In the Matter of: }
TELEPHONE CUSTOMER SERVICE FORUM }

Pages: 1 through 112
Place: Washington, D.C.
Date: June 9, 2000

HERITAGE REPORTING CORPORATION
Official Reporters
1220 L Street, N.W., Suite 600
Washington, D.C. 20005-4018
(202) 628-4888
hrc@concentric.net
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

Heritage Reporting Corporation
(202) 628-4888
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
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 broadband, 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
doing. Let's highlight the positive and let's work together
to come up with some solutions for the problems we uncover.

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

(Applause.)

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

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

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

(Laughter.)

MR. KENNARD: That's right. I don't think you
need a press person. Well, I think a lot of Roger's
comments in here really sum it up and that is, there are a
lot of angry consumers out there about customer service and
misleading advertisements and whatnot. And we wanted to
convene this forum because I know many of you are from
industry and from consumer advocacy groups and we're really
serving the same customer base. And we're all in this
together. I mean, that's what it's really all about.

One of the things we're going to talk about here
today is how oftentimes we're dealing with the very same
consumers. That is, they'll call a telephone carrier and
the telephone carrier will just forward the call to the FCC.
And Lorraine and I were talking about this yesterday and
how this is becoming quite a problem for us, because
oftentimes, by the time that customer is referred to our
assistance center here at the FCC, we've got one angry
consumer. And Lorraine and I were talking about how to deal
with that, and I said, well, let's just have a button where
we can send them right back.

(Laughter.)

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

That's a huge challenge for those of us who care
about consumer education, because that means that most 
consumers who were used to being protected by government in 
this area, where they had really one provider and that 
provider was highly regulated, now they're having to deal in 
a competitive environment, where they have to buy products 
and services from multiple providers. They have to sort 
through all these confusing calling plans. They are falling 
prey to aggressive marketing tactics, oftentimes deceptive 
marketing tactics. And they're very vulnerable, because 
they're not used to buying telephone services in an area 
where they don't have lots of protection from federal and 
state regulators.

Well, we know we can't go back. We can't go back 
to the old monopoly environment, because ultimately, 
competition is good for consumers. We want them to have 
these choices. We want them to have lower rates and more 
innovation and all the good things that competition brings. 
But we have to arm them with the tools to protect 
themselves, and basically, that's information. And that's 
what our Consumer Information Bureau is all about. It's 
arming consumers with the information they need to make 
informed choices in this competitive market place.

I'm very, very proud that we've set up the 
Consumer Information Bureau under Lorraine's leadership. 
It's gotten off to a terrific start. A couple of weeks ago,
I participated in a management retreat. All of Lorraine's senior managers got together. They left the FCC for a day to talk about their plans for this Bureau. And I tell you, there was a tremendous amount of excitement in that room around the creation of this Bureau and the new tasks that people have.

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

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

(Applause.)

(Whereupon a videotape was shown.)

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

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

MR. SHIRLEY: Okay, thank you. Am I on over here? Oh, there I am. Okay, plenty of feedback. Okay, well, listen, thank you all very much for coming. We really, really appreciate the chance to speak with you. And we do want to speak with you.

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

It's a great opportunity for us, this forum, for all of us to exchange some ideas and maybe make ourselves better able to provide the best customer service possible. I think if we're in the customer service business, we know
that good customer service pays dividends in reduced
complaints and follow-on benefits of reduced overhead,
reduced costs.

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

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

And really, believe me, our purpose is not to beat
you up. We don't want to beat you carriers up. We want to
give you some feedback. It's a little rough sometimes, it's
a little outrageous, but please remember, we're just the
messenger. So don't shoot us quite today.
Okay, I want to show you the tools that we use to talk to our customers. Now, you saw on the video, those are our people talking to our customers and yours, and I want to show you very quickly the tool we use to get information from them and to provide information to them. It includes their phone numbers, names, addresses, and e-mail addresses and fax numbers and that kind of thing.

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

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

When a call comes into our consumer center, if the caller does not have his or her caller ID blocked, we will automatically get the phone number right there, in the box
right here, where you see the phone number. We do have to
ask them for their name. Here the state is actually keyed
to the area code, so that's provided to us right away.

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

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

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

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

Heritage Reporting Corporation
(202) 628-4888
our Web page and fill out the complaint form themselves. There's the other part of the complaint form. It's populated with their phone number, address, name -- that kind of thing.

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

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

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

My first telephone consumer was a senior lady who called and was very, very upset and she was on the verge of tears. She was very concerned about this new charge, the $1.04 from the local exchange carrier. It's called the PIXIE charge -- Presubscribed Interexchange Carrier charge. And that's in our Rule 69.153. Basically it is, it says,
if an end user customer does not have a presubscribed interexchange carrier, that is, a long-distance carrier, the local exchange carrier may collect the PIXIE directly from the end user. And the FCC sets a cap of $1.04 on this charge.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
local phone company to apply for that. And I also sent her information about the $1.04, the access charge information.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
carrier said they just couldn't help her. They only bill for other companies because the FCC mandates that they do this. And they demanded payment or at least to set up a payment plan, or they would disconnect her phone.

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

What I advised the caller was that she could ask the local exchange carrier to do a branch tap search to see if their line was tampered with. Also ask the local exchange carrier if they could recourse the charges back to the long-distance carrier and ask the local exchange carrier to block 900 numbers. I also advised that neither the long-distance company nor the local exchange carrier could disconnect her for nonpayment of pay-per-call charges, and this is according to the Communications Act of 1993, Section 228(c)(3). And it states, "A common carrier shall not disconnect or interrupt a subscriber's local-exchange telephone service or long-distance telephone service because of nonpayment of charges for any pay-per-call service."
also suggested the Lifeline Program to her and I sent her information on the Lifeline Program and consumer tips information. The consumer tips information is a way to lower your long-distance bill. I thought maybe it would be beneficial.

