

40. *Unauthorized Carrier Changes Resulting From LEC Actions.* We decline to hold the IXC liable for slamming when the unauthorized carrier change was the result of a LEC mistake. LECs will be liable for unauthorized carrier changes that are the result of the LEC's mistake. LECs will also be required to follow the Commission's series of verification rules when a customer contacts the LEC directly to request a carrier change.

41. *Carrier Reporting of Slamming Allegations (Form 478).* The Commission will no longer require carriers that provide telephone exchange service and/or telephone toll service to periodically submit to the Commission reports regarding complaints they receive alleging unauthorized carrier changes—form 478. The change in the rule will alleviate the administrative burdens associated with filing the reports.

E. Steps Taken To Minimize the Significant Economic Impact of This Order on Small Entities, Including the Significant Alternatives Considered

42. The RFA requires an agency to describe any significant alternatives that it has considered in developing its approach, which may include the following four alternatives (among others): “(1) The establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance and reporting requirements under the rule for such small entities; (3) the use of performance rather than design standards; and (4) an exemption from coverage of the rule, or any part thereof, for such small entities.”

43. *Verification of Carrier Changes—Independent Third Party Verification.* The Commission was persuaded by VoiceLog that compliance with the rule as created in the *Third Report and Order* may have been infeasible for some carriers, including smaller carriers, and therefore in order to minimize any adverse impact of the TPV rule on small entities, the Commission modified the TPV rule to allow for an exception for those carriers that certify that they are unable to comply with the drop-off rule. Other alternatives where suggested by VoiceLog and AT&T, including allowing the sales agent to remain on the line and answer questions during verification were rejected because they either compromised the independent nature of the third party verification or were not likely to have an effect on our goals of reducing slams. Self-certification will likely be less costly to a small business

than the costs in upgrading the network and revising internal processes for signing up new customers, and retraining employees on how to use the new network upgrades.

44. *60-Day Limit on the Effectiveness of an LOA.* We expect that exemption we create will have no significant economic impact on carriers.

45. *Unauthorized Carrier Changes Resulting from LEC Actions.* The Commission is persuaded that when a LEC has assigned a subscriber to a non-affiliated carrier without authorization, and where the subscriber has paid the non-affiliated carrier the charges for the billed service, the LEC shall reimburse the subscriber for all charges paid by the subscriber to the unauthorized carrier and shall switch the subscriber to the desired carrier at no cost to the subscriber. When the subscriber has not paid the unauthorized carrier, the LEC shall switch the subscriber to the desired carrier at no cost to the subscriber, and shall also secure the removal of the unauthorized charges from the subscriber's bill. In order to deter such actions, we believe that a LEC should be held responsible for unauthorized carrier changes that favor its long distance affiliate, in the same manner that an IXC would be held responsible if it submitted an unauthorized change itself. The alternatives, *i.e.*, holding the customer or the carrier liable for mistakes made by the LEC were rejected as contrary to the slamming portions of the Act and fundamentally unfair. Because LECs will be held responsible for their own mistakes, LECs must also follow our verification rules when contacted directly by a subscriber that requests a carrier change, such that a record of the carrier change request is created and maintained.

46. *Carrier Reporting of Slamming Allegations (Form 478).* In eliminating our rule requiring carriers to submit Form 478, the Commission removed the burdens placed on carriers to provide information that could be misleading and damaging to a carrier; LECs in particular may have great difficulty complying with the requirements in an accurate manner. This change in our rule will likely reduce significantly the administrative burdens on carriers, including those smaller carriers.

47. *Report to Congress:* The Commission will send a copy of the *Third Order on Reconsideration and Second Further Notice of Proposed Rulemaking (Second Further Notice)*, including this Supplemental FRFA, in a report to be sent to Congress pursuant to the Congressional Review Act. In addition, the Commission will send a

copy of the *Third Order on Reconsideration*, including this Supplemental FRFA, to the Chief Counsel for Advocacy of the SBA. A copy of the *Third Order on Reconsideration* and Supplemental FRFA (or summaries thereof) will also be published in the **Federal Register**.

V. Ordering Clauses

48. Pursuant to sections 1, 4(i), 4(j), 201, 206–208 and 258 of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), 201, 206–208 and 258 and §§ 1.421 and 1.429 of the Commission's rules, 47 CFR 1.421 and 1.429, that the *Third Order on Reconsideration and Second Further Notice of Proposed Rulemaking* in CC Docket No. 94–129 IS ADOPTED, and that part 64 of the Commission's rules, 47 CFR part 64, is amended as set forth in the Rule Changes. The requirements of this *Third Order on Reconsideration* shall become effective June 2, 2003. Sections 64.1120, 64.1150, 64.1160, 64.1170 and 64.1180 contain new or modified information collections that have not been approved by OMB. The Commission will publish a document in the **Federal Register** announcing the effective date of these rules.

49. The collection of information contained herein is contingent upon approval by the Office of Management and Budget.

50. Pursuant to sections 1, 4(i), 4(j) of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), and section 1.429 of the Commission's rules, 47 CFR 1.429, that the petition for partial stay, filed by VoiceLog, LLC, *is denied* AS MOOT.

51. Pursuant to sections 1, 4(i), 4(j), of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), and §§ 1.429 of the Commission's rules, 47 CFR 1.429, that the petition for reconsideration, filed by VoiceLog, LLC, *is granted in part and denied in part*, to the extent indicated herein.

52. Pursuant to sections 1, 4(i), 4(j), of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), and §§ 1.429 of the Commission's rules, 47 CFR 1.429, that the petition for reconsideration, filed by the Rural LECs *is denied*.

53. Pursuant to sections 1, 4(i), 4(j), of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), and §§ 1.429 of the Commission's rules 47 CFR 1.429, that the petition for reconsideration, filed by NTCA, *is denied*.

54. Pursuant to sections 1, 4(i), 4(j), of the Communications Act of 1934, as amended, 47 U.S.C. 151, 154(i), 154(j), and §§ 1.429 of the Commission's rules,