

**REMARKS OF
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Thank you for that kind introduction. I have been looking forward to our discussion today and to talking with you about what we can do – together—to bring the wonders of the Telecommunications Age to our fellow citizens.

I also always like coming to Philadelphia. Maybe it's the historian in me, but I think it applies to all of us. As we walk around this former capital of our nation, we think about the principles that led to our declaring independence and founding a government whose purpose was, and is, to serve the people. The great thing is that those principles are alive and well 225 years later. One of those principles has been very much in my mind since I came to the FCC five months ago – it is the concept of the public interest. Because not only is it at the cornerstone of our system of government. It's the cornerstone of the telecommunications legislation with which you and I both work.

I am, as some of you already know, committed to this concept of the public interest. It is at the core of my own philosophy of government. But, more importantly, it permeates the statutes that the Commission is charged to implement. Indeed, by my count the term “public interest” appears 112 times in the Communications Act. To me, 112 times screams “*mandate*”.

The Commission has not merely the directive to *consider* the public interest in its decisions – it has the statutory obligation to *take only actions that are in the public interest*. Congress made it abundantly clear that the public interest should be the prism through which we look as we make our decisions. If the Commission stops making decisions based on the public interest, it will be breaking the law. I for one didn't take an oath to do that.

The sobering part of being a commissioner is that the office *is* a high public trust. Communications is the business of us all. Every great department and agency of government has a traditional group of constituents or clients – stakeholders, I call them -- and their input and counsel are critically important to the success of that department or agency. Business is obviously an important stakeholder in the work we do at the Commission. It should be and that's fine. But in communications, *every* American is a stakeholder, because each of us is affected in so many important ways by how the public spectrum is used. Our freedoms, our diversity and our values all come into play. So I am convinced that an important part of being a commissioner is to reach out to non-traditional stakeholders as well as traditional, to ensure that Commission decisions do indeed reflect the wide public interest. And while consumers should always have been considered as traditional stakeholders in the process, it hasn't always been so. Howsoever we may define them, my aim is to make sure we are reaching out to consumers in everything that we do.

I want to tell you how much I appreciate the work that you do, because you represent the American consumer. You are fighting for the public interest – each day, every day. It’s good and noble work, and I am happy to join you in it. That is why I am looking forward to my work as a member of NARUC’s Committee on Consumer Affairs. It’s a great place, I believe, to advance a pro-consumer agenda.

At its heart, the Telecom law *is* pro-consumer. Right to the point, Congress declared that the preeminent goal of the Telecommunications Act is “to secure lower prices and higher quality services *for American consumers.*” Today, I want to discuss a few important steps that we can take together to meet this Congressional mandate as we implement two core pillars of the 1996 Telecommunications Act – competition and universal service.

Competition

The mission of facilitating competition in all communications markets became the law of the land in the 1996 Act. But Congress wasn’t seeking to establish competition just for competition’s sake. Rather, it recognized the power of competition to give choices to consumers – choices of services, choices of providers, choices of technology, and choices of sources of content. When there are options, I think you and I agree, consumers reap the benefits – better services, greater innovation, higher technology, and more robust public discourse.

We are now seeing competition not only *within* delivery platforms, but also *among* delivery platforms. There is increasing convergence of industries, of services and of markets. As Congress predicted, the competition resulting from the 1996 Act unleashed an unprecedented investment in a 21st century communications infrastructure.

Consumers will only truly reap the benefits of competition and choice, however, if they have clear and ready information to make informed decisions about the services they are offered. We must always be about the work, therefore, of educating consumers, and ensuring that they receive information in an understandable way, and we must be vigilant to take swift and effective enforcement action against unscrupulous providers when misconduct is found. This is our common agenda and our shared responsibility.

It's a big job. The FCC, the State commissions, other agencies such as the FTC, and State consumer advocates must coordinate closely to get it done. And, because financial resources are in such short supply, we must always be looking for ways to maximize the effectiveness of the limited resources at our disposal. It's clear to me that there is no way to do that absent a closely coordinated federal-state effort. We've got a pretty good one now, but it can be better. It needs to be better. That's why we're all in Philadelphia.

To work more effectively on consumer protection issues, the FCC set up both a Consumer Information Bureau and an Enforcement Bureau. These two new Bureaus

were meant to ensure that we devote adequate attention and enough resources to get their jobs done.

What are those jobs? Let's be specific. Together, you and I must address four important objectives of consumer protection – consumer access to information, truth-in-billing, privacy, and preventing marketplace abuses such as slamming and cramming.

Consumer Information

We must first ensure that consumers have enough information to make knowledgeable choices prior to purchasing services.

The FCC and the FTC have forged a partnership to address truth-in-advertising. The federal government and the states must redouble our efforts to make clear that we will not tolerate deceptive or misleading advertising.