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

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

MS. CHAMBERS: Good morning. Can everyone hear me
all right? Okay, my name is Wendy Chambers and I work in
the Gettysburg Consumer Center. I've answered gazillions of
calls regarding anything and everything. I have talked to a
lot of your telephone customers. I've brought some examples
of the kinds of calls that I have taken day after day for
the last three years.

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

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

I told her the FCC did not put these charges on
her bill. She was very angry and did not believe a word I
said, because she said her bill indicated "FCC charge." A few of us have half jokingly considered telling the callers to write two checks -- one to the FCC for these supposedly mandated charges (laughter), and one to the local phone company.

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

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

Heritage Reporting Corporation
(202) 628-4888
Rule section 69.152(a), a charge shall be assessed upon end users that subscribe to local exchange telephone service. However, under subparagraph m, it allows for charging less than the maximum, including 100 percent less or zero.

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

We had another call regarding the nonpresubscribed interexchange carrier charge, otherwise known as the PIXIE. She was told the FCC makes the local company charge this fee, because she did not have a long-distance carrier. She was told to call us to find out why she was being punished for not having a long-distance carrier and demand removal of this charge.

I explained to her, according to the rule section that Kay indicated earlier, that -- you know, that rule
section. After that, she appreciated my explanation and told me she didn't like this charge but now understood why it was on her bill. She wondered why the FCC allows companies to lie to their customers.

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

And for my last example, a lady called regarding the federal, state and local taxes on her telephone bill. She had called her local phone company earlier and was quickly sent to the FCC. I told her I could explain the federal excise tax. However, I could not help her with her state and local taxes because they varied, depending on where she lives. I suggested, why don't we do a conference call with the local telephone company. So I got them on the line, identified myself as Wendy from the FCC, and I said I had one of their customers on the line who had called earlier about her local and state charges and was referred to us. And the customer service representative said, oh,
now, that should have never happened. We could explain
those taxes to her.

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

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

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

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

He did contact the company and asked them what
they thought they were doing by billing him when he never
authorized it? And their reply was, the other phone company
couldn't handle the calls, so they took over. To this he replied, well, how come they're still handling those calls on my first line, and he wanted to know what was going on. Their reply to this question was that they were the same company and again stated that they were handling his calls because the other company couldn't.

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

My second example was a retired couple who were totally disgusted with the phone service. They were contacted by a long-distance carrier about unlimited calls for a flat rate per month. Since they live in Texas and have a son who is in his first year at West Point in New York, they figured it was a good deal. So the caller took the information and did the verification and everything and...
told them that the service would be hooked up in approximately 10 days.

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

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

On May 1, they did pay the unwanted company's bill, but then on May 10, they received a nonpayment notice from this company, which stated that unless the bill was
paid by May 16, they would be turned over to a collection agency. So after all this frustrating information and everything, they keep calling back, they keep getting placed to another location, all around the U.S. They never get to talk to the same individual. And most recently what has happened is they're being transferred to an automated system which puts them into different locations and everything, and it helps them not at all because it always asks them for a PIN number, which they don't have because this company never actually was their company.

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

But the thing of it is, the problem could have been eliminated right from the start if the first representative that took the cancellation notice would have advised them to contact their local phone company, that there may have been a request for a change in service. And they could have put a PIC-freeze on at that time and that would have eliminated the whole problem from there on.
And that's the end of my stories, and I'll give you to Brenda.

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

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

We had another customer tell us that his wait time to get into the service department of a major carrier to release his blocked line back to his preferred carrier was three hours. He put the call on conference until he finally got through.
My next caller was from a mother whose children were in college. She set up a calling card so her children could keep in touch, and at that time, the rate was 25 cents per minute and she had the card for several years. She recently received a phone bill amounting to $400. She immediately got on the phone with the carrier and was told that she was put on a different calling plan and rate. It was $1.25 each time she connected with the card and 97 cents per minute.

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

The last subject that I would like to cover is broken promises. I received a call and this was my call.
last week from a man who was close to tears, and I don't
know if you've ever taken a call where you've had a person
that's so distraught, pleading for help. He was a minority
small businessman with seven children. He opened a small
automotive shop last September, and at that time, he set up
two lines with his local exchange carrier. One number had
long-distance, the other did not. The second line was for
his fax and computer.

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

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

A three-way conversation was placed by the local
exchange carrier to settle this dispute. The long-distance representative informed her supervisor and stated that the problem would be corrected. She assured him that the problem would be corrected and if -- to call within 30 days if the problem did persist. She gave him her name and phone number.

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

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

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

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

MR. GOLDBLATT: Thanks. Thank you all. We're now going to have a panel -- you would think that we get all the complaints about customer service and telephone companies.
Our next panel are other consumer groups or organizations and they're going to tell their experiences, as well. So why doesn't the next group come up, please? Have some coffee.

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

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

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

I want to start by applauding the Federal Heritage Reporting Corporation

(202) 628-4888
Communications Commission for their expanded response in recent years to consumer complaints. I remember when I was a legal services attorney back along, we would try, as attorneys, to call the FCC and get help for our clients with an interstate bill and we couldn't get through as attorneys. And there were very rigid requirements about filing complaints in writing. You couldn't talk to anybody on the telephone. It seemed as if it was extremely bureaucratic, and not intentionally, but effectively designed to keep anybody from bothering the FCC with their consumer complaints.

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

I want to mention that the CIB, Consumer Information Bureau, of the FCC has been participating actively in the new Consumer Affairs Committee of the National Association of Regulatory Utility Commissioners and we are grateful for this institutional cooperation.
exchange ideas. It has led, for example, to a recent
delegation of authority by the Federal Communications
Commission to the states to deal with slamming complaints.
And slamming complaints have been among the most difficult
for consumers to understand.

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

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

   Jim Berg of the South Dakota Commission reported
recently that they've had to triple the size of their
customer assistance or consumer division because of the
number of inquiries that they're getting.

