

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of)	
)	
Application for the Transfer of Control of)	WT Docket No. 04-70
Licenses and Authorizations from AT&T)	
Wireless Services, Inc., and Its Subsidiaries)	
to Cingular Wireless Corporation)	

**COMMENTS OF
CONSUMER PROTECTION DIVISION
OFFICE OF THE WASHINGTON STATE ATTORNEY GENERAL
On
PROPOSED MERGER OF AT&T WIRELESS, INC. and CINGULAR
WIRELESS CORPORATION**

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May 20, 2004

Introduction

The purpose of this filing is to propose that, as condition to approving the pending merger of Cingular Wireless and AT&T Wireless, the FCC require the merged entity to adopt a set of resolutions to current consumer-related issues. The merger between Cingular Wireless and AT&T Wireless will create the largest wireless communications company in the United States. These comments recommend that complaint resolution mechanisms be adopted by the merged company that will require a greater degree of focus on customer care and root cause avoidance than either AT&T or Cingular have demonstrated to date. Five specific customer care solutions are presented in these comments.

Business History

AT&T Wireless originated in the early 1980's as McCaw Cellular, a Washington corporation; it quickly grew into a leader in the newly emerging cellular industry. Purchased by AT&T Communications in the 1990s, AT&T Wireless became a national firm. As the company is headquartered in our state, our office has had the opportunity to monitor and review AT&T Wireless's growth and business practices. We have held monthly meetings with AT&T Wireless over the last eighteen months to address complaints filed with our office. We have come to the conclusion that there are customer service issues that AT&T Wireless has not addressed adequately.

In an effort to resolve some of the problems discovered within the wireless industry, our office developed a Best Practices paper for the industry in 2003. After sharing this with the wireless industry, the industry lobby group, Cellular

Telecommunications & Internet Association (CTIA), shared with us their own proposed Code of Conduct. The purpose of this collaboration was to bring about changes in the wireless industry through “self-regulation” rather than formal regulation. However, after CTIA’s code of conduct was supposedly implemented, we continue to see high numbers of consumer complaints, especially with AT&T Wireless. These complaints have convinced our office that CTIA’s “best practices” approach has been insufficient, and that other approaches are necessary.

CTIA’s Consumer Code

The CTIA consumer code was designed to help consumers gain the information available to make informed decisions when selecting and purchasing wireless service, and to understand their current wireless service. To do this, CTIA developed 10 key principles:

1. Disclose rates and terms of service to consumers.
2. Make available maps showing where service is generally available.
3. Provide contract terms to customers and confirm changes in service.
4. Allow a trial period for new service.
5. Provide specific disclosures in advertising.
6. Separately identify carrier charges from taxes on billing statements.
7. Provide customers the right to terminate service for changes to contract terms.
8. Provide ready access to customer service.
9. Promptly respond to consumer inquiries and complaints received from government agencies.
10. Abide by policies for protection of customer privacy.

We believe these are minimum thresholds that are not particularly aspirational. Despite the implementation of the CTIA code, the number of complaints to this office filed by

consumers against AT&T Wireless has increased dramatically. CTIA's code does not present any mechanisms that consumers can use to resolve their disputes with their wireless carrier. Consequently, consumers once again must rely on state or local regulatory and law enforcement agencies to resolve their disputes, which was their dispute resolution mechanism prior to the implementation of the CTIA code. It is our hope that, as a condition for approval of the merger, the Federal Communications Commission will require the new merged company to create an internal dispute resolution system that can resolve the specific consumer complaints that we identify below.

Issues Raised by Consumers and our Proposed Solutions

After careful review, our office has identified five (5) primary areas of consumer concern. They are as follows:

- Billing issues
- Repeated contact with customer service fails to remedy problems.
- Failure to disclose or notify of changes to terms in advance.
- Perceived misrepresentations of promotions and/or plans.
- Call reception or coverage problems.

