

# UNITED STATES FEDERAL COMMUNICATIONS COMMISSION

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In the Matter of: )  
TELEPHONE CUSTOMER SERVICE FORUM )  
)

Pages: 1 through 112

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Date: June 9, 2000

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## HERITAGE REPORTING CORPORATION

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Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554

In the Matter of: )  
 )  
TELEPHONE CUSTOMER SERVICE FORUM )  
 )

Commission Meeting Room  
Federal Communications  
Commission  
445 12th Street, S.W.  
Washington, D.C. 20554

Friday,  
June 9, 2000

The parties met, pursuant to the notice of the  
Commission, at 9:13 a.m.

APPEARANCES:

LORRAINE MILLER, Chief, Consumer Information  
Bureau (CIB), FCC  
WILLIAM KENNARD, Chairman, FCC

ROGER GOLDBLATT, Director, Consumer Education  
Office, CIB  
TOM SHIRLEY, CIB  
KAY WALTERS, CIB  
WENDY CHAMBERS, CIB  
STEVE ALLBAKER, CIB  
BRENDA ALTHOFF, CIB

## APPEARANCES (Continued):

NANCY BROCKWAY, Commissioner, New Hampshire  
Public Utilities Commission  
JIM HURT, Director, Consumers Utility Counsel,  
Governor's Office of Consumer Affairs, State of  
Georgia  
SHIRLEY ROOKER, President, Call for Action  
STEPHEN JONES, Director, Bureau Network  
Division, Better Business Bureau  
JEFF KRAMER, Legislative Representative, AARP  
LIZ CRENSHAW, Consumer Reporter, WRC-TV  
KAREN PELTZ-STRAUSS, Deputy Bureau Chief, CIB  
CHARLIE CRAWFORD, Executive Director, American  
Council of the Blind  
MATTIE ROBINSON, Senior Consumer  
CLAUDE STOUT, Executive Director,  
Telecommunications for the Deaf, Inc.  
GLORIA VERDUZCO, Hispanic Consumer  
LORRAINE MILLER  
JOHN GOODMAN, President, e-Satisfy

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P R O C E E D I N G S

(9:13 a.m.)

MS. MILLER: Good morning. Okay, Rich, you can sit down now. Good morning and welcome. Isn't it a beautiful morning outside? We're just delighted to see each and every one of you this morning.

Today our Customer Service Forum is a first for the Federal Communications Commission. In a world where advanced telecommunications services, with broad band, high speed digital services, convergence and wireless technologies and networks are changing the way Americans actually do their business, we are, in a very real sense, having virtual reality and spawning new technologies and services and creating a smaller, a more linked worldwide community.

Given that, the Consumer Information Bureau of the Federal Communications Commission is committed and hopes with this forum this morning that we want to take the -- ask the people who provide the services to our communities to take a moment and stop. Let's evaluate the kind of service delivery we're giving and the effect that it has on the consuming public.

All of us realize that the American public now has come to accept and expect good consumer service. So today we hope to take a critical look together at what we're

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1 doing. Let's highlight the positive and let's work together  
2 to come up with some solutions for the problems we uncover.

3 It is always a pleasure for the Consumer  
4 Information Bureau to have the support and, more  
5 importantly, the presence of our chairman. Ladies and  
6 gentlemen, William E. Kennard, the Chairman of the Federal  
7 Communications Commission. Chairman Kennard.

8 (Applause.)

9 MR. KENNARD: Thank you very much, Lorraine, and  
10 welcome, everyone, to the FCC. I see a lot of familiar  
11 faces. A lot of you have spent a lot of time here before,  
12 and it's good to see you.

13 I woke up this morning and I thought that it was a  
14 very propitious day to have this forum, because I opened The  
15 Washington Post and on the front page is our own Roger  
16 Goldblatt, Director of Consumer Education at the FCC.

17 (Applause.) Where is he? There he is. I tell you, I was  
18 so pleased to see that, and I said, God, that guy is good.  
19 He got a plant on the front page of The Washington Post for  
20 this event. The guy is good.

21 (Laughter.)

22 MR. KENNARD: That's right. I don't think you  
23 need a press person. Well, I think a lot of Roger's  
24 comments in here really sum it up and that is, there are a  
25 lot of angry consumers out there about customer service and

1 misleading advertisements and whatnot. And we wanted to  
2 convene this forum because I know many of you are from  
3 industry and from consumer advocacy groups and we're really  
4 serving the same customer base. And we're all in this  
5 together. I mean, that's what it's really all about.

6           One of the things we're going to talk about here  
7 today is how oftentimes we're dealing with the very same  
8 consumers. That is, they'll call a telephone carrier and  
9 the telephone carrier will just forward the call to the FCC.

10       And Lorraine and I were talking about this yesterday and  
11 how this is becoming quite a problem for us, because  
12 oftentimes, by the time that customer is referred to our  
13 assistance center here at the FCC, we've got one angry  
14 consumer. And Lorraine and I were talking about how to deal  
15 with that, and I said, well, let's just have a button where  
16 we can send them right back.

17           (Laughter.)

18           MR. KENNARD: But we can't do that. But what we  
19 can do is we can work with all of you to improve the way all  
20 of us deal with consumers in this really rapidly changing  
21 environment. What is happening in the world that we live in  
22 of telecommunications is that it's changing so incredibly  
23 fast and we're transitioning from an era of monopoly  
24 regulation to an era of competition.

25           That's a huge challenge for those of us who care

1 about consumer education, because that means that most  
2 consumers who were used to being protected by government in  
3 this area, where they had really one provider and that  
4 provider was highly regulated, now they're having to deal in  
5 a competitive environment, where they have to buy products  
6 and services from multiple providers. They have to sort  
7 through all these confusing calling plans. They are falling  
8 prey to aggressive marketing tactics, oftentimes deceptive  
9 marketing tactics. And they're very vulnerable, because  
10 they're not used to buying telephone services in an area  
11 where they don't have lots of protection from federal and  
12 state regulators.

13 Well, we know we can't go back. We can't go back  
14 to the old monopoly environment, because ultimately,  
15 competition is good for consumers. We want them to have  
16 these choices. We want them to have lower rates and more  
17 innovation and all the good things that competition brings.

18 But we have to arm them with the tools to protect  
19 themselves, and basically, that's information. And that's  
20 what our Consumer Information Bureau is all about. It's  
21 arming consumers with the information they need to make  
22 informed choices in this competitive market place.

23 I'm very, very proud that we've set up the  
24 Consumer Information Bureau under Lorraine's leadership.  
25 It's gotten off to a terrific start. A couple of weeks ago,

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1 I participated in a management retreat. All of Lorraine's  
2 senior managers got together. They left the FCC for a day  
3 to talk about their plans for this Bureau. And I tell you,  
4 there was a tremendous amount of excitement in that room  
5 around the creation of this Bureau and the new tasks that  
6 people have.

7 But we can't be successful alone. We need the  
8 help of industry and our colleagues at the state level and  
9 consumer advocacy groups on the outside to help us pull this  
10 off, and that's what this forum today is all about. I'm  
11 sure it's going to be a successful forum and I'm looking  
12 forward to the feedback that we get from the forum. And if  
13 you can't resolve this issue of, you know, consumer  
14 complaints coming to us from the carriers, Lorraine and I  
15 will sit down and think about that button again that we  
16 might have to implement for the FCC.

17 Well, thank you all for being here and good luck  
18 today.

19 (Applause.)

20 (Whereupon a videotape was shown.)

21 MR. GOLDBLATT: A little dramatization of some  
22 calls that we get. You might recognize some of the voices.  
23 These are recreations of real calls that we got. We didn't  
24 want to put real callers on the spot.

25 One of the things we did during our last forum --

1 and it worked really well -- was explain how we come up with  
2 these ideas for forums, really, based on calls that we get  
3 at our consumer centers, both in Gettysburg and here in the  
4 Portals Building. For this one particularly, we did a  
5 study, which is in your booklets, of a sampling of 1,000-  
6 some-odd complaints that came in during the month of May.  
7 And we have what we call -- they're CAMS, Consumer Advocacy  
8 Mediation Specialists, sitting here, and they'll explain how  
9 we did the survey, how we came up with the results, and give  
10 you another feel for some of the calls that have come in.  
11 So I will start with Tom, Tom Shirley.

12 MR. SHIRLEY: Okay, thank you. Am I on over here?  
13 Oh, there I am. Okay, plenty of feedback.

14 Okay, well, listen, thank you all very much for  
15 coming. We really, really appreciate the chance to speak  
16 with you. And we do want to speak *with* you.

17 How many folks from the carriers are here this  
18 morning? Can we see hands of carriers? Okay, the reason I  
19 ask is because we're from Gettysburg, Pennsylvania, and we  
20 don't know even a lot of the agency folks here. But thank  
21 you, carriers, very much, and everyone else, for coming.

22 It's a great opportunity for us, this forum, for  
23 all of us to exchange some ideas and maybe make ourselves  
24 better able to provide the best customer service possible.  
25 I think if we're in the customer service business, we know

1 that good customer service pays dividends in reduced  
2 complaints and follow-on benefits of reduced overhead,  
3 reduced costs.

4           And by the way, your customers and our customers  
5 are the same. Very often, they're the very, very same  
6 individuals who've called you and then call us. We share  
7 those customers. So what we want to do is to promote  
8 speaking in one voice to those customers. We want to have  
9 you have the same information that we have, so that we can  
10 be level and even when speaking to our shared customers --  
11 make that information the same. And I'll be very frank with  
12 you. We want to sell you our information. We have it on a  
13 special low price of no dollars and zero cents. Please let  
14 us share this information with you.

15           We want to relate to you -- we have a little bit  
16 already -- some things that your customer and our customers  
17 that we share, that we're hearing. And then we'd like to  
18 give you our version of that. We'll do that when some of my  
19 other teammates here, Kay and Wendy and Brenda and Steve,  
20 speak to you. I'm going to be very quick here.

21           And really, believe me, our purpose is not to beat  
22 you up. We don't want to beat you carriers up. We want to  
23 give you some feedback. It's a little rough sometimes, it's  
24 a little outrageous, but please remember, we're just the  
25 messenger. So don't shoot us quite today.

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1           Okay, I want to show you the tools that we use to  
2 talk to our customers. Now, you saw on the video, those are  
3 our people talking to our customers and yours, and I want to  
4 show you very quickly the tool we use to get information  
5 from them and to provide information to them. It includes  
6 their phone numbers, names, addresses, and e-mail addresses  
7 and fax numbers and that kind of thing.

8           I'm on the video with my -- okay, here we go.  
9 Okay, well, there we are, the Federal Communications  
10 Commission Consumer Information Bureau. There's our toll  
11 free number right there, (888) 225-5322. That spells (888)  
12 CALL FCC on your keypad, on your phone keypad. We have a  
13 TTY that's (888) 835-5322 or (888) TELL FCC. Hang on here  
14 and I'll give you a little simulation of what we see when  
15 the customers call us. Okay. There that is again.

16           The application software we use is called Expert  
17 Adviser. It provides the means for our CAMS -- that's  
18 Consumer Advocacy and Mediation Specialist -- that's all of  
19 us -- to record the details of each call. And I don't mean  
20 tape-record. I mean to record in our computers, in our  
21 databases. As you will see, it's a collection of windows  
22 and dialogue boxes. We're going to look at it right now.

23           When a call comes into our consumer center, if the  
24 caller does not have his or her caller ID blocked, we will  
25 automatically get the phone number right there, in the box

1 right here, where you see the phone number. We do have to  
2 ask them for their name. Here the state is actually keyed  
3 to the area code, so that's provided to us right away.

4           And let us say that a caller calls. We begin over  
5 here at level 1, sort of coarse-tuning. And the first few  
6 words out of their mouth, we can tell whether they want to  
7 talk about -- whether they want to get FCC info or forms  
8 that we have for them, or whether they want to talk about  
9 their telephone, as they very often do. In that case, we'll  
10 click on telephone over there and then we get a second level  
11 that provides various different topics under Telephone.

12           In this case, we've set up slamming. And what  
13 we're able to provide to them are some actions they can take  
14 when they get slammed. We give them some guidance on how to  
15 file a complaint. We talk a little bit about sanctions that  
16 have been levied on slammers.

17           Now, here is the information that we can provide  
18 to them. We can mail it to them, fax it or e-mail it. So  
19 this part right here, the name is populated from the earlier  
20 entries and the numbers. So in this case, we're going to  
21 fax this to this person in this example. Or if the person  
22 has an e-mail address, we can fill in their e-mail address  
23 right here and send it to them.

24           We also have an on-line complaint form that we can  
25 help them fill out as they speak to us or they can go onto

1 our Web page and fill out the complaint form themselves.  
2 There's the other part of the complaint form. It's  
3 populated with their phone number, address, name -- that  
4 kind of thing.

5 And then, in this case, you remember it was it was  
6 a slamming case so we've highlighted slamming right here.  
7 We have other things here too that we can highlight. So  
8 onto the next step, and finally we'll come down here and  
9 submit the complaint. And we get quite a lot of automated  
10 processing of a complaint that way.

11 Now, those are the mechanics of how we take a  
12 call. We want to tell you a little bit more about some of  
13 the content of the calls. So Kay, can you give us your  
14 little bit of the program, please? Thank you.

15 MS. WALTERS: Good morning, my name is Kay Walters  
16 and I have worked for the Gettysburg Consumer Center for  
17 four years. I'd like to talk to you today about some of the  
18 calls that I have taken from telephone consumers,  
19 specifically calls from senior citizens.

20 My first telephone consumer was a senior lady who  
21 called and was very, very upset and she was on the verge of  
22 tears. She was very concerned about this new charge, the  
23 \$1.04 from the local exchange carrier. It's called the  
24 PIXIE charge -- Presubscribed Interexchange Carrier charge.  
25 And that's in our Rule 69.153. Basically it is, it says,

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1 if an end user customer does not have a presubscribed  
2 interexchange carrier, that is, a long-distance carrier, the  
3 local exchange carrier may collect the PIXIE directly from  
4 the end user. And the FCC sets a cap of \$1.04 on this  
5 charge.

6 Now, she was on a fixed income of \$450 and she  
7 said she just could not afford this extra charge. She said  
8 she never accepted monetary help from the federal government  
9 or the government at all and didn't want to start, and at  
10 that point, she was just in tears.

11 The caller also stated that the local exchange  
12 carrier said the FCC mandates this charge and she had to  
13 call the FCC to take it off. What I advised the caller was  
14 that the charge was not mandated. I also advised her that  
15 nothing on her local phone bill is mandated by the FCC and  
16 that nothing on her bill goes to the federal government  
17 other than the federal excise tax, which is around 3 percent  
18 of her bill. Otherwise, the phone company keeps the rest of  
19 the money for the upkeep, except maybe local taxes or state  
20 taxes.

21 And I told her I was very sorry, but the FCC could  
22 not take that charge off her bill because we didn't put it  
23 on. I sent her some information through the expert adviser  
24 that Tom told you about, on a Lifeline Program. That's a  
25 program for people on fixed incomes. They go through the

1 local phone company to apply for that. And I also sent her  
2 information about the \$1.04, the access charge information.

3 My suggestions for better customer service would  
4 be for the local exchange carrier to know their bills. They  
5 should know exactly what each charge is for and be prepared  
6 to explain the charges. If the local exchange carrier gives  
7 the correct information out the first time, they don't get  
8 that second call back after they've talked to the FCC and  
9 have learned the actual facts. And always, when someone  
10 calls that's on a fixed income, it's a very good suggestion  
11 if they suggest the Lifeline Program, because usually the  
12 telephone customers, when they call us, are very surprised  
13 there is such a program out there. Most important: empathy  
14 for distressed people. I think we need to appreciate the  
15 situation they are in and try to find them a helping hand  
16 any way we can.

17 My second telephone consumer was an older lady  
18 calling, sobbing so hard I couldn't even understand anything  
19 she was saying. Finally I had to tell her to take a couple  
20 of deep breaths and try to calm down so I could understand.

21 Then she started telling me her story.

22 She had charges on her bill for calls she didn't  
23 make. They were Dial-A-Porn calls, a really high bill, and  
24 they just didn't have the money to pay for them, since they  
25 were on a fixed income, also. She said the local exchange

1 carrier said they just couldn't help her. They only bill  
2 for other companies because the FCC mandates that they do  
3 this. And they demanded payment or at least to set up a  
4 payment plan, or they would disconnect her phone.

