperative, Inc.; Telalaska, Inc., d/b/a Mukluk Telephone Company, Inc. and Interior Telephone Company; and United-KUC, Inc. *Id.* n.3.

¹³ Waiver Petition at 2.

¹⁴ Waiver Petition at 2-3.

¹⁵ Waiver Petition at 2-3.

rules, 47 C.F.R. § 63.71, to discontinue operations in the Bethel, McGrath, and Unalakleet, Alaska exchanges.¹⁶ These initial notification letters informed the affected customers that, after the transfer of service from GTE Alaska through ATEAC to United-KUC, they would receive the same local telephone service with no changes, that they would be free to select new local basic or local long distance service providers, and that they would be able to contact United-KUC free of charge with any questions regarding the transfer.¹⁷ According to United-KUC, once the transfer of access lines has been completed, United-KUC will send these customers a “welcome letter” notifying them of that event, and assuring them that no charges or rate increases for local service will be imposed as a result of the transaction.¹⁸ In addition, the welcome letter will provide customers with a toll-free number to call with any questions they may have about the transition.¹⁹ We conclude that these conditions will adequately protect the rights of GTE Alaska’s transferred customers.

8. For the foregoing reasons, we grant United-KUC a waiver of the authorization and verification requirements of our rules for the limited purposes described above. The grant of this waiver is conditioned upon United-KUC’s provision of customer notification, as described above and further detailed in the Waiver Petition and Supplement.

III. ORDERING CLAUSES

9. Accordingly, pursuant to authority contained in Sections 1, 4, and 258 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154, 258, and the authority delegated under sections 0.91, 0.291, and 1.3 of the Commission’s rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, the waiver request filed by United-KUC, Inc. on September 19, 2000, and supplemented on December 1, 2000, IS GRANTED to the extent indicated herein.

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

FEDERAL COMMUNICATIONS COMMISSION

K. Michele Walters
Associate Chief,
Accounting Policy Division,
Common Carrier Bureau

¹⁶ Waiver Petition at 2-3.

¹⁷ See Waiver Petition, Attachment B.

¹⁸ See Supplement, Attachment.

¹⁹ See Supplement, Attachment.