I was pleased recently to learn of your interest in detariffing. Traditionally, the terms of a customer's relationship with a carrier were spelled out in tariffs filed with the government. But most consumers never looked at the tariffs and, if they did, they didn't really understand them. Numerous consumers complained that carriers promised one rate, only to charge another, higher rate. Even worse, carriers sometimes changed rates and terms unilaterally. So as we go about the process of detariffing services, we must ensure that consumers receive better, not poorer, information.

My mother-in-law recently complained to me when a long-distance company began to charge her \$1.50 per month for receiving a paper bill. That's unfairly picking on folks who might not be used to conducting all their affairs in cyberspace and who, even if they wanted to, might not have the wherewithal to do so. And last year, we saw some long-distance carriers levy billing charges on consumers for the "privilege" of a combined local and long-distance bill. In those instances, some carriers didn't even notify consumers in advance so they could avoid these new charges if they so decided.

We should all be outraged when carriers do not disclose information in plain language. We should be outraged when carriers do not tell customers about changes to their rates and services. It is clearly not enough simply to assume that competition will protect consumers. Protection is the aim here, not competition. We must send a clear, strong and consistent message that carriers have a duty to provide consumers with the basic information necessary for informed choices about the services and technologies they are being asked to buy. Failure on this score just simply must not be tolerated.

Truth-in-Billing

Making sure that consumers receive information prior to making a purchase is not the whole game by any means. A second consumer protection objective is to ensure that consumer bills are accurate and understandable.

There is no question that consumers right now are confused and not amused by their telephone bills. During the past summer alone, we received almost 9000 complaints

from consumers about their bills – both wireline and wireless. This is the largest single category of complaints we receive at the FCC.

The many changes that are underway in the industry have given rise to some rather creative new line items. Some carriers may use change as a smokescreen to add line items to increase consumer charges, even as costs are decreasing. Some few may even provide misleading bills to confuse consumers, thereby depriving them of the benefits of competition.

Ignorance is not bliss. To ensure that consumers reap the benefits of competition, we must make sure that carriers provide clear explanations for any charges on the bills. We have already taken the first steps to make telephone bills more understandable with new rules to give consumers the information they need to understand the charges on their bills. But continued vigilance on billing practices is essential so that consumers are not misled or mistreated. We must ensure that carriers do not overcharge for certain line items. We must ensure that carriers do not falsely represent charges as mandatory fees. And we must work with consumers, carriers, and other governmental entities to promote telephone bills that will be models of clarity. So here is another important area for action.

Privacy

A third objective is to protect personal information that consumers provide to carriers. Telecommunications carriers obtain a lot of sensitive information about their

customers. Not just names, addresses, and phone numbers, but also whom you call, how frequently you call, and how long you talk. That data gets pretty close to home for all of us. The potential for abuse is enormous. One company reportedly tracked the websites consumers visit and linked that information with names, addresses, phone numbers, and purchases that those consumers had made. It could get worse than that. Without our vigilance, it will.

In the 1996 Act, Congress recognized the fears that people have about losing control of their personal information. Congress responded by enacting strong privacy protections. The Commission implemented rules to provide consumers with control over access to their information.

Unfortunately, the courts vacated these rules. We must now work expeditiously to complete a new proceeding on this issue so that consumer privacy is protected as Congress intended – and protected soon.

Enforcement

Enacting rules is only the first step. The hard part comes next – enforcing them. Slamming, cramming, deception, even outright forgery occur. No one is immune from these abuses. One carrier even slammed several top people in our own Enforcement Bureau.

The complaints the State Commissions and we receive are just the tip of the iceberg. The vast majority of slammed and crammed consumers, angry as they are, do not file complaints.

Our approach must be zero tolerance for unscrupulous business practices at both the state and federal levels. And our joint message must be loud and clear. Enforcement must be sure and swift and fair. Violations must be met with remedies designed not just to compensate, but to deter.

At the FCC, we are beefing up enforcement. We are committed to identifying bad actors and pursuing them aggressively. In the last two years, we have levied fines of almost \$15 million against slammers. That's not bad for openers, but for some of these companies, \$15 million isn't all that much, so we need to do more. And more cases are in the works. We must make sure that all participants know that bending the rules, or gaming the system, is not allowed.

Once providers understand that we mean business, slamming, cramming and other consumer abuses will decrease. Indeed, we now have some carriers coming to us when they discover problems within their companies.

It is in the area of enforcement that coordination is especially important. We just have to work closely together. Our efforts against slammers cry out for coordination, and I am happy to know that we have worked successfully with several States on this score.

And, recently, pursuant to a NARUC proposal, a majority of State commissions have begun to serve as the primary adjudicators of slamming disputes. This NARUC proposal is a wonderful example of the state-federal partnership and it demonstrates the benefits of joint activities to combat consumer fraud.

We should do more. We should build on efforts through the State and National Action Plan (SNAP) which includes State and FCC staff who meet to coordinate enforcement and consumer protection actions. It is cooperative efforts like these that will make the critical difference in eradicating consumer fraud. Here's something taking shape right now: we are completing a pilot project of a prototype database through which we can share information on complaints against slammers and crammers. Let's make it a priority to implement this database as soon as possible so we can better track -- and track down -- those who commit consumer fraud and ensure that no provider falls through the enforcement cracks.