5 She said she was caring for her sick husband and  
6 needed the phones to call doctors and maybe even 911 and she  
7 couldn't have her phone disconnected. She said the local  
8 exchange carrier also suggested that she call the long-  
9 distance company that billed her. She called the long-  
10 distance company and they told her they wouldn't take the  
11 charges off because they knew the calls were made from her  
12 home.

13 What I advised the caller was that she could ask  
14 the local exchange carrier to do a branch tap search to see  
15 if their line was tampered with. Also ask the local  
16 exchange carrier if they could recourse the charges back to  
17 the long-distance carrier and ask the local exchange carrier  
18 to block 900 numbers. I also advised that neither the long-  
19 distance company nor the local exchange carrier could  
20 disconnect her for nonpayment of pay-per-call charges, and  
21 this is according to the Communications Act of 1993, Section  
22 228(c)(3). And it states, "A common carrier shall not  
23 disconnect or interrupt a subscriber's local-exchange  
24 telephone service or long-distance telephone service because  
25 of nonpayment of charges for any pay-per-call service." I

1 also suggested the Lifeline Program to her and I sent her  
2 information on the Lifeline Program and consumer tips  
3 information. The consumer tips information is a way to  
4 lower your long-distance bill. I thought maybe it would be  
5 beneficial.

6 I also advised her to call the Federal Trade  
7 Commission, gave her that toll free number, because the FTC  
8 takes information on problem informational calls. My  
9 suggestion for better customer service is, the local  
10 exchange carrier should either tell why they bill for other  
11 companies or at least don't say the FCC mandates they bill  
12 for other companies. The local exchange carrier could have  
13 suggested the branch tap search of her phone line, the  
14 blocking of 900 numbers, and taken an application for the  
15 Lifeline Program. Additionally, empathy for people in  
16 distress. Even though it might have been the 50th, 60th  
17 call, you've got to treat it as if it were the first call of  
18 the day.

19 I've brought information today if anybody cares  
20 for it, on the Lifeline -- not on the program, the Lifeline  
21 information and consumer information regarding tips for  
22 lowering your long-distance bill. If anybody needs that, I  
23 have it here. At this time, I'd like to turn to my  
24 colleague, Wendy, for more examples of calls.

25 MS. CHAMBERS: Good morning. Can everyone hear me

1 all right? Okay, my name is Wendy Chambers and I work in  
2 the Gettysburg Consumer Center. I've answered gazillions of  
3 calls regarding anything and everything. I have talked to a  
4 lot of your telephone customers. I've brought some examples  
5 of the kinds of calls that I have taken day after day for  
6 the last three years.

7           Inaccurate information. We received a call from a  
8 consumer who had been referred to us by her long-distance  
9 telephone company. This caller wanted an explanation of the  
10 federal, state and local surcharges on her bill. She was  
11 told that only the FCC could explain this charge. She was  
12 also told that the carrier generates her bill, sends it to  
13 the FCC, we put on the taxes and surcharges. It then is  
14 returned to the carrier and then sent out to their  
15 customers. And that explains a lot of the delays in the  
16 billing. (Laughter.)

17           We received a call from a consumer who had been  
18 referred to us by her local telephone company. She wanted  
19 an explanation of the charges on her bill. She was told all  
20 the charges on her bill are mandated by the FCC. They  
21 indicated that the FCC slapped these charges on her bill and  
22 the FCC receives the money, and to call us to find out why  
23 we are charging her.

24           I told her the FCC did not put these charges on  
25 her bill. She was very angry and did not believe a word I

1 said, because she said her bill indicated "FCC charge." A  
2 few of us have half jokingly considered telling the callers  
3 to write two checks -- one to the FCC for these supposedly  
4 mandated charges (laughter), and one to the local phone  
5 company.

6 Another charge that is very misunderstood is the  
7 local number portability charge. We have received tens of  
8 thousands of calls from consumers who have been referred by  
9 local telephone companies with either incorrect information  
10 or no information at all. One lady told me her local  
11 carrier told her this charge is authorized by the FCC and it  
12 allows her to keep her phone number even if she moves from  
13 California to New York. I told her, under Rule section  
14 52.33, that the local exchange carriers may recover their  
15 carrier-specific costs directly relating to providing long-  
16 term number portability. So carriers are allowed to recover  
17 the cost of providing portability. They may; they are not  
18 required to do this.

19 High expectations. A call was referred to us by  
20 the local telephone company this time. She wanted an  
21 explanation of the network access charge. We weren't sure  
22 what she meant by that, but she indicated it was \$3.50,  
23 which to us indicated, that was the federal subscriber line  
24 charge. She was told this charge was imposed by the FCC and  
25 to call us to have it waived. We told her, according to

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1 Rule section 69.152(a), a charge shall be assessed upon end  
2 users that subscribe to local exchange telephone service.  
3 However, under subparagraph *m*, it allows for charging less  
4 than the maximum, including 100 percent less or zero.

5 Another caller we had was referred to us by her  
6 long-distance carrier. She had one of those charges on her  
7 bill to Madagascar. She told the phone company she did not  
8 make this call. They said they could not help her.  
9 However, if she called the FCC, we could pull up her bill on  
10 our computer (laughter), we could tell her the phone number  
11 and the company that the number belonged to. And they  
12 recommended that she call this number to have this charge  
13 removed from her bill. We told her, of course, we couldn't  
14 pull up her account on our computers and she probably really  
15 didn't want to call Madagascar, because then another  
16 international call would appear on her bill.

17 We had another call regarding the nonpresubscribed  
18 interexchange carrier charge, otherwise known as the PIXIE.

19 She was told the FCC makes the local company charge this  
20 fee, because she did not have a long-distance carrier. She  
21 was told to call us to find out why she was being punished  
22 for not having a long-distance carrier and demand removal of  
23 this charge.

24 I explained to her, according to the rule section  
25 that Kay indicated earlier, that -- you know, that rule

1 section. After that, she appreciated my explanation and  
2 told me she didn't like this charge but now understood why  
3 it was on her bill. She wondered why the FCC allows  
4 companies to lie to their customers.

5           Improper referrals. We receive many, many calls  
6 from consumers who are very frustrated because they are sent  
7 from one company to another, from one agency to another. We  
8 received a call from a snowbird who wanted to put his  
9 telephone on vacation status during the months he was out of  
10 state. He had been doing this for the last eight years. He  
11 was told this time that there were new FCC regulations that  
12 require him to call the FCC, that only we could put his  
13 phone on vacation service.

14           And for my last example, a lady called regarding  
15 the federal, state and local taxes on her telephone bill.  
16 She had called her local phone company earlier and was  
17 quickly sent to the FCC. I told her I could explain the  
18 federal excise tax. However, I could not help her with her  
19 state and local taxes because they varied, depending on  
20 where she lives. I suggested, why don't we do a conference  
21 call with the local telephone company. So I got them on the  
22 line, identified myself as Wendy from the FCC, and I said I  
23 had one of their customers on the line who had called  
24 earlier about her local and state charges and was referred  
25 to us. And the customer service representative said, oh,

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1 now, that should have never happened. We could explain  
2 those taxes to her.

3 This customer service representative was  
4 outstanding. She explained each tax, the percentage, the  
5 address and a contact phone number where their customers  
6 could call for further information. I thanked the customer  
7 service representative and when we get off the phone, the  
8 customer said to me, why didn't I receive this excellent  
9 customer service the first time I called? Isn't it a shame  
10 to have to escalate to the FCC before good customer service  
11 was achieved? It makes you wonder, doesn't it? Thank you.

12 Now I'd like to -- Steve is next.

13 MR. ALLBAKER: Good morning, my name is Steve  
14 Allbaker (phonetic), and I've answered these kind of calls  
15 for the last four and a half years.

16 My first example is a gentleman who was totally  
17 confused about his phone service. He has two phone lines in  
18 his home, both of which have the same preferred long-  
19 distance carrier. At least that's what he thought until he  
20 received his most recent bills. Calls on his second line  
21 were now being billed by a carrier he neither chose or ever  
22 heard of.

23 He did contact the company and asked them what  
24 they thought they were doing by billing him when he never  
25 authorized it? And their reply was, the other phone company

1     couldn't handle the calls, so they took over. To this he  
2     replied, well, how come they're still handling those calls  
3     on my first line, and he wanted to know what was going on.  
4     Their reply to this question was that they were the same  
5     company and again stated that they were handling his calls  
6     because the other company couldn't.

7             I asked him if he contacted his preferred carrier  
8     and he said he would, but the phone number on the top of  
9     both bills were the same number and he kept getting the same  
10    answer. He also stated that the second company was billing  
11    him at the rate of one-minute call, 75 cents; four-minute  
12    call, 75 cents, while his preferred carrier was charging him  
13    10 cents a minute, which he was happy about. He then asked  
14    me if this was a form of slamming, at which point I couldn't  
15    reply because I was confused about how this was being  
16    handled. (Laughter.) So I sent him information and advised  
17    him to file a complaint with us and we'd look into it and  
18    find out exactly what was going on.

19            My second example was a retired couple who were  
20    totally disgusted with the phone service. They were  
21    contacted by a long-distance carrier about unlimited calls  
22    for a flat rate per month. Since they live in Texas and  
23    have a son who is in his first year at West Point in New  
24    York, they figured it was a good deal. So the caller took  
25    the information and did the verification and everything and

1 told them that the service would be hooked up in  
2 approximately 10 days.

3           After three weeks and still not being hooked up to  
4 this service, they contacted the company and requested that  
5 their order be canceled, since if the company wasn't  
6 reliable enough to hook them up one time, they couldn't be  
7 trusted to handle their calls. So the representative at  
8 this time took their information and stated that he would  
9 have the order canceled. They thought everything was fine  
10 until they received their first bill from this company for  
11 the monthly service charge. At that point again, they  
12 contacted the company and asked them what was going on.

13           The representative did respond that, yes, they  
14 indeed were hooked up to their service. At this point, they  
15 asked them, could you please have the service canceled? And  
16 the representative stated that he would take this complaint  
17 and put this in for a disconnection, but they would probably  
18 be receiving another bill because it's in the next billing  
19 cycle. So they then contacted their previous carrier and  
20 requested reconnection to them and also contacted their  
21 local phone company about verification for the reconnection,  
22 which was done on April 17.

23           On May 1, they did pay the unwanted company's  
24 bill, but then on May 10, they received a nonpayment notice  
25 from this company, which stated that unless the bill was

1 paid by May 16, they would be turned over to a collection  
2 agency. So after all this frustrating information and  
3 everything, they keep calling back, they keep getting placed  
4 to another location, all around the U.S. They never get to  
5 talk to the same individual. And most recently what has  
6 happened is they're being transferred to an automated system  
7 which puts them into different locations and everything, and  
8 it helps them not at all because it always asks them for a  
9 PIN number, which they don't have because this company never  
10 actually was their company.

11 And so far they've done this for eight times. And  
12 the end result of this, they're now visiting their son in  
13 New York, because he's concerned about what this is doing to  
14 their health, because the husband has a heart condition and  
15 the wife does have seizures. And I told them about the  
16 possibility that their payment and the nonpayment notice may  
17 have crossed in the mail, so that may take care of itself,  
18 but keep trying to resolve this with the company.

19 But the thing of it is, the problem could have  
20 been eliminated right from the start if the first  
21 representative that took the cancellation notice would have  
22 advised them to contact their local phone company, that  
23 there may have been a request for a change in service. And  
24 they could have put a PIC-freeze on at that time and that  
25 would have eliminated the whole problem from there on.

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1           And that's the end of my stories, and I'll give  
2 you to Brenda.

3           MS. ALTHOFF: Good morning. I'm going to cover  
4 disclosing and disseminating correct information. We  
5 received a call from a customer asking for a definition of  
6 the access and universal charges on their phone bill. The  
7 phone company gave a definition that the charges were  
8 mandated by the FCC and given to the FCC to support their  
9 cost-of-living raises in January. (Laughter.) So I thought  
10 if this was the case, that now would be a good time to ask  
11 for the raise for next year. (Laughter.)

12           We received a call from a lady asking the phone  
13 company to explain a charge on her bill. The representative  
14 stated, she could not help her. She refused to give her  
15 name and would not transfer the lady to a supervisor. The  
16 representative then put her on hold. She was on hold for  
17 approximately 10 minutes and was finally connected to what  
18 she thought was another department. This was actually a  
19 blind transfer, where she was then transferred to a  
20 pornographic number by the representative.

21           We had another customer tell us that his wait time  
22 to get into the service department of a major carrier to  
23 release his blocked line back to his preferred carrier was  
24 three hours. He put the call on conference until he finally  
25 got through.

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1           My next caller was from a mother whose children  
2 were in college. She set up a calling card so her children  
3 could keep in touch, and at that time, the rate was 25 cents  
4 per minute and she had the card for several years. She  
5 recently received a phone bill amounting to \$400. She  
6 immediately got on the phone with the carrier and was told  
7 that she was put on a different calling plan and rate. It  
8 was \$1.25 each time she connected with the card and 97 cents  
9 per minute.

10           She asked the representative why she was not  
11 informed of the increase and the representative told her  
12 that because her billing statement was from the local  
13 exchange carrier, that they, the long distance company, were  
14 unable to disclose rate information because of privacy. The  
15 only privacy issues we are aware of are the customer  
16 proprietary network information, which was enacted under the  
17 Telecommunications Act, section 702, and state that,  
18 "Nothing in this section prohibits a telecommunications  
19 carrier from using, disclosing or permitting access to  
20 customer proprietary network information obtained from its  
21 customers, either directly or indirectly, through its agents  
22 to initiate, render, bill and collect for telecommunications  
23 services." So the rate information may be disclosed.

24           The last subject that I would like to cover is  
25 broken promises. I received a call and this was my call

1 last week from a man who was close to tears, and I don't  
2 know if you've ever taken a call where you've had a person  
3 that's so distraught, pleading for help. He was a minority  
4 small businessman with seven children. He opened a small  
5 automotive shop last September, and at that time, he set up  
6 two lines with his local exchange carrier. One number had  
7 long-distance, the other did not. The second line was for  
8 his fax and computer.

9 His average long-distance amounted to \$10, so in  
10 May of this year, he disconnected the long distance on his  
11 first line. In April of this year, he received a long  
12 distance bill for the second line, which had his fax and  
13 computer, which had no long distance, totalling \$2,700.  
14 Before this date, no long-distance charges were ever  
15 received.

16 The next day, he placed a call to the long-  
17 distance company. The representative told him that the  
18 second number was listed under a different name and  
19 different social security number and the representative  
20 would be sure to correct the name and social security number  
21 on this account. The long-distance provider advised him to  
22 call his local exchange carrier, so a call was placed to the  
23 local exchange carrier the next day and the order was placed  
24 again to cancel all long-distance.

25 A three-way conversation was placed by the local

1 exchange carrier to settle this dispute. The long-distance  
2 representative informed her supervisor and stated that the  
3 problem would be corrected. She assured him that the  
4 problem would be corrected and if -- to call within 30 days  
5 if the problem did persist. She gave him her name and phone  
6 number.

7 At the end of April, he received a second bill,  
8 totaling \$10,000. The summary of charges presents him as  
9 placing calls throughout the United States, seven days a  
10 week, on a 24-hour basis. He immediately tried to contact  
11 John or Jane Doe, the person who gave her name and number to  
12 him, and was told that no one with that name worked at that  
13 number.

14 He talked with several supervisors and was then  
15 told the bill must be paid. In May, he received a third  
16 bill, totaling \$23,000. This is a true case. It's a real  
17 horror story. The point here is that there were a lot of  
18 promises that were broken.

19 I'd now like to turn this over to Tom Shirley to  
20 add some closing remarks.

21 MR. SHIRLEY: Okay, I don't really have anything  
22 further, Roger, so go ahead, please.

23 MR. GOLDBLATT: Thanks. Thank you all. We're now  
24 going to have a panel -- you would think that we get all the  
25 complaints about customer service and telephone companies.

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1 Our next panel are other consumer groups or organizations  
2 and they're going to tell their experiences, as well. So  
3 why doesn't the next group come up, please? Have some  
4 coffee.

5 By the way, if the FCC was really getting all that  
6 money, we'd probably have bagels at that table. (Laughter.)

7 Okay, I'm going to ask each person to introduce  
8 themselves and tell the organization they're from before  
9 they go into their little stories. So why don't we start  
10 with Nancy Brockway?