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

And I'm being facetious, but it indicates that there was no fear on the part of that company that any kind of disrespect that they were showing to the consumer or to us was going to come back to haunt them. Well, we all got them together in one room together and at least for residential customers, the turn-around time on their internal dealings with complaints has dropped dramatically. So this kind of cooperation across states, between the state and the federal government, is essential and it's very useful.

I just want to end by saying that because the

Heritage Reporting Corporation
(202) 628-4888
Federal Communications Commission is increasingly seeing the network as a seamless loop from the customer's premises through to whomever they call and back -- and in some ways that's justified, and in any event, in many cases, the Federal Communications Commission has been upheld in its assertion of this jurisdiction of seeing this as an interstate network -- well, with that assertion of jurisdiction over the rates comes the responsibility that the former panel has expressed of responding to consumers' complaints. And we at the state level will continue to work very closely with the FCC to help them in their response and to receive help from them in dealing with customer complaints that come to us.

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

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

The next person, Jim Hurt, from Georgia.

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

Heritage Reporting Corporation
(202) 628-4888
in the state of Georgia. I represent the residential and small business customers as classes in any legal proceedings involving the telephone, where we think that they have a direct interest.

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

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

Second, the laws of corporate behavior in a competitive situation. The loss by the RBOCs of large customers creates pressure to replace lost revenues with vertical services. And I think as a result of that, we're seeing increases in the cost of vertical services. We're
also seeing vertical services that are being rolled out too quickly before they're really ready to be used. And then, when the glitches occur, that engenders a lot of service complaints about those vertical services.

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

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

The bills, eventually amounting to more than $1,200, accumulated on my telephone bill for this. And we had to have six visits by the telephone company to our home. And we went for four months, trying to get these charges off of the bill and they kept coming back every month. Now,
I did not go through regular channels in trying to clear this up. I have channels that I can use --

(Laughter.)

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

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

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

MR. GOLDBLATT: Thank you. Our next speaker --
I'm sure many of you turn on the radio once in a while, you might have heard Shirley Rooker from Call for Action.

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

(Laughter.)

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

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

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

I'm not going to try to tell you about the complaints that we get, because I think the CIB representatives very eloquently expressed to you the
concerns and problems that we have sometimes in getting
correct information in a timely fashion.

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

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

The study found that there was a direct
correlation between buying intent and a customer's
experience with a company's consumer affairs department. In
fact, the study discovered that when consumers were
satisfied with the way a company had handled their
complaint, they became more loyal than customers who had
never had complaints to begin with, which is really a very
interesting revelation. It's kind of converse to what we might have expected. You've had a problem, but because the company satisfied it, that customer became even more loyal.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
we hear from think companies are not interested in helping them. They find that technology gets in the way. They want to pick up the phone and hear a voice, hear someone there to help them.

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

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

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

MR. GOLDBLATT: Thank you, Shirley. When we set up this panel, we were trying to think, well, before there were consumer offices, who did people complain to, and somebody said, Better Business Bureau, and we said, hmm. So now, from the Council of Better Business Bureaus, Stephen
MR. JONES: Thank you. My name is Stephen Jones. I'm with the Council of Better Business Bureaus, which is the headquarters or umbrella organization for the 132 or so Better Business Bureaus in the U.S. and 15 in Canada. We were the people that people went to to complain and we are the people that people go to to complain about telephones. I'm very pleased to be here today. Two ideas have come to me that we can do to really facilitate our complaint handling. One, we're going to get a button to press so that we can transfer all the calls to the FCC.

(Laughter.)

MR. JONES: And the second was, we plan to impose a confiscatory tax on most phone bills so that it will cover our phone bills themselves, which are excessive. As I said, there are 132 BBBs in the United States and we often rank complaints by the nature of the business. We have 1,059 different types of businesses categorized and for 1999, the telephone companies, not cellular equipment, just plain telephone companies, ranked number nine among the 1,059 complaint categories. They were tucked cozily between work-at-home schemes and used car salesmen. Not to suggest that the phone companies are in that class of business or class of salespeople, but I would also point out that for the year 2000, the first quarter, the number one complaint category
has been cellular telephones. That's not including the
others, the regular telephones and long-distance carriers,
which if all ranked together, would be higher than eighth,
for sure.

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

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

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

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

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

Heritage Reporting Corporation
(202) 628-4888
service categories -- billing and the quality of service. 

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

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

This billing mess is exacerbated by the continued problems with slamming and cramming. BBBs across the country still regularly get complaints from consumers who are unaware that their long-distance carrier had been changed or that they had "signed up" for another service they never intended to buy.
Which brings me to the second area of frequent complaint, which is service. The BBB -- as a rule, we tell people who complain to us, we ask them if they have already contacted the company to present their complaint and we ask that they do that before they come to us for help in presenting a complaint. Well, it turns out that one of the things most complained of to the BBB is the difficulty customers have getting through to somebody, a living person at their phone company, someone who can help them resolve their problems.

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

Several bureaus report complaints to the effect
that phone company staff would refuse to transfer complaint
calls to the supervisor or refuse to identify themselves or
their supervisors. This is very frustrating to consumers
and they express their frustration to us. It genders some
really ill will towards the phone companies. And it helps
nobody.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
companies. It's hard for the Better Business Bureau to do, even though we've had a relationship with the phone companies in handling complaints for 75 years.

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

But they've also said that, for example, one large, regional phone company, one of the Baby Bells, I guess it probably was, when people complained to the Better Business Bureau, and they do by the hundreds, they had, the Better Business Bureau had a great deal of difficulty in reaching the right person to contact to fix the problem. It ends up that it took an average of two months to get a complaint resolved when the Better Business Bureau is working on it. And that's certainly not a satisfactory way of handling complaints.
It probably is the belief of the Better Business Bureau in some of these cases that the company simply does not put the resources into handling complaints, but they're putting the resources into new products and new services.

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

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

Thanks.