Universal Service

The second critical core pillar of the Telecommunications Act that I want to touch on is universal service. In the 1996 Act, Congress reaffirmed that all Americans should have reasonably comparable services at reasonably comparable rates. All of us benefit when everyone has access to telecommunications services.

I want to be clear that my overriding objective as an FCC Commissioner is to help bring the best, most accessible, and cost-effective communications system in the world to

our people – and by that I mean *all* of our people. Each and every citizen of this great country should have access to the wonders of communications – whether they live in rural areas, on tribal lands, or in our inner cities, whether they have limited incomes or disabilities, whether they are schoolchildren or rural health care providers. I don't think it exaggerates much to characterize access to communications in this modern age as a civil right.

In the 21st century, having access to advanced communications and information will be every bit as important as access to basic telephone services was in the 20th century. I believe that providing meaningful access to advanced telecommunications for all our citizens may well spell the difference between continued stagnation and economic revitalization.

Broadband is key. One study estimates that universal broadband access can add half a trillion dollars to the U.S. economy every year. Even that may be conservative. Broadband is already becoming key to our nation's systems of education and commerce and jobs and, therefore, key to America's future. And I believe that the technologies for telecommuting, teleeducation, telemedicine and tele-goodness-knows-what will create more than enough demand to put broadband in the vanguard of transforming how we live in this new century.

Getting broadband deployed to the American people is the law of the land. Section 706 of the 1996 Act charges the FCC and each State commission to encourage

the deployment of advanced telecommunications capabilities to all Americans on a reasonable and timely basis.

How do we get deployment done? I've asked just about every businessperson I've had the chance to meet if he or she believed the market alone could get the job done. Almost to a person, they answer no. No one has showed me a business model that gets us beyond deployment to 85 or 90% of our people. And I would point out that leaving 10% of our people behind amounts to about 28 million souls and leaving 15% behind abandons 42 million people. One of America's foremost CEOs told me a few weeks ago that **30%** could be beyond deployment; that adds up to 84 million people! So the issue has a human face. I will tell you this: If we get to 2120 and we have 28 or 42 or 84 million people without broadband, we will have a Broadband Chasm that not only denies our fellow citizens of a precious right but denies our country of critically-needed economic growth.

We need a serious national dialogue about this.

Let's look at what other countries are doing. We don't pay nearly enough attention to this. It's not that we need to emulate what others with different traditions and cultures and economies may be doing, but let's be serious enough to at least look at what they're doing and see if there may not be a lesson or two there for us. We do know this: almost every industrialized country has a national plan for broadband deployment and we do not.

Let's look at what some communities right here at home are doing. I've heard some people say that the most un-businesslike thing we could do would be to have government helping build broadband infrastructure. But isn't it curious that in some communities in America, there is so much unmet demand that they are already taxing themselves and issuing bonds to get broadband deployed, and that they have actually deployed it?

Historically, business and government have worked closely together in just about every great economic transformation this country has undertaken. From the days of our earliest land policies to constructing the roads and canals and ports and harbors of the early Nineteenth century to building the Transcontinental railroads that spanned the continent in the latter part of that century, there has more often than not in our history been a critical role for government. Indeed, one could hazard that there has almost always been such a role when there is a truly critical nationwide infrastructure need.

There has been such a role in communications, too, from post roads to the telegraph to the building of our telephone infrastructure in the early 1900s. Following the invention of the telephone, many communities, especially those in rural areas, were very often left behind -- more isolated than before and with comparatively fewer economic opportunities. In response, although not nearly so quickly as could have been hoped, we began to tackle the problem. We're not all the way there yet -- just visit some of our

tribal lands if you need proof -- but for most Americans this access fostered economic development.

Some will argue that broadband infrastructure doesn't rise to the level of developmental importance I have ascribed to it. But don't you think that we should at least talk about it? My take is that broadband networks are indeed the roads, the canals, and the railroads of the Information Age. All of those were built with the public and private sectors working together to provide America with the infrastructure we needed to prosper. History doesn't necessarily repeat itself, but there are enough resemblances to merit our attention.

For my part, I am an optimist about all this. We know that with the communications transformations of this new 21st century, we will work differently, learn differently, play differently, and probably even govern ourselves differently. Our challenge is to bring the benefits of this new Information Age to all Americans. The digital tools of the Information Age are the keys – the keys to unlocking the doors of opportunity and to building a better future. Together we can make sure that these doors are open to all Americans, and not locked shut for some.

I've always believed that, as Americans, we progress together or we progress not at all. We prosper together, or we prosper not at all. America's strength is its diversity - a diversity of races and cultures and creeds and talents and interests that will determine

our destiny. Unless we learn how to harness this amazing wealth of diversity, we will not -- we cannot -- realize our nation's potential.

My hope is that at the end of my time at the FCC, we will be able to say that, together, we have made progress. I look forward to working with you to make it happen.

Thank you very much.