A. **Billing Issues**. By far, billing issues are the largest area of consumer dispute issues filed with our office. Complicated billing issues cover a multitude of problems ranging from incorrect taxes being applied to the consumer's account, to billing for services that are included in the monthly service amount. Complaint data shows us that billing issues can quickly spread into other areas of the consumer's wireless service and adversely affect their personal financial status. Consumers are entitled to receive clear

and concise monthly billing statements that reflect accurately their wireless usage. Monthly bills should be laid out in easily recognizable formats with services listed individually.

When a consumer does have a billing dispute, the disputed amount should be placed on hold pending the outcome of the billing department's research into the consumer's dispute. Consumers should only be required to pay the undisputed portion of the monthly bill. Consumers should not be subjected to collection activity while the billing dispute is pending. All consumer billing disputes should be given a dispute identification number and automatically logged into the consumer's account notes. The consumer should then be notified that their dispute has been received, given their dispute ID number and informed that their dispute will be resolved within 20 business days. If the billing dispute is not resolved within 20 business days, the disputed portion of the bill should be credited to the consumer account and the consumer should be informed of the billing department's findings in writing within 10 business days after reaching their decision.

B. Non-responsive customer service. Although many, if not all, carriers in the wireless industry aspire to some form of a "One Call Resolution" philosophy for customer service, failure of customer service to resolve issues results in the second largest and the most complex area of consumer complaints to our office. AT&T Wireless advertises that it has superior customer service. The AT&T Wireless website states that AT&T has the "best overall customer service" (AT&T Wireless website advertisement March 30, 2004). This office regularly fields complaints in which consumers allege that they have been placed on hold for long periods of time, that their accounts were not

properly documented, that the company failed to take action, and that they were not given the service plan that they requested.

The customer service department is the “connection” between the carrier and the consumer, and as such, is an area that needs the closest attention. Consumers repeatedly tell us that if customer service had handled their question or concern properly the first or even the second time, they would not be contacting our office for assistance. Our data clearly shows that AT&T Wireless’s customer service department is severely lacking. Customer service representatives must be given in-depth training in the service plans being offered and the additional features available. They must have the resources available to them to assist in difficult or complex situations. Call duration metrics should not be imposed on customer service representatives when fielding consumer calls, nor should consumers have to wait extended periods of time to speak with a customer service representative.

Like billing issues, complaints to customer service should be given a dispute identification number and automatically logged into the consumer’s account notes. The customer service representative should make every attempt to resolve the issue for the consumer while they are on the phone, and the carrier must ensure that their computer system will allow the customer service representative to make those changes or corrections to the consumer’s account. If the customer service representative cannot resolve the issue immediately or transfer the consumer to the correct department, the consumer should be transferred to a supervisor who can resolve the issue. Finally, we suggest that customer service staff should be empowered to issue discretionary credits of

up to \$150.00 dollars per account per year, with the proviso that as the company's rates go up over time, so should the discretionary amount.

C. Plan Changes. The third largest area of consumer complaints is AT&T's failure to disclose in a timely manner the impact of a plan change. Consumers should be notified of changes to their plan prior to the changes taking effect. A significant number of consumers complain that they were not told that decreasing their monthly minutes would be retroactive to the beginning of their current billing cycle. Another situation encountered by consumers is that a calling plan the consumer had been using for several years is no longer offered, but AT&T presents a "new and better" plan without disclosing that by accepting the new plan, consumers are committing to a new contract and will be losing all of the features of their current plan. This basic lack of information in the "negotiation process" is also present with the independent or authorized dealers of AT&T Wireless and the other carriers.