11 MS. BROCKWAY: Good morning, my name is Nancy  
12 Brockway. I'm a commissioner with the New Hampshire Public  
13 Utilities Commission and I don't have the same kind of  
14 specific anecdotes to relate, although I can tell you that  
15 from nine years working as a legal services attorney and  
16 nine or ten years -- eight years working as a staff member  
17 in various public utility commissions and now for a couple  
18 of years as a commissioner in New Hampshire, everything that  
19 we heard this morning are the same types of complaints that  
20 state commissions get. And these are the types of problems  
21 that consumers face when they're trying to navigate their  
22 way through what is an increasingly complicated maze of  
23 regulations, numbers of companies they have to deal with,  
24 and changing situations.

25 I want to start by applauding the Federal

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1 Communications Commission for their expanded response in  
2 recent years to consumer complaints. I remember when I was  
3 a legal services attorney back along, we would try, as  
4 attorneys, to call the FCC and get help for our clients with  
5 an interstate bill and we couldn't get through as attorneys.  
6 And there were very rigid requirements about filing  
7 complaints in writing. You couldn't talk to anybody on the  
8 telephone. It seemed as if it was extremely bureaucratic,  
9 and not intentionally, but effectively designed to keep  
10 anybody from bothering the FCC with their consumer  
11 complaints.

12 And so the states had an unfunded mandate, if you  
13 will, to clean up whatever messes there were. But we didn't  
14 have the jurisdiction. This is changing and it's changing  
15 rapidly and for the better. These calling centers that the  
16 FCC has created and the increased cooperation between the  
17 federal government and state commissions to try to handle  
18 these problems is a very welcome sign. And I think has  
19 already led to great improvements in the quality of  
20 governmental response to consumers' problems.

21 I want to mention that the CIB, Consumer  
22 Information Bureau, of the FCC has been participating  
23 actively in the new Consumer Affairs Committee of the  
24 National Association of Regulatory Utility Commissioners and  
25 we are grateful for this institutional cooperation. We

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1 exchange ideas. It has led, for example, to a recent  
2 delegation of authority by the Federal Communications  
3 Commission to the states to deal with slamming complaints.  
4 And slamming complaints have been among the most difficult  
5 for consumers to understand.

6 I remember, again, when I was representing  
7 individual consumers that it was this business of being lied  
8 to or betrayed, more even than the money that was at stake,  
9 that motivated people to try to make their way through the  
10 bureaucracy to get justice. As we move to a more  
11 competitive world, we get more and more of these types of  
12 problems, confusion, lack of understanding of how the new  
13 system works, and then the bad apple that spoils it for  
14 everybody.

15 Sometimes the bad apple is not just a little fly-  
16 by-night. Sometimes the bad apples are very large and well-  
17 respected companies, and the irony is that as we're moving  
18 to a system where competition is supposed to police various  
19 aspects of the business and provide higher quality service  
20 and lower rates, we're ending up with state commissions and  
21 the FCC needing to do more enforcement and more consumer  
22 education and more complaint mediation.

23 Jim Berg of the South Dakota Commission reported  
24 recently that they've had to triple the size of their  
25 customer assistance or consumer division because of the

1 number of inquiries that they're getting.

2 Another development I'd like to report on is that  
3 states are now cooperating amongst ourselves. We recently  
4 had a problem with a major, very well respected utility and  
5 all the six New England states got together and we brought  
6 representatives of this telecom company in and sat them  
7 down, because we had compared notes and all of us were  
8 experiencing the same problems of that company's left hand  
9 not knowing what the right hand was doing and the customer  
10 falling between the cracks. And the most difficult,  
11 terrible thing of all, of course, was that they didn't give  
12 us any respect. It's one thing for them to "dis" the  
13 customer, but when they were "dissing" us, that really got  
14 us going.

15 And I'm being facetious, but it indicates that  
16 there was no fear on the part of that company that any kind  
17 of disrespect that they were showing to the consumer or to  
18 us was going to come back to haunt them. Well, we all got  
19 them together in one room together and at least for  
20 residential customers, the turn-around time on their  
21 internal dealings with complaints has dropped dramatically.

22 So this kind of cooperation across states, between the  
23 state and the federal government, is essential and it's very  
24 useful.

25 I just want to end by saying that because the

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1 Federal Communications Commission is increasingly seeing the  
2 network as a seamless loop from the customer's premises  
3 through to whomever they call and back -- and in some ways  
4 that's justified, and in any event, in many cases, the  
5 Federal Communications Commission has been upheld in its  
6 assertion of this jurisdiction of seeing this as an  
7 interstate network -- well, with that assertion of  
8 jurisdiction over the rates comes the responsibility that  
9 the former panel has expressed of responding to consumers'  
10 complaints. And we at the state level will continue to work  
11 very closely with the FCC to help them in their response and  
12 to receive help from them in dealing with customer  
13 complaints that come to us.

14 We see ourselves, despite the large number of  
15 complaints that go to the FCC, we see ourselves as a first  
16 line of defense for consumers and hope to continue this  
17 cooperative relationship that we have with the Federal  
18 Communications Commission and thank them for this forum.

19 MR. GOLDBLATT: Thanks, Nancy. What we want to do  
20 is show that when we do things in Washington, there are  
21 other states, other areas of the country, that hear the same  
22 thing. We want to bring them in, because a lot of our  
23 consumer problems are obviously shared by all over.

24 The next person, Jim Hurt, from Georgia.

25 MR. HURT: I'm Jim Hurt. I'm the public advocate

1 in the state of Georgia. I represent the residential and  
2 small business customers as classes in any legal proceedings  
3 involving the telephone, where we think that they have a  
4 direct interest.

5 I'm going to bypass the unfair and deceptive,  
6 misleading practices this morning. I think those were to be  
7 expected as we moved toward competition and no one should  
8 have been surprised that such things as slamming and  
9 cramming and so forth occurred.

10 Otherwise, I think that there are three forces  
11 right now that are diminishing what we think of as  
12 traditional customer service. And those forces are  
13 competition, competition and competition. First,  
14 competition for larger customers, the large business  
15 customers, is creating a tendency in the companies to  
16 provide better service for them at the expense of  
17 residential and small business customers. I spoke earlier  
18 this week with Commissioner Wise (phonetic) with the Georgia  
19 Commission and he affirmed for me that he had also discerned  
20 a clear pattern on this.

21 Second, the laws of corporate behavior in a  
22 competitive situation. The loss by the RBOCs of large  
23 customers creates pressure to replace lost revenues with  
24 vertical services. And I think as a result of that, we're  
25 seeing increases in the cost of vertical services. We're

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1 also seeing vertical services that are being rolled out too  
2 quickly before they're really ready to be used. And then,  
3 when the glitches occur, that engenders a lot of service  
4 complaints about those vertical services.

5           And third, the smaller companies are following  
6 suit in a competitive environment, simply because they can,  
7 raising the costs of vertical services, such as directory  
8 assistance and trying to meet public demand for other  
9 vertical services, particularly the more trendy ones, which  
10 also tend to be the ones that have more glitches in them at  
11 this point.

12           I have an anecdote. It is a personal anecdote.  
13 It occurred with me at my home, my telephone service. We  
14 would notice that the telephone would be on in the middle of  
15 the night. We have one of those lights that tells you when  
16 the phone is being used, and I would pick it up to find out  
17 what was going on and we would hear someone speaking in an  
18 African dialect and these calls would go on for quite a long  
19 time. And the African dialect later turned out to be that  
20 calls were going from Atlanta to Gambia.

21           The bills, eventually amounting to more than  
22 \$1,200, accumulated on my telephone bill for this. And we  
23 had to have six visits by the telephone company to our home.

24           And we went for four months, trying to get these charges  
25 off of the bill and they kept coming back every month. Now,

1 I did not go through regular channels in trying to clear  
2 this up. I have channels that I can use --

3 (Laughter.)

4 MR. HURT: -- and so that, of course, raises the  
5 queen question. If the state representative, the officially  
6 sanctioned representative of consumers in the state of  
7 Georgia, has this much difficulty with this problem, what in  
8 the world is happening to "Joe Six-Pack" out there when he  
9 has a problem?

10 I think the queen question at this point is, will  
11 competition eventually correct these problems, or will  
12 regular customers just have to accept the shortcomings in  
13 traditional customer service? And the answer for me, and  
14 certainly this is an opinion, is that in our rush to create  
15 competitive markets with a multitude of business players, we  
16 have forgotten that telecommunications were regulated not  
17 only because they were of monopoly status, but also because  
18 of their essential nature to our way of life.

19 I would suggest that close monitoring of service  
20 complaints at this point, closer monitoring, is appropriate  
21 and that we not be so ideologically bound to competition  
22 that we rule out any possible tougher reregulation of the  
23 service aspects of the telecommunications industry. Thank  
24 you.

25 MR. GOLDBLATT: Thank you. Our next speaker --

1 I'm sure many of you turn on the radio once in a while, you  
2 might have heard Shirley Rooker from Call for Action.

3 MS. ROOKER: And if they haven't, you should.

4 (Laughter.)

5 MS. ROOKER: Our number is 1500 AM. You can even  
6 get us over the Internet, actually. Thank you very much,  
7 Roger, and thank the FCC for holding this very important  
8 discussion this morning.

9 Briefly, Call for Action is a nonprofit  
10 organization that starts partnerships with radio and  
11 television stations. We have 24 offices around the country.  
12 We're about to open three more. We have over 1,200  
13 volunteers who deal with hundreds of thousands of consumer  
14 complaints each year. We reach about 40 million consumers  
15 with a network of Call for Action reporters that work with  
16 us. So we hear from a lot of consumers.

17 Now, I will tell you that when I started going  
18 back and started looking at some of the types of complaints,  
19 not only did we find that the telephone industry gets a lot  
20 of complaints, but we're seeing a lot of customer service  
21 complaints across the board. But I will focus primarily on  
22 customer service.

23 I'm not going to try to tell you about the  
24 complaints that we get, because I think the CIB  
25 representatives very eloquently expressed to you the

1 concerns and problems that we have sometimes in getting  
2 correct information in a timely fashion.

3           But I would like to focus instead on a study that  
4 I think is a very compelling reason. It's a study that  
5 should be brought to the attention of all companies, no  
6 matter what your business or what service you offer. And  
7 always, when I listen to our customer complaints, it makes  
8 me think, is customer service an oxymoron? And certainly  
9 some of our consumers, our callers, would tell you it is.

10           But going back to the study, there was a study  
11 commissioned by the Society of Consumer Affairs  
12 Professionals in Business. It's not a new study -- I mean,  
13 it's a new study, but it just reaffirmed studies that have  
14 been done in the past. And what it revealed was that  
15 customers come back to businesses, not because of pricing  
16 and merchandise, as you might have guessed, but because of  
17 how well the company treats its customers. Now that's  
18 something that all telephone companies should keep in mind.

19           The study found that there was a direct  
20 correlation between buying intent and a customer's  
21 experience with a company's consumer affairs department. In  
22 fact, the study discovered that when consumers were  
23 satisfied with the way a company had handled their  
24 complaint, they became more loyal than customers who had  
25 never had complaints to begin with, which is really a very

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1 interesting revelation. It's kind of converse to what we  
2 might have expected. You've had a problem, but because the  
3 company satisfied it, that customer became even more loyal.

4 But there was a word of warning there that should  
5 be issued to companies that use 800 numbers to handle  
6 consumer complaints. If it isn't user friendly, customers  
7 are likely to hang up and take their business elsewhere. If  
8 an automated 800 number gives consumers a long list of  
9 options without the ability to speak to a human being in a  
10 short period of time, the customer is going to walk.

11 So this study should really serve as a guide for  
12 businesses: Take care of your customers and they'll come  
13 back to you. So given this evidence, it seems to make good  
14 sense that businesses would provide excellent customer  
15 service. Now, I believe there are a number of reasons that  
16 consumers are experiencing frustration in dealing with it.  
17 I think that the two preceding speakers have hit on some  
18 issues, but let me just add some thoughts to it.

19 First off, I think automation is -- I hate going  
20 into "voice-mail hell." I hate going into selections of  
21 menus where there are six, eight, nine choices and I've  
22 forgotten the first four before I get to number five. You  
23 know, this drives consumers nuts, I will tell you. So I  
24 find that sometimes technology gets in the way of service.  
25 But whether it's perception or reality, the consumers that

1 we hear from think companies are not interested in helping  
2 them. They find that technology gets in the way. They want  
3 to pick up the phone and hear a voice, hear someone there to  
4 help them.

5 I think that's one of the reasons so many people  
6 contact Call for Action, because we don't have an answering  
7 service. They get to us directly.

8 Secondly, consumers complain because they're on  
9 the phone for too long. They're being put on hold and  
10 they're angry.

11 And then third, consumers are irate when they  
12 can't get back to the same individual that they've talked to  
13 before and they have to repeat the story. Now, those are  
14 some of the things that we've seen. As I said, I'm not  
15 going into my consumer complaints, but I will tell you, I  
16 think there are opportunities for all of us to improve the  
17 way customer service is handled and I think the key element  
18 -- and let me repeat it -- the key element is training,  
19 because information dispensed to consumers needs to be  
20 accurate. Thank you.

21 MR. GOLDBLATT: Thank you, Shirley. When we set  
22 up this panel, we were trying to think, well, before there  
23 were consumer offices, who did people complain to, and  
24 somebody said, Better Business Bureau, and we said, hmm. So  
25 now, from the Council of Better Business Bureaus, Stephen

1 Jones.

2 MR. JONES: Thank you. My name is Stephen Jones.

3 I'm with the Council of Better Business Bureaus, which is  
4 the headquarters or umbrella organization for the 132 or so  
5 Better Business Bureaus in the U.S. and 15 in Canada. We  
6 were the people that people went to to complain and we are  
7 the people that people go to to complain about telephones.

8 I'm very pleased to be here today. Two ideas have  
9 come to me that we can do to really facilitate our complaint  
10 handling. One, we're going to get a button to press so that  
11 we can transfer all the calls to the FCC.

12 (Laughter.)

13 MR. JONES: And the second was, we plan to impose  
14 a confiscatory tax on most phone bills so that it will cover  
15 our phone bills themselves, which are excessive. As I said,  
16 there are 132 BBBs in the United States and we often rank  
17 complaints by the nature of the business. We have 1,059  
18 different types of businesses categorized and for 1999, the  
19 telephone companies, not cellular equipment, just plain  
20 telephone companies, ranked number nine among the 1,059  
21 complaint categories. They were tucked cozily between work-  
22 at-home schemes and used car salesmen. Not to suggest that  
23 the phone companies are in that class of business or class  
24 of salespeople, but I would also point out that for the year  
25 2000, the first quarter, the number one complaint category

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1 has been cellular telephones. That's not including the  
2 others, the regular telephones and long-distance carriers,  
3 which if all ranked together, would be higher than eighth,  
4 for sure.

5 The increase for '99 in cellular complaints alone  
6 has been -- I'm sorry, 2000 -- it's over 400 percent over  
7 1999. So something must be going wrong or business is  
8 certainly burgeoning, which naturally brings complaints.

9 I don't mean to overdramatize the position of the  
10 phone companies with complaints. In universally used public  
11 utilities like telephones, these always expect to get large  
12 numbers of complaints, just because there's a huge number of  
13 customers.

14 Nevertheless, our complaint statistics and from  
15 the complaint statistics and from conversations I had with  
16 Better Business Bureau staff and CEOs in preparation for  
17 this forum, it became clear that there are new problems with  
18 telephone service that have arisen since deregulation, and  
19 that the number is growing and that it can be quite serious.

20 We think that's in part -- and I guess we agree  
21 with the other speakers -- that it's at least in part  
22 because of the change in the nature of the business and the  
23 growth in competition and products.

24 Generally, the complaints we get at the BBB are on  
25 wireless and regular phones, break down into two main

1 service categories -- billing and the quality of service.  
2 The alleged errors in billing have continued to be the most  
3 common area of consumer dissatisfaction as expressed to the  
4 BBB. The problems are magnified and complicated by two  
5 factors. One is the deregulation of the phone system,  
6 causing these incredibly long and fat telephone bills that  
7 are so complicated that most folks -- and I'm not saying  
8 just slack-jawed yokels, we're talking most folks, whether  
9 they be geniuses or rocket scientists -- have trouble  
10 understanding the bills. And when they do, they come to the  
11 Better Business Bureau and others -- but they come to us in  
12 large numbers.

13           The second aspect of billing problems is that even  
14 when customers do understand their bills, and especially  
15 when they do understand the bills, they believe that they've  
16 been mischarged, that there are mistakes in the bills. BBBs  
17 report that typically complaints allege being charged for  
18 calls not made or charged for services that have been  
19 canceled, as has been very wonderfully told about earlier.

