
By: **Delegate Pitkin**

Introduced and read first time: March 9, 1998

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Telephones - Change of Service Providers and Options**

3 FOR the purpose of prohibiting certain telephone companies from taking certain
4 actions on behalf of a customer concerning selection of telephone service
5 providers and options except in compliance with certain procedures; requiring
6 certain notice to be provided to a telephone service customer under certain
7 circumstances; requiring certain telephone companies to offer a hold order or
8 freeze to certain customers under certain circumstances; authorizing the Public
9 Service Commission to adopt certain regulations; providing for a certain
10 administrative penalty for certain violations; defining certain terms; providing
11 that a violation of this Act may be punished as an unfair or deceptive trade
12 practice; and generally relating to telephone service providers and changes of
13 service.

14 BY adding to
15 Article - Public Utility Companies
16 Section 8-401 through 8-407, inclusive, to be under the new subtitle "Subtitle 4.
17 Changes in Telephone Service Providers and Options"
18 Annotated Code of Maryland
19 (As enacted by Chapter ____ (S.B. 1) of the Acts of the General Assembly of
20 1998)

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
22 MARYLAND, That the Laws of Maryland read as follows:

23 **Article - Public Utility Companies**

24 **SUBTITLE 4. CHANGES IN TELEPHONE SERVICE PROVIDERS AND OPTIONS.**

25 8-401.

26 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
27 INDICATED.

28 (B) "HOLD ORDER" OR "FREEZE" MEANS A DIRECTIVE TO RETAIN:

1 (1) THE TELEPHONE SERVICE PROVIDER SELECTED BY A CUSTOMER
2 UNTIL THE CUSTOMER PROVIDES EXPRESS AUTHORIZATION FOR A CHANGE TO
3 ANOTHER TELEPHONE SERVICE PROVIDER; OR

4 (2) FOR TELEPHONE SERVICE OPTIONS FOR WHICH THE TELEPHONE
5 SERVICE PROVIDER IMPOSES A CHARGE, THE TELEPHONE SERVICE OPTIONS
6 SELECTED BY A CUSTOMER UNTIL THE CUSTOMER PROVIDES EXPRESS
7 AUTHORIZATION FOR A CHANGE OF TELEPHONE SERVICE OPTIONS.

8 (C) "SERVICE FOR WHICH THERE ARE MULTIPLE PROVIDERS" MEANS A
9 TELEPHONE SERVICE FOR WHICH CUSTOMERS HAVE THE ABILITY TO SUBSCRIBE TO
10 OR SELECT FROM MORE THAN ONE TELEPHONE SERVICE PROVIDER.

11 8-402.

12 (A) THIS SUBTITLE APPLIES TO A TELEPHONE COMPANY THAT PROVIDES
13 INTRASTATE INTERLATA, INTRALATA, OR LOCAL EXCHANGE CARRIER SERVICE.

14 (B) THE ACT OF A PERSON OR COMPANY THAT IS ACTING AS AN AGENT OR
15 REPRESENTATIVE OF A TELEPHONE COMPANY IS DEEMED TO BE AN ACT OF THE
16 TELEPHONE COMPANY UNDER THIS SUBTITLE.

17 8-403.

18 UNLESS THE TELEPHONE COMPANY COMPLIES WITH AUTHORIZATION AND
19 CONFIRMATION PROCEDURES ADOPTED BY THE COMMISSION AND BY FEDERAL LAW
20 AND REGULATION, A TELEPHONE COMPANY MAY NOT, ON BEHALF OF A CUSTOMER:

21 (1) CHANGE, OR DIRECT ANOTHER TELEPHONE COMPANY TO CHANGE,
22 THE CUSTOMER'S PROVIDER OF TELEPHONE SERVICE FOR WHICH THERE ARE
23 MULTIPLE PROVIDERS; OR

24 (2) SELECT A TELEPHONE SERVICE OPTION FOR WHICH THE
25 TELEPHONE COMPANY IMPOSES A CHARGE.

26 8-404.

27 (A) WHEN A CUSTOMER, OR A TELEPHONE COMPANY PROVIDING NEW
28 TELEPHONE SERVICE ON BEHALF OF THE CUSTOMER, MAKES A CHANGE IN
29 TELEPHONE SERVICE PROVIDER, THE TELEPHONE COMPANY PROVIDING NEW
30 TELEPHONE SERVICE SHALL PROVIDE A CONSPICUOUS NOTICE TO THE CUSTOMER,
31 INFORMING THE CUSTOMER THAT THE CHANGE WAS MADE.

32 (B) WHEN A CUSTOMER, OR A TELEPHONE COMPANY ON BEHALF OF THE
33 CUSTOMER, MAKES A CHANGE IN THE CUSTOMER'S SELECTION OF A TELEPHONE
34 SERVICE OPTION FOR WHICH THE TELEPHONE COMPANY IMPOSES A CHARGE, THE
35 TELEPHONE COMPANY SHALL PROVIDE A CONSPICUOUS NOTICE TO THE CUSTOMER,
36 INFORMING THE CUSTOMER THAT THE CHANGE WAS MADE.

