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**SUBSTITUTE HOUSE BILL 2254**

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**State of Washington**

**56th Legislature**

**1999 Regular Session**

**By** House Committee on Appropriations (originally sponsored by Representatives DeBolt, Ruderman, Poulsen, Crouse, Morris, Mielke, Bush, Thomas, Cooper, Reardon, Stensen, Keiser, Lantz, Fisher, McDonald, O'Brien, Lovick, Sullivan, Hurst, Santos, Hankins, Kenney, Wolfe, Ogden, Anderson, Kagi, Constantine, Dickerson, Conway, Linville, Rockefeller, Romero, Voloria, Wood, Ericksen, Edmonds, McIntire, Alexander, Mitchell, K. Schmidt and Esser)

Read first time 03/08/1999.

1 AN ACT Relating to unauthorized changes and billing for  
2 telecommunication services; adding new sections to chapter 80.36 RCW;  
3 creating new sections; and prescribing penalties.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that changes in the  
6 rapidly changing telecommunications market are resulting in new  
7 consumer problems. The legislature further finds that unauthorized  
8 changes in telecommunications service, known commonly as slamming, and  
9 unauthorized billing for service on telecommunications bills, known  
10 commonly as cramming, are unfair and deceptive consumer practices. The  
11 legislature further finds that consumers should have options available  
12 to protect themselves against unauthorized service changes and  
13 billings. In addition, current penalties and remedies need to be  
14 increased to provide a more effective deterrent to these practices.

15 NEW SECTION. **Sec. 2.** (1) Every local exchange telecommunications  
16 company must offer to its customers, as a part of basic local service  
17 and at no additional cost, the following optional services:

1 (a) Preferred carrier freeze. Account freeze procedures, including  
2 any solicitation, must clearly distinguish among telecommunications  
3 services subject to an account freeze. The carrier offering the freeze  
4 must obtain separate authorization for each service for which an  
5 account freeze is requested. If a customer has subscribed to preferred  
6 carrier freeze, the local exchange company may not make changes to the  
7 customer's local or long-distance service except on direct oral or  
8 written direction of the customer and shall reject any orders for  
9 change in service that are purported to be submitted on behalf of the  
10 customer; and

11 (b) Bill block service. If a customer has subscribed to bill block  
12 service, the local exchange company may not bill the customer for  
13 nontelecommunications services or for telecommunications services  
14 provided by a company other than the customer's local exchange company  
15 or authorized long-distance carrier. Bill block service, for the  
16 purposes of this subsection, shall not include dial-around long-  
17 distance services.

18 (2) Each local exchange telecommunications company must notify its  
19 customers of the services described in this section at the time service  
20 is established and at least once per year thereafter. The commission  
21 may prescribe the form of notice by rule.

22 NEW SECTION. **Sec. 3.** All lists of charges for services that  
23 appear on a consumer's bill shall be clear, separate, and distinct. At  
24 a minimum, all bills must clearly identify on the bill the business  
25 name of the company making the charge, the specific product or service  
26 being billed for, separate identification of any optional products or  
27 services, and a toll-free contact number for disputing a charge. The  
28 commission may prescribe the form of bill disclosure by rule.

29 NEW SECTION. **Sec. 4.** (1)(a) No person shall: (i) Cause a change  
30 in a subscriber's selection of telecommunications company without the  
31 subscriber's authorization as prescribed by the commission; and (ii)  
32 place or cause to be placed an unauthorized charge on a subscriber's  
33 telecommunications account.

34 (b) Any customer who is the victim of acts prohibited by this  
35 section is absolved of liability for (i) all charges imposed by the  
36 unauthorized carrier for products or services provided during the first  
37 thirty days after the unauthorized change, or for a longer period of

1 time as permitted by the commission; (ii) all charges required to  
2 return the customer to his or her properly authorized carrier; and  
3 (iii) all other charges imposed in connection with the unauthorized  
4 change.

5 (2) Upon being informed by a customer that an unauthorized change  
6 has occurred, the carrier responsible for the unauthorized change shall  
7 immediately take appropriate action to (a) return the customer to his  
8 or her authorized telecommunications carrier; (b) inform the customer  
9 of the thirty-day absolution period; and (c) remove charges, if any,  
10 from the customer's bill for charges incurred within the first thirty  
11 days of the unauthorized change and any charges required to return the  
12 customer to his or her properly authorized carrier. The local exchange  
13 carrier, when serving as the billing agent, is authorized to carry out  
14 the provisions of this subsection on behalf of the unauthorized  
15 carrier.

16 (3) If a customer disputes a charge for nontelecommunications  
17 service, or telecommunications services provided by a company other  
18 than the customer's local exchange carrier or authorized long-distance  
19 carrier, the local exchange company shall remove the charge from the  
20 bill. This subsection does not affect the ability of the charging  
21 company to independently collect legitimate charges.

22 (4) The commission may adopt rules to enforce this section.

23 NEW SECTION. **Sec. 5.** In addition to any other penalties provided  
24 by law, the commission may impose any one or more of the following  
25 penalties:

26 (1) Order payment by an unauthorized service provider to the  
27 service provider previously selected by the subscriber in an amount not  
28 to exceed all charges billed to the subscriber by the unauthorized  
29 service provider for services provided during the unauthorized service  
30 period; and

31 (2) Order the unauthorized service provider to refund all payments  
32 made by the subscriber for services provided during the unauthorized  
33 service period.

34 NEW SECTION. **Sec. 6.** A violation of section 4(1)(a) of this act  
35 is not reasonable in relation to the development and preservation of  
36 business and is an unfair or deceptive act in trade or commerce for the  
37 purpose of applying the consumer protection act, chapter 19.86 RCW. In

1 any action under chapter 19.86 RCW, a person who proves any of the  
2 causes of action identified in this section is entitled to a  
3 presumption of injury and in addition to recovering costs and  
4 reasonable attorneys' fees, damages may be ordered in the amount of two  
5 thousand five hundred dollars.

6 NEW SECTION. **Sec. 7.** The Washington utilities and transportation  
7 commission and the attorney general shall assess and report to the  
8 legislature by June 2000 whether the practices of unauthorized service  
9 changes and billing have been deterred by this act and may make  
10 recommendations to the legislature with regard to enforcement.

11 NEW SECTION. **Sec. 8.** Sections 2 through 6 of this act are each  
12 added to chapter 80.36 RCW.

13 NEW SECTION. **Sec. 9.** If any provision of this act or its  
14 application to any person or circumstance is held invalid, the  
15 remainder of the act or the application of the provision to other  
16 persons or circumstances is not affected.

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