20           This billing mess is exacerbated by the continued  
21 problems with slamming and cramming. BBBs across the  
22 country still regularly get complaints from consumers who  
23 are unaware that their long-distance carrier had been  
24 changed or that they had "signed up" for another service  
25 they never intended to buy.

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1           Which brings me to the second area of frequent  
2 complaint, which is service. The BBB -- as a rule, we tell  
3 people who complain to us, we ask them if they have already  
4 contacted the company to present their complaint and we ask  
5 that they do that before they come to us for help in  
6 presenting a complaint. Well, it turns out that one of the  
7 things most complained of to the BBB is the difficulty  
8 customers have getting through to somebody, a living person  
9 at their phone company, someone who can help them resolve  
10 their problems.

11           Time and again, we've expressed -- consumers have  
12 expressed frustration at their inability to navigate the  
13 voice response menus, as Shirley and others said.  
14 Complaints report that when they get hold of an actual phone  
15 company employee, the person cannot or will not help them,  
16 shunts them to another department, still another menu.  
17 Complainants report that when they do get a service rep,  
18 they are frequently brusque, rude and unhelpful.  
19 Complainants to BBB on cellular phone services have also  
20 claimed the representatives will make promises that they do  
21 not keep, for example, changing billing plans or termination  
22 of a service, and thus requiring repeated attempts to  
23 straighten things out with the company and calls to the  
24 Better Business Bureau.

25           Several bureaus report complaints to the effect

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1 that phone company staff would refuse to transfer complaint  
2 calls to the supervisor or refuse to identify themselves or  
3 their supervisors. This is very frustrating to consumers  
4 and they express their frustration to us. It genders some  
5 really ill will towards the phone companies. And it helps  
6 nobody.

7           Sometimes when consumers complain to the billing  
8 phone company about being crammed or slammed, the companies  
9 say they are helpless, as has been said before, or other  
10 even more inventive excuses, such as that they cannot keep  
11 fraudulent long-distance switchers or people signing people  
12 up, off of their bills. Now, there might be a truth in  
13 that, but it's certainly cold comfort to the customers who  
14 promptly and continually see the phone company as complicit  
15 in the scam.

16           We've also received complaints alleging long  
17 periods on hold, being sold one plan and signed up for  
18 another plan, these kinds of things that have been  
19 enumerated here today better than I can do.

20           But one thing I can tell you about is the Better  
21 Business Bureau experience with presenting complaints, and  
22 it's like the consumers'. Not surprisingly, their  
23 complaints mimic the complaints we hear from consumers.  
24 It's very difficult to get through to phone companies --  
25 sometimes, to get through to the right people at phone

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1 companies. It's hard for the Better Business Bureau to do,  
2 even though we've had a relationship with the phone  
3 companies in handling complaints for 75 years.

4 A number of unscientific conclusions that some  
5 Better Business CEOs have drawn and told to me -- I'd just  
6 like to report a couple of sort of anecdotes here. One  
7 Bureau noted that they get phone complaints from both big  
8 companies and small companies -- start-ups. They get  
9 complaints from old companies and they get complaints from  
10 new companies, but it's been their experience, at least some  
11 Better Business Bureaus, that the older and larger companies  
12 will handle the complaints in time, while the ones in the  
13 smaller start-up companies tend to fall through the cracks,  
14 perhaps because of lack of resources. We don't know for  
15 sure.

16 But they've also said that, for example, one  
17 large, regional phone company, one of the Baby Bells, I  
18 guess it probably was, when people complained to the Better  
19 Business Bureau, and they do by the hundreds, they had, the  
20 Better Business Bureau had a great deal of difficulty in  
21 reaching the right person to contact to fix the problem. It  
22 ends up that it took an average of two months to get a  
23 complaint resolved when the Better Business Bureau is  
24 working on it. And that's certainly not a satisfactory way  
25 of handling complaints.

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1           It probably is the belief of the Better Business  
2 Bureau in some of these cases that the company simply does  
3 not put the resources into handling complaints, but they're  
4 putting the resources into new products and new services.

5           We still do receive reports on sales tactics. We  
6 receive them particularly on the people who get slammed and  
7 crammed. It happens despite the assurances that we keep  
8 hearing that this is a problem that's being addressed and is  
9 over. It's typical at BBBs across the country.

10           We will say that most phone companies that we deal  
11 with give good service and also are prompt in fixing the  
12 complaints. But the problem does not seem to be going away  
13 and it seems to be getting worse among the phone companies  
14 and the phone service providers. And we are there, as the  
15 Better Business Bureau, to help and are ready, willing and  
16 able to work with communications companies to improve  
17 complaint resolution and increase customer satisfaction.  
18 Thanks.

19           MR. GOLDBLATT: Thank you. The next consumer  
20 group we thought would be represented is -- I don't know  
21 about many of you, but as many of us get closer to a magic  
22 number which keeps getting lower and lower, we get cards in  
23 the mail to join a certain major organization, AARP, which  
24 now, I guess, is lowered down to 50. I think it's one of  
25 the largest consumer organizations in the country now, isn't

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1 it, Jeff?

2 MR. KRAMER: I believe so, yes. Thank you, Roger.

3 I'm Jeff Kramer. I'm a legislative representative in  
4 federal affairs at AARP. It's a pleasure to be here today.

5 I want to thank the Commission for inviting AARP to  
6 participate. And I also want to commend the Consumer  
7 Information Bureau for being an essential link to the  
8 consumer community. It's really nice to have a link between  
9 consumers and the Commission, which heretofore was  
10 nonexistent. So I want to thank you for that.

11 I don't think anything I'm going to say today is  
12 news, but hopefully we'll bring it to you in an AARP-type  
13 perspective. Certainly the reason we gave for a lot of the  
14 complaints from consumers is because they feel that they're  
15 getting the runaround, they can't get a live person, and  
16 we've heard that a number of times. And I think it's  
17 important to point out that what makes this more frustrating  
18 for our members is that, unlike other industries where you  
19 can go to a store and talk to a live sales representative or  
20 talk to someone when you make a lot of other retail  
21 purchases, with phone service you can't. You're talking on  
22 the phone. And so they move you around and transfer you  
23 around, that's the only option you have.

24 You know, unlike years past, when you could go to  
25 a phone company and pay your bill and talk to a consumer

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1 representative, a lot of those offices are no longer in  
2 existence, so consumers have to rely on that. And for our  
3 members, that becomes very, very frustrating when you're  
4 pushed around.

5 I also want to point out, I think -- and I've  
6 mentioned this at some other forums when I talk about other  
7 issues related to telecommunication -- is good customer  
8 service is good for the carriers, too, specifically for  
9 AARPs' members. As competition has started to develop in  
10 the telecommunications industry and it's thriving in a lot  
11 of areas, our members are starting to get into it. More and  
12 more are on the Internet, more and more are buying wireless  
13 phones, more and more are getting advanced services  
14 regarding long distance or local service.

15 But a lot of them are -- when they do start to do  
16 that and find that they have bad experiences -- are saying,  
17 no, no more, I'm just going back to what I have, keep me  
18 away from all of this. So it's in the carrier's best  
19 interest, really, to deal with these consumers and try to  
20 handle their complaints as expeditiously as possible.

21 With that said, I want to mention that, you know,  
22 again, AARP gets complaints from members, but we're  
23 certainly not the first line, I don't think. I think by the  
24 time someone gets to call AARP or e-mail AARP or, you know,  
25 write AARP, that they've talked to someone else about it and

1 their complaint hasn't been resolved.

2           Still, in 1998, we got 178 communications from  
3 members regarding customer service in telephone service. In  
4 1999, it doubled to 346, so just in a year, we got a whole  
5 different amount. And if 2000 is an indicator, in the first  
6 five months we've gotten a whole bunch of them. In fact,  
7 the ones I'm going to point out today were just received in  
8 the month of May. And that's where I'm going to go. I'm  
9 going to quickly go through some examples which I think  
10 provide a range of the kind of complaints we get from our  
11 members looking for assistance.

12           We have one who says they called their company --  
13 they're on a fixed income, like we've heard from the  
14 Gettysburg Center, and they're really concerned about a lot  
15 of the line item charges that are on their bills and what to  
16 do about them. So they called their carrier to see if they  
17 could have it waived. They got no clear answer and were  
18 told to call the county and were told that the county -- and  
19 this was after, they said parenthetically, after they had  
20 gone through the voice-mail system and all of that and it  
21 had taken a while to get to a live person.

22           They called the county who, of course, had no idea  
23 what they were talking about, and sent them back to AT&T.  
24 Anyway, the bottom line is, this took months and months to  
25 resolve the complaint. And again, these people were very

1 frustrated -- and obviously, the charges were not waived --  
2 but before they could even get an answer, it was quite a bit  
3 of time.

4 I have a customer, a member of ours, who's looking  
5 for cellular service and talked to a customer service  
6 representative of a company, explained what that person's  
7 needs were. He said he didn't need it for much, he was just  
8 going on a trip, he wanted to have something for emergency  
9 purposes. He spent a lot of time with this customer service  
10 representative. He went on the road, hardly used his phone.  
11 He came back and got a bill of \$672 and tried to call this  
12 person to find out what was going on. And he said, well,  
13 this is the service you signed up for.

14 And the reason I bring this up is not for the  
15 amount as much as, here's a consumer who spent time talking  
16 to the customer service representative, asking for something  
17 specific, and I'm sure the plan he asked for was not, you  
18 know, \$672 worth of services. He just wanted to use it for  
19 emergency purposes. Again, one of the things I'm going to  
20 get to is the fact that I think the carriers need to get to  
21 know their customers.

22 Here's another one again from last month. It  
23 says, "Dear AARP, Please help me," is the first line. "This  
24 company is trying to collect money from me and I've never  
25 used their services and each month the costs keep

1 escalating." And this person has never even, you know,  
2 signed on to the service. I'm not going to go into the  
3 details of it, but there are a number of follow-up letters  
4 to a number of different agencies and as of yet, and I  
5 called yesterday, this hadn't been resolved yet. So this  
6 person continues to get higher and higher bills for a  
7 service they claim they never had.

8 Another here, an 85-year-old person who is an AARP  
9 member just discovered that they'd been paying \$5 a month to  
10 lease their phone since 1970. So for 30 years, they've been  
11 leasing their phones. The consumer says they weren't  
12 notified during deregulation that they no longer needed to  
13 lease their phone and they called the carrier to see what  
14 could be done. Well, the carrier did terminate the  
15 contract. This consumer was going into -- they would like a  
16 bigger refund. But the point I'm making here is, again,  
17 maybe what the carriers need to do is look at their records  
18 and say, boy, we have a whole list of people who are leasing  
19 their phones. Perhaps we should send something to them,  
20 letting them know that they don't have to pay \$4.95 a month,  
21 they can go out and buy a phone for a whole lot less and not  
22 have to, you know, continue to lease this phone for all  
23 these years.

24 And the final one I have is, again, one where it's  
25 a daughter of one of our members who is in ill health, who

1 had their phone service terminated. And the mother was  
2 afraid to tell anyone, but they obviously couldn't get a  
3 hold of her. They were told it was done for nonpayment.  
4 Now, this person doesn't understand why, because she had  
5 been paying the bills. Though they weren't coming to her,  
6 she thought she'd been paying the bills.

7           Anyway, she talked to the phone company, said, we  
8 need to restore the service, send the bills to me. This was  
9 in February she made the call, the service was supposed to  
10 be restored that next week. It was into April before the  
11 service was restored. So this older woman was without  
12 service for literally three months for nonpayment of a bill  
13 that the company later admitted was actually paid on time.

14           So these are the kinds of complaints we're getting  
15 from people. You know, it runs the gamut. So what do we  
16 do? You know, obviously AARP wants to work with the  
17 companies, work with the carriers, make sure that the  
18 information that they need to get is getting out to our  
19 members.

20           Some of the things I would bring up and I think  
21 people have mentioned it, one of them is a working phone  
22 number. And by working phone number, it means a phone  
23 number where maybe a senior can call to get someone  
24 directly. They don't have to go through, you know, a whole  
25 voice-mail system. They can actually talk to someone who

1 can deal with senior interests on the phone. That's very  
2 important.

3           What's even more important is, if they're calling  
4 with a customer service complaint or a customer service  
5 issue, that there not be a marketing person trying to sell  
6 them additional services or tell them, you know, this is  
7 what you need to do. You know, most of our members are  
8 pretty savvy and if they want an additional service, they'll  
9 make that call or they'll tell the customer service rep,  
10 well, maybe I need a different service. Can you send me to  
11 someone who does those things? Because again, people are  
12 turned off if they're calling to register a complaint.  
13 They're saying, well, that's too bad, but how about if you  
14 buy this additional add-on, then you won't have to worry  
15 about this anymore -- those kind of things.

16           And if you're marketing someone, tell them in  
17 plain English what they're getting. Let people know, if  
18 there's a contract, they're signing for a two-year term.  
19 Make sure they know that they're signing a contract for a  
20 two-year term, not just for month-to-month service,  
21 especially older people who aren't used to getting into  
22 wireless contracts and things like that. It becomes a  
23 problem. Or any kind of service you're trying to sell to a  
24 consumer, make sure they understand the terms and conditions  
25 as best as possible. Then you alleviate a lot of these

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1 concerns down the road.

2 And I guess the final point is really for the  
3 carriers to get to know the customers. Spend time -- I know  
4 big business has millions of customers. But if there's any  
5 way possible to do a little more personal relationship with  
6 a customer, to get to know what their needs are, the  
7 services they've gotten in the past and how you can help  
8 them to enhance their, you know, their experience with the  
9 carrier, it would be helpful. Thank you.

10 MR. GOLDBLATT: When we were setting up this  
11 panel, I was going over all of the groups that we should  
12 include and who handles consumer complaints, and I guess,  
13 subliminally, the TV was on Channel 4. And I kept  
14 dreaming -- Liz Crenshaw, Liz Crenshaw. And next is Liz  
15 Crenshaw.

16 MS. CRENSHAW: If you're dreaming about me, I'm  
17 going to start worrying about it, actually, and let my  
18 husband know.

19 (Laughter.)

20 MS. CRENSHAW: I am the consumer reporter with  
21 NBC-4 here in Washington. We do not call ourselves a  
22 consumer complaint office. We don't pretend to solve  
23 consumer complaints. We try to cover stories that we think  
24 will help people save time, save money, etc.

25 Having said that, of course, we get hundreds of

1 phone calls a week from people who want us to solve their  
2 consumer problems and we try to direct them to people who  
3 can, in fact, help them. That's what my goal is, is to not  
4 let people think that if you call a TV station, the TV  
5 station is going to call Bell Atlantic or AT&T or Sprint and  
6 solve your problem, because in my opinion, that just solves  
7 that person's problem, but it doesn't solve anybody else's  
8 problem.

9           So we tend to do stories when we think the problem  
10 is big enough. Unfortunately, I think we do too many  
11 telephone stories. And what that means is, I think we do  
12 too many stories about people very confused about their  
13 telephone service.

14           I've been covering consumer stuff since 1982, so  
15 obviously I covered the breakup and obviously we had lots of  
16 problems in the early days. But I can tell you that,  
17 outside of used cars, telephone complaints tend to be right  
18 up there on the list. And I find that to be a disturbing  
19 sort of trend. I mean, obviously telephone service was  
20 never meant to be terribly complicated. People are  
21 harkening now, in 2000, back to the days when we didn't have  
22 all these choices. We try to convince people on the  
23 telephone that because they have choices, maybe they're  
24 saving money. But the people that we get to are at the  
25 point where they're saying, I don't care anymore about the

1 saving of money. This is driving me nuts.

2 I had the researchers in my office -- and I won't  
3 go through -- this is just the past two months of  
4 complaints, of just phone complaints. It is everything from  
5 cellular to straight Bell Atlantic service to AT&T to MCI to  
6 Sprint, everything from people being overcharged and not  
7 being able to get a customer service rep to talk to them, to  
8 actually being what they call "lied to" by customer service  
9 representatives.

10 My mother calls me on a regular basis and most of  
11 her complaints are about her phone bill. A lovely woman,  
12 but I'm beginning to go crazy.

13 The truth is, I'm confused about my telephone  
14 service. That's not good. I think that I'm a relatively  
15 intelligent person. I have many phone bills that come to my  
16 house. I think one of the important things that these  
17 telephone -- the variety of telephone services that we have  
18 must do better is they must communicate better with their  
19 customers. I am not talking about a tiny little insert  
20 slipped into a phone bill that gets thrown away. I can tell  
21 you that out of the blue, in my mind, last month, I got a  
22 brand new bill from AT&T. I'd never gotten a bill from AT&T  
23 in my life, and I've had AT&T service, I think, since the  
24 day I bought my house. Why did I get a bill from AT&T?  
25 Because AT&T decided that they're going to bill my long-

1 distance separate from my local service. And since I don't  
2 use that much long-distance at this particular phone, I'm  
3 only going to get my bill every three months. What are they  
4 talking about? I did a story on this and I still didn't  
5 understand the bill when it came in.