1 (C) THE TELEPHONE COMPANY SHALL PROVIDE NOTICE OF THE CHANGE OF
2 TELEPHONE SERVICE PROVIDER OR TELEPHONE SERVICE OPTIONS UNDER THIS
3 SECTION BY:

4 (1) INSERTING THE NOTICE ON OR WITH THE CUSTOMER'S FIRST BILL
5 FOR WHICH THE CHANGE IS EFFECTIVE; OR

6 (2) SENDING A SEPARATE NOTICE TO THE CUSTOMER WITHIN 60 DAYS
7 AFTER THE CHANGE TAKES EFFECT.

8 8-405.

9 (A) IF THE COMMISSION DETERMINES THAT A HOLD ORDER OR FREEZE IS
10 NECESSARY, THE COMMISSION MAY REQUIRE A TELEPHONE COMPANY THAT
11 OPERATES THE NETWORK FACILITIES THAT CONTROL ROUTING, SELECTION, OR
12 BILLING FUNCTIONS NECESSARY TO IMPLEMENT THE HOLD ORDER OR FREEZE TO
13 OFFER THE HOLD ORDER OR FREEZE TO THE TELEPHONE COMPANY'S END-USE
14 CUSTOMERS AS A METHOD OF REDUCING INCIDENTS OF UNAUTHORIZED CHANGES
15 IN TELEPHONE SERVICE PROVIDER OR TELEPHONE SERVICE OPTIONS.

16 (B) A TELEPHONE COMPANY THAT IS REQUIRED TO OFFER A HOLD ORDER OR
17 FREEZE SHALL IMPLEMENT THE HOLD ORDER OR FREEZE IN A
18 NONDISCRIMINATORY AND COMPETITIVELY NEUTRAL MANNER THAT DOES NOT
19 GIVE THE TELEPHONE COMPANY AN ADVANTAGE OVER ITS COMPETITORS IN THE
20 TELECOMMUNICATIONS MARKET.

21 8-406.

22 (A) TO IMPLEMENT THIS SUBTITLE THE COMMISSION MAY ADOPT
23 REGULATIONS ON UNAUTHORIZED CHANGES IN TELEPHONE SERVICE PROVIDERS
24 AND IN TELEPHONE SERVICE OPTIONS THAT ARE CONSISTENT WITH FEDERAL LAW.

25 (B) THE REGULATIONS MAY INCLUDE:

26 (1) PROCEDURES FOR A CUSTOMER TO CONFIRM A CHANGE IN
27 TELEPHONE SERVICE PROVIDER MADE BY ANOTHER TELEPHONE COMPANY ON
28 BEHALF OF THE CUSTOMER;

29 (2) PROCEDURES FOR A CUSTOMER TO CONFIRM A CHANGE IN
30 TELEPHONE SERVICE OPTIONS;

31 (3) REGULATION OF SOLICITATION FOR CHANGES IN TELEPHONE
32 SERVICE PROVIDERS AND TELEPHONE SERVICE OPTIONS;

33 (4) METHODS FOR ENFORCEMENT; AND

34 (5) OTHER PROVISIONS, NOT INCONSISTENT WITH FEDERAL LAW, THAT
35 THE COMMISSION CONSIDERS NECESSARY TO IMPLEMENT THIS SUBTITLE.

1 8-407.

2 (A) A TELEPHONE COMPANY MAY NOT FAIL OR NEGLECT TO COMPLY WITH
3 THIS SUBTITLE OR WITH A REGULATION ADOPTED UNDER THIS SUBTITLE.

4 (B) IN ADDITION TO ANY OTHER AVAILABLE PENALTY, THE COMMISSION MAY
5 ASSESS DIRECTLY, AFTER AN OPPORTUNITY FOR HEARING, AN ADMINISTRATIVE
6 PENALTY ON A TELEPHONE COMPANY THAT VIOLATES THE PROVISIONS OF THIS
7 SUBTITLE, OR A REGULATION ADOPTED UNDER THIS SUBTITLE, OR FEDERAL LAW OR
8 REGULATION ON UNAUTHORIZED CHANGES IN TELEPHONE SERVICE PROVIDER OR
9 TELEPHONE SERVICE OPTIONS.

10 (C) THE ADMINISTRATIVE PENALTY UNDER THIS SECTION MAY NOT EXCEED
11 \$1,000 FOR EACH VIOLATION ASSOCIATED WITH A SPECIFIC ACCESS LINE WITHIN
12 THE STATE.

13 (D) IN ASSESSING AN ADMINISTRATIVE PENALTY UNDER THIS SECTION, THE
14 COMMISSION SHALL CONSIDER:

15 (1) THE NATURE, CIRCUMSTANCES, EXTENT, GRAVITY, AND NUMBER OF
16 VIOLATIONS;

17 (2) THE DEGREE OF CULPABILITY OF THE VIOLATOR;

18 (3) PRIOR OFFENSES AND REPEATED VIOLATIONS; AND

19 (4) OTHER MATTERS THAT THE COMMISSION CONSIDERS APPROPRIATE
20 AND RELEVANT.

21 (E) AN ADMINISTRATIVE PENALTY COLLECTED UNDER THIS SECTION SHALL
22 BE PAID INTO THE GENERAL FUND OF THE STATE.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 1998.