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

MR. KRAMER: I believe so, yes. Thank you, Roger.
I'm Jeff Kramer. I'm a legislative representative in federal affairs at AARP. It's a pleasure to be here today. I want to thank the Commission for inviting AARP to participate. And I also want to commend the Consumer Information Bureau for being an essential link to the consumer community. It's really nice to have a link between consumers and the Commission, which heretofore was nonexistent. So I want to thank you for that.
I don't think anything I'm going to say today is news, but hopefully we'll bring it to you in an AARP-type perspective. Certainly the reason we gave for a lot of the complaints from consumers is because they feel that they're getting the runaround, they can't get a live person, and we've heard that a number of times. And I think it's important to point out that what makes this more frustrating for our members is that, unlike other industries where you can go to a store and talk to a live sales representative or talk to someone when you make a lot of other retail purchases, with phone service you can't. You're talking on the phone. And so they move you around and transfer you around, that's the only option you have.
You know, unlike years past, when you could go to a phone company and pay your bill and talk to a consumer
representative, a lot of those offices are no longer in existence, so consumers have to rely on that. And for our members, that becomes very, very frustrating when you're pushed around.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
their complaint hasn't been resolved.

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

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

They called the county who, of course, had no idea what they were talking about, and sent them back to AT&T. Anyway, the bottom line is, this took months and months to resolve the complaint. And again, these people were very
frustrated -- and obviously, the charges were not waived -- but before they could even get an answer, it was quite a bit of time.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
escalating." And this person has never even, you know, signed on to the service. I'm not going to go into the details of it, but there are a number of follow-up letters to a number of different agencies and as of yet, and I called yesterday, this hadn't been resolved yet. So this person continues to get higher and higher bills for a service they claim they never had.

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

And the final one I have is, again, one where it's a daughter of one of our members who is in ill health, who
had their phone service terminated. And the mother was afraid to tell anyone, but they obviously couldn't get a hold of her. They were told it was done for nonpayment. Now, this person doesn't understand why, because she had been paying the bills. Though they weren't coming to her, she thought she'd been paying the bills.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
can deal with senior interests on the phone. That's very
important.

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

And if you're marketing someone, tell them in
plain English what they're getting. Let people know, if
there's a contract, they're signing for a two-year term.
Make sure they know that they're signing a contract for a
two-year term, not just for month-to-month service,
especially older people who aren't used to getting into
wireless contracts and things like that. It becomes a
problem. Or any kind of service you're trying to sell to a
consumer, make sure they understand the terms and conditions
as best as possible. Then you alleviate a lot of these
concerns down the road. And I guess the final point is really for the carriers to get to know the customers. Spend time -- I know big business has millions of customers. But if there's any way possible to do a little more personal relationship with a customer, to get to know what their needs are, the services they've gotten in the past and how you can help them to enhance their, you know, their experience with the carrier, it would be helpful. Thank you.

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

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

(Laughter.)

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

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

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

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

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

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

The truth is, I'm confused about my telephone service. That's not good. I think that I'm a relatively intelligent person. I have many phone bills that come to my house. I think one of the important things that these telephone -- the variety of telephone services that we have must do better is they must communicate better with their customers. I am not talking about a tiny little insert slipped into a phone bill that gets thrown away. I can tell you that out of the blue, in my mind, last month, I got a brand new bill from AT&T. I'd never gotten a bill from AT&T in my life, and I've had AT&T service, I think, since the day I bought my house. Why did I get a bill from AT&T? Because AT&T decided that they're going to bill my long-
distance separate from my local service. And since I don't use that much long-distance at this particular phone, I'm only going to get my bill every three months. What are they talking about? I did a story on this and I still didn't understand the bill when it came in.

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

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

People who are trying to figure it out and then,
when they make the wonderful phone call to the place where
they're supposed to call, again, as other folks have said,
they're on hold, they punch a series of numbers, they get to
a person who tells them that they've gotten to the wrong
person. They ask to be bumped up, they can't be bumped up,
they have to start the process all over again.

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

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

You know, we've got complaints, everything from
cellular to regular service. The Guardian Plan, you know,
everybody at Bell Atlantic got a lovely little note a couple
of months ago that said that your guardian service is going
up $X$ number of dollars. Do I have guardian service? What is guardian service? I thought I declined guardian service 16 years ago when it was offered to me, because phone lines inside homes don't break very often. But I get a note in my phone bill that says that my guardian service is going up. Well, I figured out that I didn't have guardian service and that they were just warning the people who did, but guess how many phone calls we got from people saying, do I have guardian service, and why is it going up? First of all, they shouldn't be calling me about this, right? And if the note in the phone bill, or a separate letter coming to them had said to them, this is guardian service, you may have it, you may not have it, and if you do have it, it's going up -- guess what? Nobody would have called me, you or anybody else.

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

And I think it goes everywhere from selling

Heritage Reporting Corporation
(202) 628-4888
original cellular service -- I bought a new cellular service last month. I got my bill yesterday. Honest to God, I cannot understand one charge on it, because I have a crossover service. You know, I had a service before and now I have a new service and they prorate the new service onto the -- okay?

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

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

So I would say, you know, figure out a way to...
communicate clearly with these people and they actually
might really want to do business with you. Thanks.

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

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

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

(Whereupon a short recess was taken.)

MS. PELTZ-STRAUSS: We're going to try to begin.
Thank you. Hi, I'm Karen Peltz-Strauss and I'm the deputy bureau chief of the Consumer Information Bureau. And we are delighted to have you all here.

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

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

But as hard as it is for many people to access information, it's even harder for special constituencies to access this information. Prerecorded announcements are not accessible to deaf and hard-of-hearing people. People with cognitive disabilities have trouble accessing them and
responding quickly. People who are senior citizens who have slow response time have difficulty. People who speak foreign languages and may not understand the prerecorded announcements may have difficulty.

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

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

Okay, great.

To hear the speech from ACB, press one.