6           There is a serious problem out there, I believe,  
7 in the fact that the phone services are making decisions  
8 about how we're going to be billed, the kinds of services  
9 that are being offered, and whoever is writing the inserts,  
10 whoever is deciding how to communicate that to customers is  
11 doing a lousy job. I'm sorry, they're just doing an  
12 absolutely lousy job, because consumers are terribly  
13 confused.

14           Now, the people that write to me, I mean, we're  
15 talking letters that go on and on, you know, page after  
16 page: I called at 1400 hours, I called -- I mean, these are  
17 not people that are confused because they have a low IQ or  
18 because they never had phone service before. These are  
19 people that have had phone service, they've had DSL lines,  
20 they have multiple cellular phone services. They can't  
21 figure it out, and obviously you don't need me to go through  
22 every little detail in these complaints. Some of them I  
23 can't read here. It's a public forum and there's words I  
24 can't use here or on television.

25           People who are trying to figure it out and then,

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1 when they make the wonderful phone call to the place where  
2 they're supposed to call, again, as other folks have said,  
3 they're on hold, they punch a series of numbers, they get to  
4 a person who tells them that they've gotten to the wrong  
5 person. They ask to be bumped up, they can't be bumped up,  
6 they have to start the process all over again.

7           Obviously, I understand how expensive it is for  
8 customer service people to be on the phone with a customer  
9 for a long period of time. I did a story called "America on  
10 Hold" last month. We know how expensive it is for a live  
11 person to handle a call. We know that companies would much  
12 rather you solve your problem through a series of menus. We  
13 understand it's a monetary thing.

14           The bottom line, though, is people have to be able  
15 to understand what they're paying. And the smart people are  
16 going to try to figure it out. And when they can't figure  
17 it out by the stuff that they get sent in the mail, they're  
18 going to call you. So my position is, make the stuff they  
19 get in the mail understandable, and guess what? You're not  
20 going to get that many people calling you, trying to figure  
21 out what in heaven's name is wrong with their phone bill.

22           You know, we've got complaints, everything from  
23 cellular to regular service. The Guardian Plan, you know,  
24 everybody at Bell Atlantic got a lovely little note a couple  
25 of months ago that said that your guardian service is going

1 up X number of dollars. Do I have guardian service? What  
2 is guardian service? I thought I declined guardian service  
3 16 years ago when it was offered to me, because phone lines  
4 inside homes don't break very often. But I get a note in my  
5 phone bill that says that my guardian service is going up.

6 Well, I figured out that I didn't have guardian  
7 service and that they were just warning the people who did,  
8 but guess how many phone calls we got from people saying, do  
9 I have guardian service, and why is it going up? First of  
10 all, they shouldn't be calling me about this, right? And if  
11 the note in the phone bill, or a separate letter coming to  
12 them had said to them, this is guardian service, you may  
13 have it, you may not have it, and if you do have it, it's  
14 going up -- guess what? Nobody would have called me, you or  
15 anybody else.

16 I know I seem kind of agitated by this. I am.  
17 It's my time. It takes a lot of time in the consumer unit  
18 at NBC-4 to deal with this, and personally, it's a waste of  
19 time. I mean, it's truly a waste of time. These complaints  
20 are not because, you know, the company ripped me off and  
21 they overcharged. These complaints are because there's been  
22 some kind of error or the customer doesn't understand what's  
23 going on. And my position is, if the initial material to  
24 them was clearer, they wouldn't have this problem.

25 And I think it goes everywhere from selling

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1 original cellular service -- I bought a new cellular service  
2 last month. I got my bill yesterday. Honest to God, I  
3 cannot understand one charge on it, because I have a  
4 crossover service. You know, I had a service before and now  
5 I have a new service and they prorate the new service onto  
6 the -- okay?

7           And then the new phone bill with all the lovely  
8 words on it. I mean, a guy here tried to type for me all  
9 the new words on his phone bill. I thought he couldn't type  
10 because it was all misspelled. I checked. He typed every  
11 word right. I can't say half of them, so I'm not even going  
12 to go through that.

13           Anyway, you don't need to listen to me go on and  
14 on. The truth is that obviously I believe that competition  
15 is a great thing. And I think if people can get lower  
16 prices, that's all good for the consumer. It doesn't help,  
17 obviously, if they spend most of their time confused about  
18 it, because guess what? They think they didn't get a good  
19 deal after all that. And in fact, they may have a good  
20 deal. But the bottom line is, if they're confused about  
21 their charges, if they don't understand their phone bills,  
22 if they have to spend 20 minutes every month figuring out  
23 who to send what check to for what service, no matter how  
24 much money they save, they're still pissed off at you.

25           So I would say, you know, figure out a way to

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1 communicate clearly with these people and they actually  
2 might really want to do business with you. Thanks.

3 MR. GOLDBLATT: As people have pointed out, the  
4 article like the Chairman mentioned that Caroline Mayer of  
5 the Post wrote this morning -- I've done consumer education  
6 since 1969, 30 years. I got messed up. It happens to  
7 everybody. It's very, very confusing and while a lot of the  
8 carriers are doing the right thing and answering right, it's  
9 the perception of consumers. If they perceive that they're  
10 getting bad customer service, that's bad enough,  
11 unfortunately.

12 The way we've crafted the day is we're going to  
13 take a little break. Then we're going to have a panel that  
14 talks about special constituency issues. There are special  
15 groups of people that a lot of service organizations  
16 unfortunately forget. And then we're going to say, okay,  
17 we'll tell you all the problems, we'll bring them to the  
18 forefront. We're not going to regulate, we're just telling  
19 you what the problems are. But what is good customer  
20 service? Then we'll have an expert break down what exactly  
21 is good customer service.

22 So enjoy the water, the coffee, the restroom and  
23 we'll have, like, a five-minute break. Thank you.

24 (Whereupon a short recess was taken.)

25 MS. PELTZ-STRAUSS: We're going to try to begin.

1 Thank you. Hi, I'm Karen Peltz-Strauss and I'm the deputy  
2 bureau chief of the Consumer Information Bureau. And we are  
3 delighted to have you all here.

4 I just want to say that, of course, as we've heard  
5 this morning, none of us are immune from the problems  
6 occurring with customer service. I, myself, am up to here  
7 with a maze of prerecorded messages. I've had my own share  
8 of horror stories over the last few weeks. I've been thrown  
9 in mazes, not been able to get out of them, only to be put  
10 on hold and then be disconnected.

11 I've tried to call back and cancel service and  
12 still not gotten through. I think that that might have been  
13 intentional. But the greatest indignity was recently when I  
14 tried to inquire about my long-distance service and was told  
15 that I could not even access my bill, could not ask, even  
16 begin to ask any information about my bill because the phone  
17 service was listed in my husband's name, despite the fact  
18 that I had signed up for the service. I could not figure  
19 out why they put my husband's name on the account. They  
20 would not even let me ask about the service.

21 But as hard as it is for many people to access  
22 information, it's even harder for special constituencies to  
23 access this information. Prerecorded announcements are not  
24 accessible to deaf and hard-of-hearing people. People with  
25 cognitive disabilities have trouble accessing them and

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1 responding quickly. People who are senior citizens who have  
2 slow response time have difficulty. People who speak  
3 foreign languages and may not understand the prerecorded  
4 announcements may have difficulty.

5           These are the kinds of things that we're going to  
6 hear from this special constituency panel. I thank you all  
7 for coming and I think we'd like to begin with Charlie  
8 Crawford from the American Council of the Blind.

9           MR. CRAWFORD: Can everybody hear me all right?  
10 How about that? Is that about right? Oh, it's working, was  
11 working. Is this working, can people hear me all right?  
12 Okay, great.

13           To hear the speech from ACB, press one.

14           (Laughter.)

15           MR. CRAWFORD: I'm pleased to have been invited  
16 and I thank the FCC for acknowledging and extending to the  
17 blindness community an opportunity to share with you our  
18 perspective on the facts that have been presented this  
19 morning.

20           I think it's fair to say that coming up here to  
21 the podium, I felt as if I share a great common confusion  
22 with everybody with respect to what it is that we can  
23 reasonably expect within a competitive environment. But  
24 there are clearly some things that I think not only are a  
25 question of common sense and courtesy and a matter of law.

1 There are things that we really need to pay attention to if  
2 we're going to have a society in which the various  
3 components of that society can participate fruitfully within  
4 the service environments available to them.

5 Well, what does all that mean in English?  
6 Essentially, the big fact about blindness, and it really is  
7 no secret, we can't see. And the fact that we can't see  
8 does create a problem when you send us a print bill or when  
9 you put something on a TV screen that's a graphic or a text  
10 that is not spoken that advertises a particular service or a  
11 disclaimer associated with the service, so that the person  
12 trying to make a decision relative to what they want to do  
13 with this information is really at a loss to properly be  
14 able to handle that information and to respond to it in a  
15 way that's productive both for the company and the person.

16 So unnecessary and difficult situations are  
17 oftentimes created simply because -- it's not just the lack  
18 of clear information, the reality is the lack of any  
19 information.

20 So what we are here to probably try to share with  
21 you as first priority is, take a look at the ability of your  
22 company to properly display information to a person who is  
23 not looking at it. Now, we have some natural allies in our  
24 presentation here. One of them is that, for example, with  
25 cell phones, we all know that it's very difficult to drive

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1 and talk on the phone and monitor the little display and do  
2 anything but look out the windshield.

3           The issue becomes, how do you get that person  
4 who's driving to safely use a cell phone and at the same  
5 time be able to drive safely? And to use that cell phone so  
6 that you earn money? Well, there are some strategies that  
7 are being developed in technology that I think make a lot of  
8 sense, not only in that application, but also in terms of  
9 blind persons -- I mean, if you have a phone that talks and  
10 you can hear what it's doing, as opposed to having to look  
11 at it; if you have text to speech conversion in your phone  
12 system, so that when you're on a cell phone, you can  
13 actually listen to what's going on on the Internet, versus  
14 trying to read the Dow Jones while you're steadily heading  
15 towards the front of that bus in front of you.

16           Those are things that I think we should take  
17 advantage of and think about when we think in terms of the  
18 markets that we utilize, so that blind persons are a natural  
19 ally in many ways to the basic function of a telephone,  
20 which is an audio output. So we believe that that's one  
21 issue that has to be handled correctly.

22           A second issue has to do with billing. If you  
23 send me a print bill, the likelihood is that I'm not going  
24 to read it. The dog doesn't care about it, my mother's in  
25 Florida, and your getting paid is growing more and more

1 distant. So there have to be strategies implemented to  
2 provide the billing information in an accurate way to a  
3 person who is blind. Now we've got some real issues with  
4 that with various phone companies, and other phone companies  
5 have been real cooperative and helpful.

6           So I think that it's important that all phone  
7 companies take a real close look at how you do your  
8 processing of your bills so that ways to produce that bill  
9 in alternative formats, whether it's Braille, whether it's a  
10 file on a disk, whether it's on the Internet -- strategies  
11 that work to give the same information to somebody who is  
12 blind should be incorporated into your billing cycles. And  
13 that's important to do.

14           There are certain representations that have been  
15 made to blind people by customer service folks that border,  
16 in some cases, on insanity and in other cases are just  
17 basically a little bit of deceptive practice. To tell a  
18 blind person that they don't have a right to receive  
19 information in an alternative format is not only not good  
20 customer service, but illegal. To provide people with  
21 information that is only half the information because,  
22 golly, if we had to print up this whole bill in Braille,  
23 it's going to take four pages rather than three, that leaves  
24 the person that much lacking in the information that the  
25 original bill has. To tell somebody that what comes in the

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1 Braille bill is not necessarily a representation of what the  
2 real amount owed is really kind of frustrates the purpose of  
3 sending the bill in the first place.

4 I mean, those are issues that -- common sense  
5 dictates we need to make sure that we provide people with  
6 information that they can use. And I want to take just a  
7 moment to wrap up and maybe expand the commentary a bit.  
8 This morning we've heard a parade of consumer complaints,  
9 but we've also heard some sympathy towards telephone  
10 companies that are trying to compete in an environment that  
11 is so rapidly changing that the nature of telephones  
12 themselves may not be recognizable within 10 years.

13 We all know that the electric plug beside you can  
14 carry data on a magnetic field around that coil. And we all  
15 know that if everybody suddenly could just plug into the  
16 electric company's socket and get that data, that spells big  
17 trouble for a lot of companies. That's one big threat out  
18 there. There are a lot of them.

19 And so we are sympathetic to the fact that phone  
20 companies, while trying to build business, are also trying  
21 to find ways to preserve the way that you deliver that  
22 business and recapture your investment, which is substantial  
23 in most circumstances, in order to get the job done and to  
24 have the product to sell. And the product that gets sold  
25 may not even exist a year from now. So we're very

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1 sympathetic to that.

2 I think that we all need to start realistically  
3 thinking in terms of, what are the drivers in the equation  
4 that cause customer service to be a problem? Clearly  
5 there's a problem in communication between one part of a  
6 company and the other part of the company and all that sort  
7 of thing. But what really drives that? Well, it's the  
8 competitive, chronic need to be out front, chronic need to  
9 be coming up with something new, never really having time to  
10 complete the loop of communications, always pushing your  
11 company in new directions so that it expands so far that  
12 parts of it no longer feel that they're related to other  
13 parts of it. We understand that, and so that's the sympathy  
14 part.

15 Now, here's the threat. I believe that it has  
16 been mentioned more than once this morning, consumers are  
17 not only confused, but they're getting angry. And that  
18 anger is ultimately going to translate into either one of  
19 two things -- some level of constructive action on the part  
20 of consumerism, whether it's blind or otherwise, or  
21 together, that will result in demands on Congress, either  
22 you fix this problem or you're not going back to Congress.  
23 I don't care whether you're Republican, Democrat or  
24 whatever.

25 That's a real possibility and I think it's

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1 something we need to think about in the consumer community,  
2 because really, we cannot continue to exist with any degree  
3 of comfort if we're not able to realistically relate to the  
4 companies that we deal with. That's one issue and an  
5 important one. I know -- almost out of time, thank you.  
6 Talking competitively, this is subject to an ABR.

7           The other issue, and I think it's important, is  
8 that we as consumers and as industry, need to settle on ways  
9 of communicating with each other which are mutually  
10 respectful and deliver on the product that's represented.  
11 Otherwise, we will sort of dissolve into this kind of  
12 litigious and, I think, very destructive environment. And  
13 since I'm almost out of time, I guess I'm almost out of  
14 time. So good-bye. Thank you.

15           (Applause.)

16           MS. PELTZ-STRAUSS: What can I say? That was so  
17 eloquent, as usual. Thank you so much. And the next  
18 speaker is Mattie Robinson. This morning we heard from Jeff  
19 Kramer on some of the problems that senior citizens  
20 experience, and Mattie will tell us firsthand the kinds of  
21 things that she has experienced and the kinds of special  
22 needs that senior citizens might have with respect to  
23 customer service.

24           MS. ROBINSON: Thank you so much. I am very happy  
25 to be here and I must say, when I was first approached about

1 coming, I certainly was very reluctant to say yes, because  
2 there is so much I needed to know, rather than to come and  
3 to talk about what I already know.

4 I am delighted that this kind of information is  
5 being made available here this morning. Many of us really  
6 need it. And as a retired person after working over 35  
7 years in public education and then in private education and  
8 then finally making a second retirement and now approaching  
9 my 80th birthday, I just feel that I'm somewhere -- I just  
10 need help. And one of the things I've learned this morning  
11 is that maybe, after all, I do not have to go and try to  
12 find a psychiatrist to find out what's happening to me  
13 mentally.

14 Because what has really driven me up the wall is  
15 this terrible increase in the charges that I have to make in  
16 so many instances, particularly with the telephone service.  
17 I remember when my bill of six months ago went up to what I  
18 said never a retired person should be paying. I called and  
19 made threats that I would certainly have my phone  
20 disconnected. I just didn't need anything that expensive in  
21 my household at that time.

22 Well, when I finally got to a person, a real, live  
23 voice, I was very thankful and told her exactly what I  
24 wanted -- all the explanations to be explained, why my phone  
25 bill suddenly almost doubled in cost, and if that this is

1 really true, then I would have to have the service  
2 discontinued.

