

Prepared Testimony of Molly White

Good morning Chairman Martin and members of the Commission:

My name is Molly White and I currently work as an executive consultant in corporate philanthropy in Portland, Oregon. From 2002 to 2006, I was the Director of U.S. Community Affairs at Nike, Inc. in Portland Oregon, and before accepting that position I lived in the Bay Area. My experience with my cell phone provider at that time, Verizon Wireless, is fairly typical of the experience of other wireless telephone subscribers. In 2002, I accepted a position at Nike that required that I move to Oregon. Nike provided its executives with wireless telephone service and I therefore terminated my service with Verizon. I received a final bill from Verizon that included a \$175 early termination fee. I called Verizon and tried to dispute or reverse the charges and was unsuccessful. I paid the \$175 fee.

I knew when I signed up for cellular service with Verizon that I was obligated to agree to the early termination fee, and since every wireless carrier included the same early termination clause and fees in their contracts, it was clear to me that I didn't have a choice in the matter. If I wanted cellular service, I had to agree to the additional fees and charges, regardless of whether I thought they were fair or reasonable. So I agreed to them.

I, like every other cellular customer I know, feel these fees are unreasonable and unjustified. I do not sign time-sensitive contracts and agree to early termination clauses with any other utility with whom I do business. My only supposition with respect to the cellular industry is that it managed to initiate and grow its business practices outside the rules and operating procedures of the rest of the older, more established utility industry and as such managed to institute fees and contract structures that are unique and frankly predatory.

I offer several examples from my own recent experience: For instance, wireless service providers often claim that they need the upfront service agreement to cover the cost of the phones they provide, or their marketing and other operating overhead. At the same time, when I have tried to use a perfectly operational and serviceable cell phone I have had in a drawer for my husband when initiating a new account, I was told that the phone wasn't activatable and I had to buy a new one, albeit via a 'special deal'. I would gladly forgo the deal, buy the phone of my choice at a local retailer, select the service of my choice and activate the phone.

In a similar instance, I was told by Cingular when I left Nike that since AT&T had bought Cingular, I could no longer use my Cingular Blackberry for my now mandatory AT&T account. The Blackberry wouldn't work. I took my very new and serviceable Cingular Blackberry to an unlocking agent to see if I could unlock the hardware and use the Blackberry with the AT&T account. After 2 days of trying, the unlocking service gave up. I had to go with a new, AT&T Blackberry, albeit via a 'deal' and with a longer-term service contract.

More recently, I added a new phone number and account to my family wireless plan. I wanted it purely for voicemail purposes and didn't need any hardware (in example a phone) to use the account. Nonetheless, I had to sign up for a two year contract, regardless of the fact that I've had this cellular service for a number of years now, and I was sent a new phone, which sits on my desk.

In short, from the perspective of one consumer, the cellular industry appears to have built an elaborate system of additional fees, early termination clauses and hardware purchase requirements, all with the intentional appearance of offering the consumer, me, a deal, while ultimately locking me into a long-term service agreement and making it very difficult and expensive for me to elect to change carriers when a better deal is available somewhere else. As someone who has worked in corporate America for a number of years now, I can imagine that my former employers and current and former clients would love to have this kind of preferential arrangement, but in their industries, this kind of behavior is illegal. I believe it should be illegal in the wireless industry as well.

Thank you.