(Laughter.)

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

I think it's fair to say that coming up here to the podium, I felt as if I share a great common confusion with everybody with respect to what it is that we can reasonably expect within a competitive environment. But there are clearly some things that I think not only are a question of common sense and courtesy and a matter of law.
There are things that we really need to pay attention to if we're going to have a society in which the various components of that society can participate fruitfully within the service environments available to them.

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

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

So what we are here to probably try to share with you as first priority is, take a look at the ability of your company to properly display information to a person who is not looking at it. Now, we have some natural allies in our presentation here. One of them is that, for example, with cell phones, we all know that it's very difficult to drive
and talk on the phone and monitor the little display and do anything but look out the windshield.

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

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

A second issue has to do with billing. If you send me a print bill, the likelihood is that I'm not going to read it. The dog doesn't care about it, my mother's in Florida, and your getting paid is growing more and more
distant. So there have to be strategies implemented to provide the billing information in an accurate way to a person who is blind. Now we've got some real issues with that with various phone companies, and other phone companies have been real cooperative and helpful.

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

There are certain representations that have been made to blind people by customer service folks that border, in some cases, on insanity and in other cases are just basically a little bit of deceptive practice. To tell a blind person that they don't have a right to receive information in an alternative format is not only not good customer service, but illegal. To provide people with information that is only half the information because, golly, if we had to print up this whole bill in Braille, it's going to take four pages rather than three, that leaves the person that much lacking in the information that the original bill has. To tell somebody that what comes in the
Braille bill is not necessarily a representation of what the real amount owed is really kind of frustrates the purpose of sending the bill in the first place.

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

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

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

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

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

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

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

(Applause.)

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

MS. ROBINSON: Thank you so much. I am very happy to be here and I must say, when I was first approached about
coming, I certainly was very reluctant to say yes, because there is so much I needed to know, rather than to come and to talk about what I already know.

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

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

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

Heritage Reporting Corporation
(202) 628-4888
really true, then I would have to have the service discontinued.

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

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

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

Liz Crenshaw mentioned something that has just happened in our household. The last two months, we are
getting these separate bills from AT&T, and we just could
not understand, well, why all of a sudden this change is
being made and we were never told. I did, just two days
ago, before I even knew about this panel -- said, well, I'll
pick up the phone and try again. And the first thing I did
receive was this long wait. And I was just too busy that
day. I have other things I have to do as a grandmother and
whatnot. I could not wait to get an answer. So I put that
on hold. I said, well, what will be my next step? I'll
have to call and be put on wait again.

So I'm suggesting, as has just been mentioned by
the speaker before me, that if we could get more help in
understanding the changes, if we could get a real, live
person to talk to, and if we could get some inkling that the
service is going to get better. It just seems to me that in
the last two years, the service has been getting worse.

Last year it got worse, and again this year, I don't see
where there is any improvement whatsoever. So I speak now
as a retired consumer who has been around for many, many
years and desperately in the need of help of understanding
the new technology in the new age. And we would appreciate
any help that you can give us, so that we won't feel that we
have a low IQ all of a sudden in our old age.

(Applause.)

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

(Laughter.)

MS. PELTZ-STRAUSS: I wanted to cry. I thought, fin-
ally I had the solution and I blew it.

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

MS. STOUT (Interpreter speaking): Thank you,
Karen. I'm going to try and stay within my limit of five to
ten minutes. I'm going to try and identify the different problems that we face in our daily use of the phone. And then I will try and present some solutions.

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

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

Other times, if we see the light blinking on the TTY, we think maybe it's voice-automated or it's voice mail, but we can't tell the difference. We want to participate in the wireless phone market with the cell phones, with the TTY...
attached to that. Now we have that in analog, but we have yet to have that in the digital mode. But that causes a lot of problems when we use TRS, the Telecommunications Relay Service. Either TRS will not allow us to proceed with the cell phone through TRS, because of billing issues -- very often, TRS doesn't have the billing arrangements already set up with the cellular companies that we have a contract with.

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

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

I want to share with you several situations from observing the deaf/blind consumer. They can't access a pay phone because they don't have the large print or they don't...
have the Braille capabilities. Another thing with the deaf/blind that's really frustrating is they can't enjoy the wireless pagers because they don't have Braille capabilities or they don't have large print.

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

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

We really want to see TRS work out with different long-distance phone companies so that when we identify that
I would like to use my preferred long-distance company carrier, I would like TRS to proceed with that and not put us onto the default situation.

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

How much time do I have left? Okay.

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

I want to share with you all one important situation where a telephone company really involved us in trying to instruct us on their services. One company here in the Washington, D.C./Maryland area, Bell Atlantic, about two or three weeks ago called a person from Massachusetts. This gentleman just happened to be deaf and came down to Northern Virginia to give a speech to deaf senior citizens. The deaf senior citizens were just puzzled about the different lines on the phone bills. So this person is
explaining to them in straight ASL, making everything, making the message go through perfectly clear so they understand everything. The message was so clear that these about 60 deaf senior citizens were just so overjoyed that they understood more what was involved with each line on their phone bill.

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

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

(Applause.)

MS. PELTZ-STRAUSS: Thank you, Claude.

Ahora quiero introducir Gloria Verduzco. Okay.

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

MS. VERDUZCO: Good morning, ladies and gentlemen.

My name is Gloria Verduzco, and like we say back home,
buenos días. I work for the Federal Communications Commission at the Gettysburg Consumer Center, but I'm also here to represent Hispanics. I handle the Spanish line for the entire United States. I handle all incoming calls and I even get calls from Latin America, Spain and Mexico.

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

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

Over and over I listen to consumer complaints, and the main issues cited by Hispanics regarding telephone company representatives are, being treated in a condescending manner, being spoken down to, treated with arrogance, rudeness, impatience, apathy, threats and intimidation, broken promises, being put on hold with long waits when they request a Spanish-speaking operator. An
example comes to mind: being passed from one representative
to another with laughter in the background and then being
disconnected or getting no live operator.