3 Well, when she finished telling me, oh, yes, I'll  
4 tell you all the things you need to know, I found out at the  
5 end of that conversation I needed a lawyer, and I didn't  
6 have one. I didn't have anybody in my family that I could  
7 even go to for legal advice. Then I went around and started  
8 talking to some of my former co-workers, my church members  
9 and what not, and found they were having the same problem.

10 So then I said, well, I guess I better not have  
11 the phone disconnected now. If I have to, maybe go borrow  
12 the money in order to keep the service. But what it all  
13 boils down to is what I heard this morning from the AARP  
14 presentation, also from Liz Crenshaw and then from the  
15 Better Business Bureau, because that was one of our next  
16 steps, do we go to the Better Business Bureau? Well, I  
17 found out this morning, they may not be able to know any  
18 more than we know.

19 So I'm here to plead on the behalf of the senior  
20 citizens who have long retired, who are not up to par in all  
21 the new technologies, help us to survive through this crisis  
22 by being more communicative to us. And let us know why  
23 certain changes are being made.

24 Liz Crenshaw mentioned something that has just  
25 happened in our household. The last two months, we are

1 getting these separate bills from AT&T, and we just could  
2 not understand, well, why all of a sudden this change is  
3 being made and we were never told. I did, just two days  
4 ago, before I even knew about this panel -- said, well, I'll  
5 pick up the phone and try again. And the first thing I did  
6 receive was this long wait. And I was just too busy that  
7 day. I have other things I have to do as a grandmother and  
8 whatnot. I could not wait to get an answer. So I put that  
9 on hold. I said, well, what will be my next step? I'll  
10 have to call and be put on wait again.

11           So I'm suggesting, as has just been mentioned by  
12 the speaker before me, that if we could get more help in  
13 understanding the changes, if we could get a real, live  
14 person to talk to, and if we could get some inkling that the  
15 service is going to get better. It just seems to me that in  
16 the last two years, the service has been getting worse.  
17 Last year it got worse, and again this year, I don't see  
18 where there is any improvement whatsoever. So I speak now  
19 as a retired consumer who has been around for many, many  
20 years and desperately in the need of help of understanding  
21 the new technology in the new age. And we would appreciate  
22 any help that you can give us, so that we won't feel that we  
23 have a low IQ all of a sudden in our old age.

24           (Applause.)

25           MS. PELTZ-STRAUSS: Thank you so much. I think

1 that all of us have felt that we have a low IQ at various  
2 times. I can tell you that the last time I purchased a  
3 telephone, I purposely purchased one with a speakerphone so  
4 that when I'm put on hold for very long periods of time, I  
5 could press the speaker and do things around my house.  
6 However, that doesn't work either, because I didn't  
7 understand the directions for the speakerphone. So when I  
8 have called and been put on hold, there's two problems.  
9 First of all, the music in the background is very low, I  
10 have to keep my kids quiet. I waited on one particular  
11 occasion -- on actually one particular occasion, I'm  
12 embarrassed to admit, I waited and I waited and I waited.  
13 Finally somebody came to the phone. I pressed the wrong  
14 button. This is about 30 minutes of waiting. I pressed the  
15 wrong button and I had to start all over again.

16 (Laughter.)

17 MS. PELTZ-STRAUSS: I wanted to cry. I thought,  
18 finally I had the solution and I blew it.

19 Okay, the next speaker is Claude Stout. And  
20 Claude comes to us from Telecommunications for the Deaf,  
21 Inc., which is an organization in Silver Spring that  
22 specifically works on telecommunications issues for deaf and  
23 hard-of-hearing people.

24 MS. STOUT (Interpreter speaking): Thank you,  
25 Karen. I'm going to try and stay within my limit of five to

1 ten minutes. I'm going to try and identify the different  
2 problems that we face in our daily use of the phone. And  
3 then I will try and present some solutions.

4           There's a problem, but I also want to comment on  
5 several things that have happened in our everyday  
6 experiences. Are you following me now okay? We deaf and  
7 hard-of-hearing, and deaf and blind, we use a relay service  
8 in many different situations. We use a telecommunications  
9 relay service, but we don't have the same billing  
10 arrangement while we're on the TTY to TTY calls. And that's  
11 been a big problem for us. Often, we end up paying more  
12 than we should.

13           Another thing, when we use TRS and long-distance  
14 calls, very often we don't know that our calls are being  
15 charged through a default long-distance company, not to our  
16 preferred long-distance company. Also, when we make a TTY  
17 call, we look at the blinking light on our TTY machine and  
18 we see the light blinking and we think either the line is  
19 busy or someone is not there. But in reality, the blinking  
20 light was from somebody's voice provided by the phone  
21 company.

22           Other times, if we see the light blinking on the  
23 TTY, we think maybe it's voice-automated or it's voice mail,  
24 but we can't tell the difference. We want to participate in  
25 the wireless phone market with the cell phones, with the TTY

1 attached to that. Now we have that in analog, but we have  
2 yet to have that in the digital mode. But that causes a lot  
3 of problems when we use TRS, the Telecommunications Relay  
4 Service. Either TRS will not allow us to proceed with the  
5 cell phone through TRS, because of billing issues -- very  
6 often, TRS doesn't have the billing arrangements already set  
7 up with the cellular companies that we have a contract with.

8           Very often, us deaf and hard-of-hearing people and  
9 deaf/blind, we don't have access to information. You don't  
10 see much information services in the papers and in  
11 magazines. We don't see enough of the telecommunications  
12 companies, of their staff and their administrators going and  
13 intermixing with us at the meetings and social events or in  
14 conferences. There's not enough of them around.

15           Often, when we call cellular service reps with any  
16 particular phone company, we call on the TTY and we wait and  
17 the person who answers the phone is looking around for a  
18 TTY. They find the TTY buried under the desk and that TTY  
19 has so much dust on it, they have to dust the TTY off and  
20 the deaf person is sitting there waiting. And we're  
21 thinking that they're not going to respond to us, so we hang  
22 up.

23           I want to share with you several situations from  
24 observing the deaf/blind consumer. They can't access a pay  
25 phone because they don't have the large print or they don't

1 have the Braille capabilities. Another thing with the  
2 deaf/blind that's really frustrating is they can't enjoy the  
3 wireless pagers because they don't have Braille capabilities  
4 or they don't have large print.

5           Often, also, with a deaf/blind person calling the  
6 relay and having access to voice mail, the voice-mail  
7 information comes in so fast that the deaf/blind person  
8 doesn't have the opportunity to ask TRS operators to slow  
9 down. The voice mails are often automated information in  
10 the system. It just comes in so fast, and they don't have  
11 the capabilities to request them to slow down that  
12 information so that they can read it. Very often deaf/blind  
13 are frustrated with the cell phones themselves. They don't  
14 have the amplifiers.

15           Now I want to present a solution. For the phone  
16 companies who are staying in tune with our needs and our  
17 desires and our wants, with this service, we encourage you  
18 to include us in your consumer advisory boards. We're  
19 talking about specific service like TRS, so if you develop  
20 the new product or you design the new service, please do  
21 involve us. Do include us. You will be surprised at how  
22 much we can offer with ideas and recommendations, than if  
23 you don't involve us upfront.

24           We really want to see TRS work out with different  
25 long-distance phone companies so that when we identify that

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1 I would like to use my preferred long-distance company  
2 carrier, I would like TRS to proceed with that and not put  
3 us onto the default situation.

4           It's not happening now, but we very much want to  
5 see TRS become multivended. That is, we want more  
6 competition for TRS. For example, if we dial 711, we  
7 want -- on mine with 711, it will tell you what my preferred  
8 TRS is. It will tell you which mode of communication that I  
9 use, if I use the TTY or VCO or ASCII. That way we don't  
10 have to repeat ourselves every time we make a TRS call.

11           How much time do I have left? Okay.

12           This material I have, we have a chart of voice  
13 compared with TTY intercepts. That way, if we dial the  
14 wrong area code or if we -- if we don't know if the number's  
15 been disconnected, you give us a TTY intercept so that we're  
16 not struggling with this blinking light with no information.

17           I want to share with you all one important  
18 situation where a telephone company really involved us in  
19 trying to instruct us on their services. One company here  
20 in the Washington, D.C./Maryland area, Bell Atlantic, about  
21 two or three weeks ago called a person from Massachusetts.  
22 This gentleman just happened to be deaf and came down to  
23 Northern Virginia to give a speech to deaf senior citizens.

24           The deaf senior citizens were just puzzled about the  
25 different lines on the phone bills. So this person is

1 explaining to them in straight ASL, making everything,  
2 making the message go through perfectly clear so they  
3 understand everything. The message was so clear that these  
4 about 60 deaf senior citizens were just so overjoyed that  
5 they understood more what was involved with each line on  
6 their phone bill.

7 That's one example in where we deaf and hard of  
8 hearing and deaf/blind, we often ask for something and we  
9 don't get enough support. I ask that that kind of support  
10 be provided to us from other telecommunications companies.

11 I thank you all and I thank the FCC for providing  
12 us with this opportunity to give this feedback. We think  
13 this industry's -- to increase these goals for us in  
14 telecommunications. And thank you, Karen.

15 (Applause.)

16 MS. PELTZ-STRAUSS: Thank you, Claude.

17 Ahora quiero introducir Gloria Verduzco. Okay.  
18 Now, for those of you who may not have understood me, I  
19 said, now I would like to introduce Gloria Verduzco. I  
20 imagine that there are many situations that she has  
21 presented to her or her constituency where they may not  
22 understand something the customer service people say and  
23 we'd like patience in the process. Go right ahead.

24 MS. VERDUZCO: Good morning, ladies and gentlemen.  
25 My name is Gloria Verduzco, and like we say back home,

1    buenos días. I work for the Federal Communications  
2    Commission at the Gettysburg Consumer Center, but I'm also  
3    here to represent Hispanics. I handle the Spanish line for  
4    the entire United States. I handle all incoming calls and I  
5    even get calls from Latin America, Spain and Mexico.

6            In that capacity, I answer calls regarding all  
7    telecommunications issues, but the main problem facing  
8    Hispanics is telephone customer service and billing. The  
9    callers are from all groups and all socioeconomic levels,  
10   all the way from professionals to blue-collar laborers,  
11   homemakers or retirees, but they all share a common ground  
12   regarding complaints of telephone service.

13           I'm not here to point fingers or to play the  
14   minority card, but with the hope that rather, after this  
15   forum, we can work together to reduce the frustrations  
16   encountered by Hispanics regarding telephone customer  
17   service complaints and improved relations with the Hispanic  
18   consumers.

19           Over and over I listen to consumer complaints, and  
20   the main issues cited by Hispanics regarding telephone  
21   company representatives are, being treated in a  
22   condescending manner, being spoken down to, treated with  
23   arrogance, rudeness, impatience, apathy, threats and  
24   intimidation, broken promises, being put on hold with long  
25   waits when they request a Spanish-speaking operator. An

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1 example comes to mind: being passed from one representative  
2 to another with laughter in the background and then being  
3 disconnected or getting no live operator.

4           Hispanic customers report that they experience  
5 prejudice and perceive they are treated as second-class  
6 citizens because of their nationality or origin, their  
7 Spanish surname or a language barrier. Hispanics are the  
8 fastest-growing minority in the United States, and the  
9 majority have acclimated into American society.  
10 Nevertheless, the stereotypes persist. The discrimination  
11 can be blatant, it can be subtle, unspoken, but it exists.  
12 It is a common misconception that lack of fluency in English  
13 makes one illiterate or indigent or even an assumption that  
14 we're here illegally or are immigrants, even though some of  
15 us were born here.

16           Why do I mention this? Because it happens and I  
17 hear it every day from customers regarding the treatment  
18 they receive. Very well, you might ask, why don't they  
19 learn to speak English? Ladies and gentlemen, I do speak  
20 English, but -- and a lot of your other customers do, also.

21       But those of us that are not so privileged to have access  
22 to an interpreter, all we want is to be treated with  
23 dignity. We are not asking for handouts. We're paying for  
24 the services, so we have the right to some respect. All we  
25 want is fair treatment.

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1           As a Mexican-American, I have personally  
2 experienced the treatment I referred to above, when I was  
3 transferred to Gettysburg, Pennsylvania, by the FCC four  
4 years ago from Texas. I attempted to establish new  
5 telephone service. I contacted the local carrier and  
6 proceeded to give my order. The telephone company  
7 representative asked my name and upon hearing my surname,  
8 asked, are you Spanish or do you speak Spanish? I replied,  
9 yes, whereupon, without warning, I was transferred into "la  
10 la land" and I was put on hold for almost an hour. I had to  
11 return to work so I disconnected.

12           I called back later from my office and spoke to a  
13 supervisor and said, I work for the FCC and all I wanted was  
14 to establish a new account and why should my call be set  
15 aside because of my Spanish surname? She apologized  
16 profusely and proceeded to take my order. I was lucky. I  
17 had to resort to name dropping in order to get better  
18 service. But what about those customers who don't have that  
19 privilege? Why should they be treated differently because  
20 of their national origin? This is equivalent to racial  
21 profiling whereby, in a lot of areas, minority motorists are  
22 stopped by police and singled out because of their  
23 appearance. Except in this instance, it's an accent or a  
24 Spanish surname or a language barrier.

25           It is my suggestion that it would be extremely

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1 helpful if each telephone company would establish a Spanish  
2 liaison to reference instances of discrimination and to  
3 better represent Hispanics. I would also add that it would  
4 be a smart merchandising move for service providers to  
5 accommodate the Spanish population. They're a huge  
6 majority, work hard, are family oriented and have an  
7 excellent earning capacity. So it's beneficial economically  
8 for companies that provide goods and services to tap into  
9 that market and to provide good customer service to  
10 Hispanics.

11 I also hope that by appearing here today, we can  
12 open the lines of communications and that we have a better  
13 understanding of the roadblocks encountered by Hispanics on  
14 a daily basis. Thank you.

15 (Applause.)

16 MS. PELTZ-STRAUSS: Thank you so much,  
17 distinguished panel, for all of your excellent  
18 presentations. My child has a book called *Frog and Toad*,  
19 and in one of the stories in *Frog and Toad*, the frog -- I  
20 can't remember whether it's frog or toad, but one of them is  
21 telling the other about a dream that he had, where he's  
22 standing on stage and he's one size and he's shrinking and  
23 getting gradually smaller and smaller and smaller.

24 I called customer service not that long ago --  
25 actually, this was to ask questions about my computer modem

1 connection -- and the customer representative barked  
2 commands at me, obviously aware that I was not highly  
3 technical. And by the end of that phone call, despite the  
4 fact that I consider myself a somewhat confident person, I  
5 had gotten smaller and smaller and smaller. And it's a  
6 terrible feeling when a customer service agent does that to  
7 you.

8           Again, thank you very much and now I think we're  
9 going to move directly into the next panel, which will be  
10 presented by Lorraine Miller.

11           MS. MILLER: Hasn't this been informative? I  
12 think this is one of the good things about doing these  
13 forums, is not only do we learn from each other, but it  
14 helps us kind of really focus on where we need to go with  
15 this. And today, I think this is the perfect segue into the  
16 part of our forum today that really comes to the crux of  
17 what we hope to do. What is good customer service?

18           And today we have what I consider an expert. This  
19 guy is the real John Goodman and he'll explain that to you.

20           John is the president of e-Satisfy, and e-Satisfy is a  
21 customer relationship management company that measures the  
22 customer experience for click-and-mortar companies.

23           Before this position, he was the founder and  
24 president of TARP as well as an advisor to Customer  
25 Insights. This is interesting. Since 1972, he has managed

1 over 1,000 separate customer service studies and assessed  
2 the customer service- and complaint-handling systems of over  
3 800 corporations and government agencies. Listen to his  
4 client list -- 3M, Xerox, Toyota, Lexus, American Express,  
5 Citibank, AT&T and MCI. Now he's a real, a real credible  
6 and educated man. John graduated from Carnegie-Mellon  
7 University with a B.S. in chemical engineering and received  
8 an M.B.A. from the Harvard Graduate School of Business  
9 Administration.

10 John A. Goodman. Thank you, John, for joining us.

11 (Applause.)

12 MR. GOODMAN: And hopefully we're going to --

13 MS. MILLER: Did everybody pick up the packet that  
14 John had outside there? Okay.

15 MR. GOODMAN: Okay, are we up on the screen?

16 Great. While Gloria said she wasn't going to point fingers  
17 or name names, I am going to point a finger, because, in  
18 fact, there really is one person who really is the cause of  
19 all the poor service that we've been hearing about all this  
20 morning, and that is the chief financial officer of those  
21 corporations. And what I'm going to suggest is that you can  
22 convince the CFO that, in fact, good service is good  
23 business. You just have to have the right kind of  
24 information.