These issues can be greatly reduced by sending all new and existing consumers a detailed Welcome letter or Change-in-Service letter. These letters should be sent to the consumer within seven (7) business days of ordering the new service or the change in service. They should explain in simple and concise language what service plan and additional features the consumer has agreed to purchase, the length of the applicable contract, and the base price for the monthly service. Introductory rates for any special offers should be disclosed in either the Welcome or Change-in-Service letters along with the rate during the introductory period. Consumers should then be given a reasonable trial period in which to use their new or upgraded service. AT&T Wireless currently gives consumers 30 days to try their new service or cancel without early termination

penalties. This policy should be extended to any changes in the consumer's service and that the Welcome or Change-in-Service letters should fully explain what charges the consumer will be responsible for if they cancel service within the trial period.

D. Misrepresented promotions. Much like the failure to disclose fully any change in service, the fourth most frequent complaint brought to our attention is the misrepresentation of promotions or service plans. These complaints are largely from consumers who have spoken with telephone sales representatives, independent or authorized dealers, or carrier store employees. These consumer complaints are generally straightforward: the consumer made contact with AT&T either directly or through its agent, and was told of specific plans, features, promotions, and rates. The consumer then receives his or her equipment and shortly thereafter, the first billing, only to find that the promotion is not available in their area or the service plan does not cover the area described to the consumer.

Again, we strongly suggest that a Welcome letter or Change-in-Service letter accompany the new equipment, or arrive within seven (7) business days of the equipment, so that consumers are able to fully understand what they have agreed to purchase. AT&T should also ensure that the consumer's first billing arrives prior to the end of any trial period. This is a key feature that will reinforce to consumers the costs and benefits of the service plan or promotion that they have agreed to purchase.

E. Reception and Coverage. The fifth issue derived from our complaint data deals with reception and coverage problems. Consumers describe having a high number of dropped calls, static calls, or dead zones. Our office realizes the inherent limitations in wireless technology and understands that coverage can be adversely affected by such

things as topography and meteorological conditions. However, we believe that all carriers, especially AT&T Wireless and Cingular, must take steps to ensure that their customer service representatives, store employees and independent or authorized dealer personnel, provide consumers accurate information and current coverage maps. Many of the consumer complaints suggest that consumers are not offered coverage maps when ordering service. Some complaints allege that they are shown maps in the stores that are for general service usage only. Consumers are referred to AT&T's website for current and specific coverage maps. Not all consumers have access to the Internet for these purposes and should, therefore, be given accurate information and maps at the time of their purchase.

Consumers must be told how to receive credit for poor reception or how to cancel their service if the coverage is not as represented to them by the sales staff. Again, we reiterate our concern for full, clear and complete disclosure to consumers at the time of purchase or upon receipt of their Welcome or Change-in-Service letters. Consumers should not be given the impression that wireless technology works like traditional landline service. AT&T should also be barred from telling consumers that there are new wireless towers being built in areas when construction has not begun or is in the preliminary steps of the process. Calls to customer service should be handled by the customer service representatives who should be able to readily determine if the consumer is in a trouble spot or if their phone is malfunctioning. If the consumer's phone is malfunctioning, the carrier should immediately send out a replacement phone pursuant to the available warranty on the phone, and should include Return Authorization labels with the replacement phone. These should be received by the consumer within seven (7)

business days after the consumer reports a problem. Consumers should be given service credit for the reception problems they encounter and report to their carrier. Those credits should appear on the next billing cycle and be clearly labeled on the monthly billing statement.

Conclusions

We strongly urge the Federal Communications Commission to consider the points raised by our office and the solutions offered as it considers the merger between AT&T Wireless and Cingular Wireless. We would encourage the FCC to make approval of the merger contingent on the merged firm 1) adopting an effective internal dispute resolution system and 2) adopting our recommended solutions for the five complaint areas that we have identified. The wireless industry has the potential be of great service to the consumers of Washington State and the nation, but carriers must remember that it is the consumer who makes their companies successful. This proposed merger presents an opportunity to set acceptable standards of customer service for the industry based on customer feedback and to ensure that the wireless marketplace embodies fairness, honesty and a sense that the customer matters. Adopting our recommendations will be good for both consumers and the merged company.