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

Why do I mention this? Because it happens and I
hear it every day from customers regarding the treatment
they receive. Very well, you might ask, why don't they
learn to speak English? Ladies and gentlemen, I do speak
English, but -- and a lot of your other customers do, also.
But those of us that are not so privileged to have access
to an interpreter, all we want is to be treated with
dignity. We are not asking for handouts. We're paying for
the services, so we have the right to some respect. All we
want is fair treatment.

Heritage Reporting Corporation
(202) 628-4888
As a Mexican-American, I have personally experienced the treatment I referred to above, when I was transferred to Gettysburg, Pennsylvania, by the FCC four years ago from Texas. I attempted to establish new telephone service. I contacted the local carrier and proceeded to give my order. The telephone company representative asked my name and upon hearing my surname, asked, are you Spanish or do you speak Spanish? I replied, yes, whereupon, without warning, I was transferred into "la la land" and I was put on hold for almost an hour. I had to return to work so I disconnected.

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

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

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

(Appause.)

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

I called customer service not that long ago -- actually, this was to ask questions about my computer modem
connection -- and the customer representative barked commands at me, obviously aware that I was not highly technical. And by the end of that phone call, despite the fact that I consider myself a somewhat confident person, I had gotten smaller and smaller and smaller. And it's a terrible feeling when a customer service agent does that to you.

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

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

And today we have what I consider an expert. This guy is the real John Goodman and he'll explain that to you. John is the president of e-Satisfy, and e-Satisfy is a customer relationship management company that measures the customer experience for click-and-mortar companies. Before this position, he was the founder and president of TARP as well as an advisor to Customer Insights. This is interesting. Since 1972, he has managed
over 1,000 separate customer service studies and assessed the customer service- and complaint-handling systems of over 800 corporations and government agencies. Listen to his client list -- 3M, Xerox, Toyota, Lexus, American Express, Citibank, AT&T and MCI. Now he's a real, a real credible and educated man. John graduated from Carnegie-Mellon University with a B.S. in chemical engineering and received an M.B.A. from the Harvard Graduate School of Business Administration.

John A. Goodman. Thank you, John, for joining us. (Applause.)

MR. GOODMAN: And hopefully we're going to -- MS. MILLER: Did everybody pick up the packet that John had outside there? Okay.

MR. GOODMAN: Okay, are we up on the screen? Great. While Gloria said she wasn't going to point fingers or name names, I am going to point a finger, because, in fact, there really is one person who really is the cause of all the poor service that we've been hearing about all this morning, and that is the chief financial officer of those corporations. And what I'm going to suggest is that you can convince the CFO that, in fact, good service is good business. You just have to have the right kind of information.

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

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

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

(Laughter.)

MR. GOODMAN: Our basic approach to customer
service is rather straightforward. Ideally, you want to do
the job right the first time, but this is where companies
ger into trouble, because they define quality as, we
delivered the product according to spec. The problem with
that is the customer may not have the same set of
expectations, and I'll come back and talk about that.

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

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

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

I have a Dilbert cartoon that I didn't bring with me, where Dilbert is told, go work with marketing, and the
marketing guy says, now, I know this looks like criminal fraud, but it's not, it's marketing. And that is a serious issue. And in fact, we've developed -- we have a working paper we'd be happy to send you a copy of, that talks about an index of marketing quality, which basically says, how much of the expense on the back end in service is due to marketing not setting proper expectations upfront?

Now, the last 40 percent of dissatisfaction is caused by the consumer. Consumers do rather strange things. One of our clients is a liquid bleach manufacturer and they get not a complaint but a suggestion once a month, why don't you make your bleach taste better? The specific suggestion is cherry flavor. People brush their teeth with it and it does whiten your teeth. It also whitens your esophagus and I don't know what it does for your breath. But it's sodium hydrochloride, it won't kill you.

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

This is data from Mannington Floors, and one of the things Mannington found was that no one ever reads the
care directions for their no-wax floor. So the first thing you do is you take Ajax, an abrasive, clean the floor and you have now ruined the surface.

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

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

Now, in terms of setting appropriate expectations, the best time to do it is at the point of sale. But if you don't do it then, one approach we have seen which a number of companies have used -- Vodaphone is one good example.
One of my senior staff, Jeff Maisel (phonetic) who is here, has worked with Vodaphone in Europe. Vodaphone makes a welcome call that says, hi, we're happy that we've activated you. Let me explain how to use everything, and by the way, here's what your bill is going to look like.

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

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

This is an example of setting proper expectations. We've decided to hang loose this vacation and go wherever the airline sends our luggage. United Airlines is now trying to implement this policy.

(Laughter.)

MR. GOODMAN: Now, what are the causes of regulatory complaints? The customer feels like he's been
stuck with an unpleasant surprise, and hey, you know, you're stuck, you've got to pay the bill. That's when they escalate. Nonresponse causes escalation. Rudeness causes escalation. The thing I find mind boggling is, in many cases, your own employees are referring customers to the regulators. This is crazy. But what happens is that the front-line employee doesn't feel they can defend themselves and they say, well, you know, hey, I am mad at my company for putting me in this position, so the hell with the company, I'm going to refer them to the regulator. And so your employees are sandbagging you when they do this, but it does happen very often.

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

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

What we have seen in many cases -- and I've actually monitored these calls -- a consumer calls up and
Heritage Reporting Corporation

(202) 628-4888

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

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

Now, what is good service? Basically six functions, and I'm going to whiz through these rather quickly. You need to solicit complaints, which I know, from your perspective, sounds nuts. You have to get people to the right place. You have to log the contact. You have to have the right kind of response. You have to do analysis and reporting for prevention purposes and then you have to actually evaluate.
Now contact solicitation is basically telling the customer, we really do want to hear from you, and that message has to be in front of the customer exactly when he needs it. Having it on page 23 of the user's guide is useless, because no one ever gets beyond the inside front cover or the outside back cover.