25 Now, if I'm not totally at the end of my rope on

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1 this, I am going to hopefully bring this up here. And it  
2 didn't shut down or do anything bad to me. What I'd like to  
3 cover in the next 20 minutes is first of all, very quickly,  
4 what's in e-Satisfy, and then talk about the causes of  
5 customer dissatisfaction -- what are the key attributes --  
6 and then, how can you actually explain service to the chief  
7 financial officer. And I'm going to give you an example  
8 derived from a wireless company.

9           Now, in terms of e-Satisfy, we started out as an  
10 ad hoc student group at Harvard 30 years ago and have yet to  
11 get real jobs. And one of our claims to fame is that we've  
12 done two studies sponsored by the White House Office of  
13 Consumer Affairs, looking at customer service and complaint  
14 handling. We've even done satisfaction surveys for the  
15 Central Intelligence Agency.

16           Now, contrary to popular belief, Saddam Hussein  
17 was not a customer, he was a recipient of their services and  
18 he also didn't return his questionnaire.

19           (Laughter.)

20           MR. GOODMAN: Our basic approach to customer  
21 service is rather straightforward. Ideally, you want to do  
22 the job right the first time, but this is where companies  
23 get into trouble, because they define quality as, we  
24 delivered the product according to spec. The problem with  
25 that is the customer may not have the same set of

1 expectations, and I'll come back and talk about that.

2           The second half of the equation is, you have to  
3 have an effective contact management system, but we find  
4 most corporations will have hundreds of people answering the  
5 phone, but no one saying, why are we getting all these  
6 calls? To the degree that you have that allocation of  
7 resources, you have doomed yourself to forever being in a  
8 fire-fighting mode. Does this look at all familiar?

9           In fact, our suggestion is -- and again, we think  
10 Toyota and Lexus have a good operation. They have -- for  
11 every 25 people on the phones answering questions, they have  
12 one full-time person saying, why are we getting all these  
13 calls? How many people does your company have?

14           Now, what are the causes of customer  
15 dissatisfaction? We find that most corporations assume that  
16 if a customer is dissatisfied, obviously some employee has  
17 fouled up and if we can identify who that person is and have  
18 a public hanging, life will then be beautiful. Our  
19 suggestion is that only about 20 percent of dissatisfaction  
20 is caused by the actions of individual employees. Forty  
21 percent is caused by the company delivering products or  
22 services that have unpleasant surprises built into them or,  
23 God forbid, marketing overpromises.

24           I have a Dilbert cartoon that I didn't bring with  
25 me, where Dilbert is told, go work with marketing, and the

1 marketing guy says, now, I know this looks like criminal  
2 fraud, but it's not, it's marketing. And that is a serious  
3 issue. And in fact, we've developed -- we have a working  
4 paper we'd be happy to send you a copy of, that talks about  
5 an index of marketing quality, which basically says, how  
6 much of the expense on the back end in service is due to  
7 marketing not setting proper expectations upfront?

8           Now, the last 40 percent of dissatisfaction is  
9 caused by the consumer. Consumers do rather strange things.

10       One of our clients is a liquid bleach manufacturer and they  
11 get not a complaint but a suggestion once a month, why don't  
12 you make your bleach taste better? The specific suggestion  
13 is cherry flavor. People brush their teeth with it and it  
14 does whiten your teeth. It also whitens your esophagus and  
15 I don't know what it does for your breath. But it's sodium  
16 hydrochloride, it won't kill you.

17           Now, most corporations say, hey, look, if the  
18 customer is an idiot, it's not our problem. Well, it is,  
19 because you have to clean up the mess. And so our  
20 suggestion is that if you educate the customer on how to  
21 stay out of trouble, it becomes a win-win. Now, most  
22 corporations say, customer education is a goody-two-shoes,  
23 nice waste of time. Au contraire.

24           This is data from Mannington Floors, and one of  
25 the things Mannington found was that no one ever reads the

1 care directions for their no-wax floor. So the first thing  
2 you do is you take Ajax, an abrasive, clean the floor and  
3 you have now ruined the surface.

4           So what we did was we worked with them to get the  
5 care instructions into the hands of the consumer, and the  
6 dealer actually opened the page and pointed out two or three  
7 things to them. Not a big deal, but -- you know, 30 to 60  
8 seconds of time. We took 2,000 people who had been educated  
9 versus 2,000 who hadn't, went back to all of them, and what  
10 we found was that those who had received the education were  
11 10 to 30 points more satisfied. And if you look at the top  
12 box, people who said, I definitely would buy this again, you  
13 had a 25-point increase. So a little bit of education can  
14 have a 25-point impact on customer loyalty. And most phone  
15 companies are desperately working to raise their  
16 satisfaction and loyalty index one or two points. Customer  
17 education can deliver as much as 25 points.

18           We also found that problem experience was half as  
19 great, which means you're getting a lot less phone calls.  
20 And if they did have a problem, you had a higher complaint  
21 rate to the company and a higher level of satisfaction.

22           Now, in terms of setting appropriate expectations,  
23 the best time to do it is at the point of sale. But if you  
24 don't do it then, one approach we have seen which a number  
25 of companies have used -- Vodaphone is one good example.

1 One of my senior staff, Jeff Maisel (phonetic) who is here,  
2 has worked with Vodaphone in Europe. Vodaphone makes a  
3 welcome call that says, hi, we're happy that we've activated  
4 you. Let me explain how to use everything, and by the way,  
5 here's what your bill is going to look like.

6 Or you can have an interim follow-up call after  
7 the customer has had three or four weeks of service where,  
8 okay, you're about to get your first bill, here's what it's  
9 going to look like, and by the way, here's how to use your  
10 call-waiting and your voice-mail system that you're just  
11 still trying to fight with. We find that a preemptive  
12 educational strike is one of the cheapest ways of enhancing  
13 quality.

14 The worst time is when the unpleasant surprise has  
15 taken place and service is needed. Now that rep is going to  
16 have to try and say, well, yeah, you didn't quite pick up on  
17 that charge but here it is. But at that point, you're  
18 already looking like a bunch of crooks.

19 This is an example of setting proper expectations.

20 We've decided to hang loose this vacation and go wherever  
21 the airline sends our luggage. United Airlines is now  
22 trying to implement this policy.

23 (Laughter.)

24 MR. GOODMAN: Now, what are the causes of  
25 regulatory complaints? The customer feels like he's been

1 stuck with an unpleasant surprise, and hey, you know, you're  
2 stuck, you've got to pay the bill. That's when they  
3 escalate. Nonresponse causes escalation. Rudeness causes  
4 escalation. The thing I find mind boggling is, in many  
5 cases, your own employees are referring customers to the  
6 regulators. This is crazy. But what happens is that the  
7 front-line employee doesn't feel they can defend themselves  
8 and they say, well, you know, hey, I am mad at my company  
9 for putting me in this position, so the hell with the  
10 company, I'm going to refer them to the regulator. And so  
11 your employees are sandbagging you when they do this, but it  
12 does happen very often.

13 Or no channel is provided, at which point they  
14 will go to Call to Action or whomever and then you -- they  
15 get referred to the regulator.

16 And finally, failure to acknowledge a problem.  
17 One of the things that we have seen with, especially,  
18 cellular companies is, you have dead spots and areas where  
19 you have static. Our suggestion has been, publish a map of  
20 the dead spots and basically say, don't start a new,  
21 important call as you go into that valley. That will save  
22 you a lot of time and money as opposed to having the  
23 customer call up and complain.

24 What we have seen in many cases -- and I've  
25 actually monitored these calls -- a consumer calls up and

1 says, I just had a dropped call. The rep says, oh, I'm  
2 really sorry that happened. I'll give you credit for the  
3 call and I'll report it. The implication is, something is  
4 going to get fixed. It's not going to get fixed. So the  
5 sixth and seventh and eighth time the person calls, now they  
6 don't believe you, but by the way, you've also incurred the  
7 expense of those eight calls.

8           Wouldn't it be simpler to say, here's a map of our  
9 dead spots and don't call when you're in those areas? Now,  
10 in fact, Jeff has worked with Vodaphone, and Vodaphone  
11 actually does provide maps of their dead spaces in Europe.  
12 We have yet to get a U.S. telephone company who is willing  
13 to do that, because the marketing people say, oh, God, if we  
14 admit we have dead spots, we might not get the sale.  
15 Everybody has dead spots and they're going to find out as an  
16 unpleasant surprise and it's going to cost you a lot more  
17 money.

18           Now, what is good service? Basically six  
19 functions, and I'm going to whiz through these rather  
20 quickly. You need to solicit complaints, which I know, from  
21 your perspective, sounds nuts. You have to get people to  
22 the right place. You have to log the contact. You have to  
23 have the right kind of response. You have to do analysis  
24 and reporting for prevention purposes and then you have to  
25 actually evaluate.

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1           Now contact solicitation is basically telling the  
2 customer, we really do want to hear from you, and that  
3 message has to be in front of the customer exactly when he  
4 needs it. Having it on page 23 of the user's guide is  
5 useless, because no one ever gets beyond the inside front  
6 cover or the outside back cover.

7           Now, screening is getting people to the right  
8 place on the first contact. You need to be available at the  
9 appropriate hours. Voice mail does 17 percent damage to  
10 customer satisfaction and loyalty, if you hit a voice-mail  
11 system. The next one, which everyone has already referred  
12 to, is the automated response system. And Tom Peters did a  
13 great interview with me a few years ago. He titled it,  
14 "Push one, push two, push three, push your customer over the  
15 edge," and that's what you tend to do.

16           Now, people have complained vociferously about  
17 automated systems. There is a silver bullet. If, wherever  
18 you print the phone number, you print the menu, then the  
19 customer doesn't have to listen to the 17 options. They  
20 know, okay, I'm going to have to push one and push three.  
21 This also dramatically cuts your line charges, because you  
22 don't have people listening to all this stuff. This is an  
23 example. Western Digital, the hard-drive company -- this is  
24 printed on their inside front cover of the manual, so I know  
25 I'm going to call this number and then I want to push three,

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1 then I want to push two. And it makes it much more  
2 efficient, and at the same time, customers don't have to  
3 encounter this massive automated system.

4           Logging is creating a record of the call. Now if  
5 it's a serious complaint, most of your companies will create  
6 a record of the call. The problem is, we find that 30 to 40  
7 percent of all the calls to a phone company are what I call  
8 dumb questions and trivia, and in many cases they're  
9 answered relatively quickly, but you've still incurred the  
10 dollar or the dollar and a half to handle the call. But  
11 they aren't logged simply because it would take me longer to  
12 fill out the screen than to answer the question.

13           The next problem -- and I'll come back to that in  
14 a minute -- the next problem we've seen is that in most  
15 telephone companies, you log why Mrs. Jones called, but you  
16 don't log the general cause. Was it that she didn't  
17 understand that this issue was an unpleasant surprise, she  
18 was quasi-incompetent or we actually made a mistake? If you  
19 don't log the general cause, there is no way you can ever do  
20 any analysis of how can we prevent this call.

21           And what we find is, very few organizations log  
22 both reason for call and cause of call. Your reps, in most  
23 cases, can diagnose at least generally what the general  
24 cause of the call was. Example: You get a notification from  
25 your auto insurance company that they're canceling your

1 insurance. You call up all upset, what's going on? Well,  
2 ma'am, you didn't pay your premium notice. What do you  
3 mean? I never got a premium notice. We sent it to 123 Main  
4 Street. Wait, I live at 127 Main Street. So the reason for  
5 call is cancellation and error, though most insurance  
6 companies would simply put "Billing inquiry," and then the  
7 general cause is bad address. Now where did that bad  
8 address come from? Do we have a keying error or do we have  
9 an application that forces you to scrunch your handwriting  
10 so we're systematically generating bad addresses?

11 The point is that the general reason for call, you  
12 canceled me, and the basis cause, bad address, are two  
13 conceptually different kinds of data. And if you don't log  
14 both of them, you're screwed, you can't do any analysis.

15 Now, as I also said earlier, you need to log the  
16 dumb questions and trivia, but most of your systems do not  
17 allow the rep to just put in, I just got this kind of a  
18 standard call and here's the general cause in less than 10  
19 keystrokes so they can then move on. So what most  
20 organizations simply do is, you don't log that stuff. You  
21 also don't log misdirected calls. And we ran a phone  
22 company call center in Silver Spring not too long ago and 20  
23 percent of all the calls were misdirected due to confusing  
24 advertising programs, and they were spending all the money  
25 redirecting those and never realized that their misdirect

1 volume was that high, because nobody was doing any logging.

2           Now, response investigation is, you need to have -  
3 - your front-line rep needs to have all the information to  
4 be able to answer the call on first contact, because that is  
5 the key litmus test you should put against your service  
6 system. What percentage of issues can get handled on first  
7 contact? You have to have all the necessary information.  
8 They have to be able to get it in two to four seconds, and  
9 if your front-line reps can't get it, they have to have  
10 internal service agreements with the rest of the  
11 organization to be given that information quickly. Your  
12 front-line customer service units should have the power to  
13 write a performance appraisal of everyone who has to give  
14 them information.

15           Now, the next problem that drives people crazy is  
16 that in many cases, consumers are given unpleasant  
17 information by your front-line staff. And in many cases,  
18 when the customer is unhappy, they'll say, well, why can't  
19 you do this? Why do you have this policy? And if your reps  
20 can't defend it, they do one of two things. They either  
21 say, look, lady, I don't make the rules, I just enforce  
22 them, that's company policy, which comes across as rudeness,  
23 except in New York. (Laughter.) Or -- our data shows that  
24 New Yorkers complain 3.4 times as much as the national  
25 average, while people in Portland and Seattle are sound

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1 asleep. We think it has to do with the rain and the mold.

2 But in any case, it's either look, Mac, it's  
3 company policy. Or worse yet, they'll deflect the  
4 customer's anger by siding with them and say, yeah, that is  
5 a stupid policy, I don't know why we do it that way, I work  
6 for a stupid company -- neither of which does much for  
7 corporate image.

8 So what you need to do is provide them with what  
9 we call response rules. Here's the short answer, but if the  
10 customer says, why? -- here's the clear, believable  
11 rationale for why we do what we do. And what we have found  
12 is, your customers will accept a clear, believable  
13 rationale, even if it's bad news. A good example is, if the  
14 airline pilot gets on and says, we have a one-hour delay due  
15 to a mechanical, your reaction is, they're a bunch of foul-  
16 ups. If, on the other hand, he says we have a leak in the  
17 hydraulic pump, your reaction is, hey, I want a good  
18 hydraulic system. Take an extra half hour if necessary. He  
19 makes you thankful to be sitting on the ground.

20 We joke about, at Toyota, that when you're saying  
21 no to the customer or giving him bad news, the object of the  
22 game is to tell the customer to go to hell in such a way  
23 that he looks forward to the trip.

24 (Laughter.)

25 MR. GOODMAN: So your front line has to have

1 response rules that allow them to do that and to deal with  
2 challenges. In the auto industry, a standard query is, do  
3 you have a defect in this part of the car? Standard answer,  
4 courtesy of lawyers, is, we're not aware of any defects --  
5 because if we were, we'd have to have a recall. Then the  
6 zinger comes back, well then, why did the dealer tell me  
7 he's repaired 29 of these this week? And that's when reps  
8 get rude, is when they're backed into a corner and can't  
9 defend themselves. And so you need to provide them with,  
10 here are the challenges you're going to get hit with. And  
11 by the way, here's how you can respond to those challenges.

12 This is an example of a not-so-good response rule:  
13 We've lost your stuff, but you get first choice of any bag  
14 off Flight 601.

15 Okay, response production is, the computer should  
16 do the follow-through. We've heard about broken promises  
17 about 30 times today. That is because some person has to  
18 fill out a piece of paper, pass it to someone else, and hope  
19 they do something with it. To the degree that your  
20 computer, when I put into the computer that this needs to be  
21 done, the computer automatically executes.

22 This is why, at American Express, the rep will  
23 say, okay, I've taken this charge off your bill, it has been  
24 done, and they speak with absolute reassurance. The reason  
25 is that the computer has already taken care of it. In many

1 cases, and I realize these are legacy systems, the phone  
2 companies don't have that seamless linkage.

3 Now, in terms of evaluation, you need to evaluate  
4 your individuals and your service organization in terms of  
5 satisfaction and repurchase. And we find in most cases,  
6 it's only productivity. What percentage are being handled  
7 on first contact and are you getting good information to  
8 prevent future occurrences? These top two areas, where I've  
9 allocated two-thirds of where evaluation should be taking  
10 place, are almost nonexistent in most corporations.

11 Now, how you evaluate satisfaction surveys in  
12 conjunction with call-quality monitoring is critical, but we  
13 put more emphasis on the satisfaction survey because, in  
14 many cases, the clear, believable explanation is what's  
15 going to lead to customer satisfaction. Now, when I'm a  
16 front-line rep and I give you the corporate policy, the  
17 supervisor who is monitoring that call says, oh, yeah,  
18 that's clear, that makes good sense to me. Well, the  
19 supervisor wrote the policy. Certainly it's clear to them.

20 It is not clear to Mrs. Jones in Des Moines.

21 Also, the other problem we've seen is that people  
22 use satisfaction surveys to evaluate individual  
23 representatives or service units. The most important  
24 analysis should be, what kinds of issues are we  
25 systematically not making people happy? So the analysis

1 should be by type of problem, by type of product or type of  
2 client, not just is Mary Jo giving better service than Sam?

3           This is an example of what we're now finding for  
4 Web surveying. More and more, the Web is a way of  
5 communicating and we're finding that if you have a pop-up  
6 survey like this and you can ask 10 questions in less than a  
7 minute, you can get very high response rates very, very  
8 quickly and you get almost instantaneous feedback. We do  
9 believe you have to modify your survey to your clientele.  
10 This is from a bar and grill in Emporia, Kansas, and an  
11 example of the modification is, if you look at the top  
12 category under service, it says, "Unbelievable, I want to  
13 marry this person," versus the bottom category is, "Slower  
14 than wet blank sliding down a dry rock." We think this is  
15 an interesting way of modifying your survey to fit your  
16 clientele. It has some other categories you can read at a  
17 later time.

18           In any case, the last function is analysis and  
19 reporting, and what we find is, in most telephone companies  
20 the customer service reports have very little impact. And  
21 this is four questions that you can ask to see if it has  
22 impact. Ask the head of marketing or the head of  
23 operations, did you receive last month's report or use this  
24 with complaint reports for those of you who generate them.  
25 Did you read it? The euphemism you'll get is, I scanned it.

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1 Did you find anything useful? Oh, yeah, good report. What  
2 action did you take? If they took no action, you're wasting  
3 your time, their time and a lot of trees.

4 So the analysis has to be tailored to the  
5 individual audience. We find most complaint reports are  
6 written in a tattletale mode of, who screwed up this month.

7 And so, basically, it has to be done in a consulting mode,  
8 and the first thing you learn as a consultant is, don't  
9 embarrass your client. They have to be timely and then,  
10 rather than saying, last month we got 132,000 complaints,  
11 better to say, here are the three key kinds of complaints.  
12 Here's the problem, here's how many customers were affected,  
13 here's the damage to loyalty, here's the cause and here's  
14 the proposed action.

15 Now, how do you convince the CFO? I'm not going  
16 to go through all the gory details of this, but you can  
17 follow through it. We also have an article entitled,  
18 "Selling Service and Quality to the CFO." Just give us a  
19 business card and we'll send it to you.

20 But basically, here we had a wireless company with  
21 600,000 customers. Eighty percent had had problems. Of  
22 those, only 50 percent complained, and of those who  
23 complained, we had about 85 percent satisfied. What we were  
24 able to calculate is, out of those 600,000 customers,  
25 because of problems and how they weren't being handled, they

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1 were losing a net of 117,000 customers. Now, admittedly,  
2 22,000 of these customers were people that they really were  
3 just as happy to be rid of, but in addition, they were  
4 losing another 8,000 customers due to negative word of  
5 mouth. Now, what each of you in your company should do is  
6 figure out, what does your baseline look like.

7           We then did a calculation of -- okay, everybody  
8 says customer service is a cost center. What if customer  
9 service was eliminated and either people didn't complain or  
10 they would go back to their Radio Shack store where they  
11 bought the service? What we found was, you would lose even  
12 more customers, and in this particular case, it would cost  
13 you another \$10 million because you didn't give service. So  
14 in fact, it was a net loss of revenue if you eliminated the  
15 customer service department.

16           Now another approach is, gee, let's get more  
17 people to complain and let's satisfy more of them. And what  
18 you find is that you, in fact, get incremental profit of \$17  
19 million if you get more people to complain. This goes back  
20 to the basic finding, complaints are good, because  
21 complaints are the customer giving you an opportunity to  
22 retain his loyalty.

23           One other approach is, what if we just educated  
24 customers on how to use the cell phone or the telephone  
25 system more effectively so that they don't have as many

1 problems? If we reduce problem experience from 80 percent  
2 to 60 percent, this company would save 15,000 customers and  
3 make about \$11 million more in profit. So if you could do  
4 the customer education for \$5 million, you would get over a  
5 200 percent return on every dollar invested.

6           So we have found these kinds of analysis are  
7 acceptable to the chief financial officer, and that really  
8 is the key person that you need to convince if you're going  
9 to see an improvement of service. And I would also suggest  
10 that even the regulators need to, rather than talking to the  
11 government relations people, need to go talk to the CFOs,  
12 because they're the people who are really the major barrier.

13           So in summary, you need to invest in customer  
14 education, do the basics well to close on first contact, use  
15 consistent response rules across all the different channels  
16 so people don't start shopping the system, provide an  
17 internal appeals channel to reduce regulatory complaints.  
18 Here is one quick secret we've learned in the power industry  
19 and the airline industry. If the FCC or your state  
20 regulator is beating you up because you have too many  
21 complaints, what you should do is put a high-visibility 800  
22 number where your consumers can call and file a complaint  
23 with an internal corporate appeals board.

24           The minute you do that, I guarantee your  
25 regulatory complaints will drop by 40 percent. We've done

1 this with power utilities and airlines. The airline that is  
2 top on the DOT complaint list in terms of, they have the  
3 lowest number of complaints, I don't think gives necessarily  
4 better service. But they do have 800 numbers posted in  
5 Newark Airport and if they cancel a flight, they give  
6 everybody a comment card. Now if you have five minutes of  
7 anger, where do you spend it? Filling out the comment card,  
8 as opposed to finding the DOT complaint number.

9           So what we have seen is the number of complaints  
10 go down dramatically. The regulators say, gee, we've  
11 succeeded in creating better service when, in fact, probably  
12 not a lot has changed, but at least you're handling your own  
13 complaints.

14           And then, finally, show the CFO the cost of poor  
15 service and you'll get what you need. Thank you very much  
16 for your time.

17           (Applause.)

18           MR. GOLDBLATT: That was great. One thing John  
19 didn't mention that we learned at the FCC is that people's  
20 impression of the FCC is not necessarily the Chairman or the  
21 Commissioner's, but the person they speak to on the phone  
22 when they call up our call centers. And I remember John did  
23 a study a long time ago about how many people repeat a bad  
24 experience versus how many people repeat a good experience.  
25       And what is it, it's, like, multifold?

1           MR. GOODMAN: What we find is -- through word of  
2 mouth -- is, twice as many people hear about a bad  
3 experience as a good experience, but what we have found on  
4 the Web is that four times as many people will go to a chat  
5 room and post bad things about you as the number of people  
6 who go to a chat room or bulletin board and say nice things  
7 about you. So the word of "mouse" is four times as much.

8           MR. GOLDBLATT: So remember, I guess, complaints  
9 are good, they really are. I guess the next segment we have  
10 is, if anyone wants to come to the open mike and -- be it  
11 either consumer or a carrier or anybody -- and make any  
12 comments? Yes, we have a lady. If you just could identify  
13 yourself, I'd appreciate it. Thanks.

14           MS. WOOD: My name is Gwendolyn Wood and I would  
15 like to know how many of the carriers are contracting out  
16 customer relation services to other companies and how are  
17 they handling that?

18           MR. GOLDBLATT: That's a good question. Is there  
19 anybody here from a carrier who would like to respond? We  
20 find that is a very good question and a lot of times --  
21 we're finding that a lot of the complaints that we get is  
22 because the main company doesn't really know what's being  
23 said at some contracted center somewhere all around the  
24 country, or a center maybe in Iowa has no idea what's going  
25 on in Manhattan and cannot really relate to the problem.

1 That was a good question, excellent question. Yes?

2 UNIDENTIFIED SPEAKER: While he's coming to the  
3 mike, I'll just add to that. The problem that I mentioned  
4 earlier this morning with one of our major companies not  
5 being responsive to consumers was caused largely because  
6 when something came in -- when we called them, we got their  
7 regulatory side. We did not get their consumer affairs  
8 side, and the regulatory side was not empowered to solve the  
9 consumer's problem.

10 So there was an automatic gap. They felt they  
11 were giving us better service, but actually it was worse  
12 service for us and worse for the customer. And when they  
13 got rid of that at our insistence, all of a sudden, the  
14 problems went away.

15 MR. REAL: My name is Jim Real (phonetic). A  
16 question concerning notice in changes of rates and changes  
17 in long-distance plans. I'll use myself as the anecdote. I  
18 was on a long-distance plan where I was paying 10 cents a  
19 minute. When I received my monthly bill, the rate was 12  
20 cents a minute. When I called to inquire about that, they  
21 said the rate had increased. I said, well, I wasn't  
22 notified about that. They said, we ran ads in major media  
23 and that we're not required to tell you directly, and oh, by  
24 the way, your plan was discontinued two weeks ago, which was  
25 also without any kind of notification. There really can't

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1 be any good customer service story in anything like that,  
2 but the obvious question that I asked was, well, aren't you  
3 required to notify your customers of rate increases -- and I  
4 meant, directly notify your customers. And the response  
5 was, no, we are not required to notify our customers  
6 directly, only by putting a notice in some type of major  
7 media.

8           So obviously the question is, is that correct and  
9 the question to the carriers is, how can this be good  
10 customer service?

11           MR. GOLDBLATT: Actually for the answer, I'd ask  
12 one of our specialists. Tom?

13           MR. SHIRLEY: Yes, sir, that is correct. That's  
14 Part 42, I think --

15           MR. GOLDBLATT: The microphone, so people can hear  
16 you.

17           MR. SHIRLEY: That is correct, that the  
18 requirement is only that the carrier place an ad in a  
19 newspaper, just what you said. It's Part 42 of FCC rules,  
20 if my memory serves, it's 42.6, and it says just about what  
21 you just said. I wish it were better. I think it would be  
22 better for the carriers to notify their customers in their  
23 bills. They may, there's no prohibition of the carriers  
24 notifying their customers more personally than notification  
25 in the newspaper.

1           We wondered why that was, that it was only  
2 required that they place an ad in a newspaper, and we came  
3 away with the answer, well, probably because it's cheaper.  
4 You know, a fraction of a cent, printing each bill is going  
5 to be a lot of money for the carrier.

6           MR. REAL: I can understand the monetary aspect of  
7 it, but then three days later, I got an advertisement from  
8 the same long-distance company, filled with glossy printed  
9 ads to sign up for cellular service, which no doubt cost  
10 many more cents than a single line at the top of my bill  
11 which would have said -- they wouldn't have had to put an  
12 extra insert in, but just a single line on my bill that  
13 said, "Your plan has been discontinued and the rates have  
14 been increased," and not requiring a separate piece of  
15 paper. But it seems a few extra words on a bill wouldn't be  
16 that expensive.

17           MS. PELTZ-STRAUSS: There is a new proceeding at  
18 the FCC on detariffing of long-distance telephone companies,  
19 and one of the outgrowths of that proceeding is that there  
20 will be direct contracts with consumers for telephone  
21 service. And I believe -- this is new to us, as well, but I  
22 believe that there is going to be some provision for direct  
23 contracts with consumers. And as part of that, notification  
24 requirements for changes in rates would seem pretty basic.

25           So we're going to follow up on this, the Consumer

1 Information Bureau will follow up on this, and try to ensure  
2 on behalf of consumers that there is future notification as  
3 this rulemaking proceeds.

4 MR. GOLDBLATT: I think also what you're saying is  
5 just common sense, good marketing. Why should there be  
6 regulations? Why doesn't the company just think of it on  
7 their own, for goodwill?

8 Yes?

9 AUDIENCE MEMBER: On top of everything else, I --  
10 and didn't find out about it until three months later,  
11 because the company had -- . So I think many see the --  
12 the same plan and they find themselves switched to  
13 mechanical calling rates and find out about it three months  
14 later.

15 MR. GOLDBLATT: As we find here, just within our  
16 new bureau, consumer education is really important and has a  
17 great payoff. It really does.

18 Anybody else have any questions? Lorraine, do you  
19 want to -- oh, go ahead.

20 MS. STEWART: This is Pam Stewart. Just to make a  
21 comment on what Karen said, I think that's great that  
22 they're looking into something like that, but if I'm having  
23 a hard time understanding my bill, if I'm going to have to  
24 understand a contract that I make for services with the  
25 phone, I can't even begin to imagine that.

1 MR. GOLDBLATT: Excellent point. Yes, Nancy?

2 MS. BROCKWAY: We seem to be sort of doing an  
3 informal notice on the rulemaking right now. Led me add to  
4 that -- I would second that. We've seen in the gas  
5 restructuring industry, for example, in New York, that big  
6 billboards for one of the major companies would say, 100  
7 percent complaint handling or something like that,  
8 indicating that they had a very strong practice of mediating  
9 with the consumers about their complaints. If you got the  
10 contract in the mail, which was several pages long, single  
11 spaced, buried in it. it said, all complaints will be  
12 referred to the American Arbitration Association under their  
13 rules, and in the meanwhile, you have to pay your bill.

14 So there are a lot of potentials for abuses in  
15 these form contracts.

16 MR. GOLDBLATT: Thank you. Any other comments?  
17 Oh, yes, sir?

18 MR. CRAWFORD: Well, I've already talked enough,  
19 but I just want to exhort people, when you go back to your  
20 companies, you have to examine whether or not you,  
21 individually, have any real say in what happens tomorrow at  
22 your company. And depending on the answer to that, you need  
23 to connect with the people who do. Or if you have the power  
24 to do it, I think there's a real need to come out of this  
25 conference with a message back to the company that the water

1 is hot and getting hotter, and unless the company wants to  
2 end up in an unpleasant stew, it really has to make a change  
3 in its strategy. I mean, that's the whole bottom line to  
4 all of this. If somebody won't say it, well, the hell with  
5 it, I will. Thanks.

6 (Applause.)

7 MS. PELTZ-STRAUSS: Lorraine has tasked me with  
8 doing the closing comments. First of all, I want to thank  
9 Roger Goldblatt and Janice Wise and everyone from the  
10 Consumer Education Office that put on this excellent forum.

11 (Applause.)

12 MS. PELTZ-STRAUSS: As with our earlier forum on  
13 billing, this is only the beginning, and many of the  
14 concerns that were raised here were extraordinarily helpful.  
15 This is why we now have a Consumer Information Bureau. We  
16 will take your suggestions, we will listen to them carefully  
17 and we will move on them. We will act upon them. When the  
18 detariffing proceeding comes along, we will respond. We may  
19 respond earlier than that. We just want you to know that  
20 we've listened very carefully, we thank all of the  
21 panelists. We will be addressing some of these issues in  
22 our own Customer Service Center. I also want to thank all  
23 of the CAMs, the Consumer Advocacy and Mediation specialists  
24 (applause) as well as Sharon Bowers and Martha Conti and Tom  
25 Shirley for helping to organize their participation.

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1 (Applause.)

2 MS. PELTZ-STRAUSS: And again, please feel free to  
3 contact us whenever you'd like to. We've learned a  
4 tremendous amount here. We hope that the telephone  
5 companies that participated today learned a tremendous  
6 amount. And now we want to issue a challenge. And the  
7 challenge is that the telephone companies improve their  
8 customer service by a certain date, actually. You have  
9 three months to start changing your customer service  
10 patterns and policies to meet the various recommendations  
11 that were presented today. After that three-month period,  
12 in early September, we are going to conduct, again, a survey  
13 of the types of customer service complaints that come into  
14 our consumer centers. It will be a 30-day period that we  
15 will be looking at the types of complaints that come in.

16 We propose to release the results of that survey,  
17 naming names of telephone companies, on October 13. So you  
18 have a real challenge presented before you and we are hoping  
19 that you will not want to be number one on the list of the  
20 worst customer service companies. Thank you very much.

21 (Applause.)

22 (Whereupon, at 12:16 p.m., the hearing in the  
23 above-entitled matter was adjourned.)

24 //

25 //

**REPORTER'S CERTIFICATE**

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