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

Now, people have complained vociferously about automated systems. There is a silver bullet. If, wherever you print the phone number, you print the menu, then the customer doesn't have to listen to the 17 options. They know, okay, I'm going to have to push one and push three. This also dramatically cuts your line charges, because you don't have people listening to all this stuff. This is an example. Western Digital, the hard-drive company -- this is printed on their inside front cover of the manual, so I know I'm going to call this number and then I want to push three,
then I want to push two. And it makes it much more efficient, and at the same time, customers don't have to encounter this massive automated system.

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

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

And what we find is, very few organizations log both reason for call and cause of call. Your reps, in most cases, can diagnose at least generally what the general cause of the call was. Example: You get a notification from your auto insurance company that they're canceling your...
insurance. You call up all upset, what's going on? Well, ma'am, you didn't pay your premium notice. What do you mean? I never got a premium notice. We sent it to 123 Main Street. Wait, I live at 127 Main Street. So the reason for call is cancellation and error, though most insurance companies would simply put "Billing inquiry," and then the general cause is bad address. Now where did that bad address come from? Do we have a keying error or do we have an application that forces you to scrunch your handwriting so we're systematically generating bad addresses?

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

Now, as I also said earlier, you need to log the dumb questions and trivia, but most of your systems do not allow the rep to just put in, I just got this kind of a standard call and here's the general cause in less than 10 keystrokes so they can then move on. So what most organizations simply do is, you don't log that stuff. You also don't log misdirected calls. And we ran a phone company call center in Silver Spring not too long ago and 20 percent of all the calls were misdirected due to confusing advertising programs, and they were spending all the money redirecting those and never realized that their misdirect
volume was that high, because nobody was doing any logging.

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

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

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

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

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

(Laughter.)

MR. GOODMAN: So your front line has to have

Heritage Reporting Corporation

(202) 628-4888
response rules that allow them to do that and to deal with
challenges. In the auto industry, a standard query is, do
you have a defect in this part of the car? Standard answer,
courtesy of lawyers, is, we're not aware of any defects --
because if we were, we'd have to have a recall. Then the
zinger comes back, well then, why did the dealer tell me
he's repaired 29 of these this week? And that's when reps
get rude, is when they're backed into a corner and can't
defend themselves. And so you need to provide them with,
here are the challenges you're going to get hit with. And
by the way, here's how you can respond to those challenges.

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

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

This is why, at American Express, the rep will
say, okay, I've taken this charge off your bill, it has been
done, and they speak with absolute reassurance. The reason
is that the computer has already taken care of it. In many
cases, and I realize these are legacy systems, the phone companies don't have that seamless linkage. Now, in terms of evaluation, you need to evaluate your individuals and your service organization in terms of satisfaction and repurchase. And we find in most cases, it's only productivity. What percentage are being handled on first contact and are you getting good information to prevent future occurrences? These top two areas, where I've allocated two-thirds of where evaluation should be taking place, are almost nonexistent in most corporations.

Now, how you evaluate satisfaction surveys in conjunction with call-quality monitoring is critical, but we put more emphasis on the satisfaction survey because, in many cases, the clear, believable explanation is what's going to lead to customer satisfaction. Now, when I'm a front-line rep and I give you the corporate policy, the supervisor who is monitoring that call says, oh, yeah, that's clear, that makes good sense to me. Well, the supervisor wrote the policy. Certainly it's clear to them. It is not clear to Mrs. Jones in Des Moines.

Also, the other problem we've seen is that people use satisfaction surveys to evaluate individual representatives or service units. The most important analysis should be, what kinds of issues are we systematically not making people happy? So the analysis
should be by type of problem, by type of product or type of client, not just is Mary Jo giving better service than Sam?

This is an example of what we're now finding for Web surveying. More and more, the Web is a way of communicating and we're finding that if you have a pop-up survey like this and you can ask 10 questions in less than a minute, you can get very high response rates very, very quickly and you get almost instantaneous feedback. We do believe you have to modify your survey to your clientele.

This is from a bar and grill in Emporia, Kansas, and an example of the modification is, if you look at the top category under service, it says, "Unbelievable, I want to marry this person," versus the bottom category is, "Slower than wet blank sliding down a dry rock." We think this is an interesting way of modifying your survey to fit your clientele. It has some other categories you can read at a later time.

In any case, the last function is analysis and reporting, and what we find is, in most telephone companies the customer service reports have very little impact. And this is four questions that you can ask to see if it has impact. Ask the head of marketing or the head of operations, did you receive last month's report or use this with complaint reports for those of you who generate them. Did you read it? The euphemism you'll get is, I scanned it.
Did you find anything useful? Oh, yeah, good report. What action did you take? If they took no action, you're wasting your time, their time and a lot of trees.

So the analysis has to be tailored to the individual audience. We find most complaint reports are written in a tattletale mode of, who screwed up this month. And so, basically, it has to be done in a consulting mode, and the first thing you learn as a consultant is, don't embarrass your client. They have to be timely and then, rather than saying, last month we got 132,000 complaints, better to say, here are the three key kinds of complaints. Here's the problem, here's how many customers were affected, here's the damage to loyalty, here's the cause and here's the proposed action.

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

But basically, here we had a wireless company with 600,000 customers. Eighty percent had had problems. Of those, only 50 percent complained, and of those who complained, we had about 85 percent satisfied. What we were able to calculate is, out of those 600,000 customers, because of problems and how they weren't being handled, they
were losing a net of 117,000 customers. Now, admittedly, 22,000 of these customers were people that they really were just as happy to be rid of, but in addition, they were losing another 8,000 customers due to negative word of mouth. Now, what each of you in your company should do is figure out, what does your baseline look like.

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

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

One other approach is, what if we just educated customers on how to use the cell phone or the telephone system more effectively so that they don't have as many
problems? If we reduce problem experience from 80 percent to 60 percent, this company would save 15,000 customers and make about $11 million more in profit. So if you could do the customer education for $5 million, you would get over a 200 percent return on every dollar invested.

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

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

The minute you do that, I guarantee your regulatory complaints will drop by 40 percent. We've done
this with power utilities and airlines. The airline that is
top on the DOT complaint list in terms of, they have the
lowest number of complaints, I don't think gives necessarily
better service. But they do have 800 numbers posted in
Newark Airport and if they cancel a flight, they give
everybody a comment card. Now if you have five minutes of
anger, where do you spend it? Filling out the comment card,
as opposed to finding the DOT complaint number.

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

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

(Appause.)

MR. GOLDBLATT: That was great. One thing John
didn't mention that we learned at the FCC is that people's
impression of the FCC is not necessarily the Chairman or the
Commissioner's, but the person they speak to on the phone
when they call up our call centers. And I remember John did
a study a long time ago about how many people repeat a bad
experience versus how many people repeat a good experience.
And what is it, it's, like, multifold?
MR. GOODMAN: What we find is -- through word of mouth -- is, twice as many people hear about a bad experience as a good experience, but what we have found on the Web is that four times as many people will go to a chat room and post bad things about you as the number of people who go to a chat room or bulletin board and say nice things about you. So the word of "mouse" is four times as much.

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

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

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

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

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

MR. REAL: My name is Jim Real (phonetic). A question concerning notice in changes of rates and changes in long-distance plans. I'll use myself as the anecdote. I was on a long-distance plan where I was paying 10 cents a minute. When I received my monthly bill, the rate was 12 cents a minute. When I called to inquire about that, they said the rate had increased. I said, well, I wasn't notified about that. They said, we ran ads in major media and that we're not required to tell you directly, and oh, by the way, your plan was discontinued two weeks ago, which was also without any kind of notification. There really can't
be any good customer service story in anything like that, but the obvious question that I asked was, well, aren't you required to notify your customers of rate increases -- and I meant, directly notify your customers. And the response was, no, we are not required to notify our customers directly, only by putting a notice in some type of major media.

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

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

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

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

MR. SHIRLEY: That is correct, that the requirement is only that the carrier place an ad in a newspaper, just what you said. It's Part 42 of FCC rules, if my memory serves, it's 42.6, and it says just about what you just said. I wish it were better. I think it would be better for the carriers to notify their customers in their bills. They may, there's no prohibition of the carriers notifying their customers more personally than notification in the newspaper.
We wondered why that was, that it was only required that they place an ad in a newspaper, and we came away with the answer, well, probably because it's cheaper. You know, a fraction of a cent, printing each bill is going to be a lot of money for the carrier.

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

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

So we're going to follow up on this, the Consumer
Information Bureau will follow up on this, and try to ensure on behalf of consumers that there is future notification as this rulemaking proceeds.

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

Yes?

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

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

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

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

Heritage Reporting Corporation
(202) 628-4888
MR. GOLDBLATT: Excellent point. Yes, Nancy?

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

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

MR. GOLDBLATT: Thank you. Any other comments?

Oh, yes, sir?

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

Heritage Reporting Corporation

(202) 628-4888
is hot and getting hotter, and unless the company wants to end up in an unpleasant stew, it really has to make a change in its strategy. I mean, that's the whole bottom line to all of this. If somebody won't say it, well, the hell with it, I will. Thanks.

(Applause.)

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

(Applause.)

MS. PELTZ-STRAUSS: As with our earlier forum on billing, this is only the beginning, and many of the concerns that were raised here were extraordinarily helpful. This is why we now have a Consumer Information Bureau. We will take your suggestions, we will listen to them carefully and we will move on them. We will act upon them. When the detariffing proceeding comes along, we will respond. We may respond earlier than that. We just want you to know that we've listened very carefully, we thank all of the panelists. We will be addressing some of these issues in our own Customer Service Center. I also want to thank all of the CAMs, the Consumer Advocacy and Mediation specialists (applause) as well as Sharon Bowers and Martha Conti and Tom Shirley for helping to organize their participation.
MS. PELTZ-STRAUSS: And again, please feel free to contact us whenever you'd like to. We've learned a tremendous amount here. We hope that the telephone companies that participated today learned a tremendous amount. And now we want to issue a challenge. And the challenge is that the telephone companies improve their customer service by a certain date, actually. You have three months to start changing your customer service patterns and policies to meet the various recommendations that were presented today. After that three-month period, in early September, we are going to conduct, again, a survey of the types of customer service complaints that come into our consumer centers. It will be a 30-day period that we will be looking at the types of complaints that come in.

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

(Applause.)

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

//

//

Heritage Reporting Corporation
(202) 628-4888
REPORTER'S CERTIFICATE

FCC DOCKET NO.: N/A
CASE TITLE: Telephone Customer Service Forum
HEARING DATE: June 9, 2000
LOCATION: Washington, D.C.

I hereby certify that the proceedings and evidence are contained fully and accurately on the tapes and notes reported by me at the hearing in the above case before the Federal Communications Commission.

Date: June 9, 2000
Gabriel Thomas
Official Reporter
Heritage Reporting Corporation
1220 L Street, N.W., Suite 600
Washington, D.C. 20005-4018

TRANSCRIBER'S CERTIFICATE

I hereby certify that the proceedings and evidence were fully and accurately transcribed from the tapes and notes provided by the above-named reporter in the above case before the Federal Communications Commission.

Date: June 9, 2000
Diane Duke
Official Transcriber
Heritage Reporting Corporation

PROOFREADER'S CERTIFICATE

I hereby certify that the transcript of the proceedings and evidence in the above-referenced case that was held before the Federal Communications Commission was proofread on the date specified below.

Date: June 9, 2000
Lorenzo Jones
Official Proofreader
Heritage Reporting Corporation

Heritage Reporting Corporation
(202) 628-4888