

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

In the Matter of	)	
	)	
Consumer Information and Disclosure	)	CG Docket No. 09-158
	)	
Truth-in-Billing and Billing Format	)	CC Docket No. 98-170
	)	
IP-Enabled Services	)	WC Docket No. 04-36
_____	)	

**COMMENTS OF SPRINT NEXTEL CORPORATION**

Charles McKee  
*Vice President, Government Affairs*  
*Federal and State Regulatory*  
Marybeth Banks  
*Director, Government Affairs*  
*Federal Regulatory*  
Sprint Nextel Corporation  
2001 Edmund Halley Drive  
Reston, VA 20191  
703-433-3786

Scott R. Freiermuth  
*Counsel, Government Affairs*  
*Federal Regulatory*  
Sprint Nextel Corporation  
6450 Sprint Parkway  
Overland Park, KS 66251  
913-315-8521

October 13, 2009

## Table of Contents

SUMMARY .....	ii
I. INTRODUCTION .....	1
II. AVAILABLE EVIDENCE SUGGESTS THAT WIRELESS CUSTOMERS ARE INCREASINGLY SATISFIED WITH THEIR WIRELESS SERVICE.....	2
A. The Rate of Wireless Billing-Related FCC Complaints Has Been Trending Downwards .....	2
B. Consumer Surveys Show That the Vast Majority of Wireless Customers Are Satisfied With Their Service and That The Quality of Service Is Improving .....	6
III. THE COMMISSION SHOULD RECOGNIZE THAT WIRELESS CARRIERS HAVE POWERFUL INCENTIVES TO ENSURE THEIR CUSTOMERS ARE INFORMED AND SATISFIED .....	8
IV. SPRINT’S POLICIES AND PRACTICES ENSURE CONSUMERS ARE WELL INFORMED AT ALL STAGES OF THE SALES PROCESS.....	11
A. Compliance with the CTIA Consumer Code .....	11
B. Before the Sale Disclosures .....	12
1. Rates and Terms of Service .....	12
2. Coverage Maps .....	13
C. During the Sale Disclosures.....	14
1. Point-of-Sale Contract Processes .....	14
2. Sprint’s Ready Now Program .....	15
D. Disclosure After the Sale .....	15
1. Welcome Letter and Confirmation Letter.....	16
2. Welcome Call.....	16
3. First Bill .....	17
4. Check-in Calls and Overage Courtesy Calls.....	17
5. Sprint Plan Optimizer and Contract Extension Policies .....	17
6. 30-Day Return Policy .....	18
V. SPRINT’S INVOICE DESIGN .....	18
VI. PREMIUM SMS.....	20
VII. CONCLUSION.....	22

## Summary of Comments

Sprint agrees with the Commission that access to accurate information is a key ingredient to a well-functioning market. Sprint's comments demonstrate that wireless consumers do, indeed, have access to a wealth of information in the highly competitive retail marketplace. This free flow of information between carriers and consumers has likely played a role in favorable industry trends. A variety of measures – from Commission complaint data to independent third party surveys – indicate that that wireless customers are increasingly satisfied with their wireless service and, as a result, are lodging fewer complaints.

Competitive carriers like Sprint go to great lengths to ensure customers are well-informed before, during and after the sales transaction. Providing accurate, timely and meaningful information plays a key role in increasing customer satisfaction, reducing churn and decreasing expensive calls to customer care. As such, Sprint has every incentive to ensure that it properly discloses information to consumers and provides them with access to helpful information at all customer “touch points.” Sprint goes a step further towards transparency by promoting social networking among customers who can openly share both positive and negative feedback about Sprint's products and services. Ultimately, Sprint believes this transparency fosters a more engaged, better informed and more satisfied customer.

Sprint also strives to ensure a positive customer experience when the customer receives his or her monthly invoice. Sprint has every incentive to ensure that its customer invoices are presented in a clear, easy-to-understand manner; otherwise, Sprint will have confused, dissatisfied customers who call customer care to resolve these concerns. Sprint also takes proactive measures to avoid “surprises” when a customer receives his or her bill. These efforts are particularly relevant with respect to premium short messages services. Sprint works within the mobile marketing ecosystem to ensure that content providers and aggregators are compliant both with Sprint's marketing policies and with the Mobile Marketing Association Consumer Best Practice guidelines. Furthermore, Sprint employs a “carrot-and-stick” approach to reward good actors while penalizing bad actors.

In short, Sprint submits that there is a tremendous volume of information for consumers interested in wireless telecommunications products and services. And wireless carriers – in this intensely competitive retail market – have tremendous incentives to provide accurate, timely and helpful information to both potential and existing customers. As such, the Commission's current light regulatory touch has proven effective and no additional regulation is necessary given the lack of a demonstrable market failure in the wireless retail space.

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**COMMENTS OF SPRINT NEXTEL CORPORATION**

Sprint Nextel Corporation (“Sprint”) submits these comments in response to the Federal Communication Commission’s (“FCC”) Notice of Inquiry (“NOI”) investigating whether American consumers have “sufficient access to relevant information about communications services.”<sup>1</sup>

**I. INTRODUCTION**

Sprint shares the Commission’s belief that access to accurate information plays a central role in maintaining a well-functioning marketplace.<sup>2</sup> Sprint respectfully submits that American consumers – especially in the competitive wireless marketplace – are receiving accurate and timely information as evidenced by declining trends in complaint data and inclining trends in customer satisfaction.

A well-functioning and competitive marketplace ensures that consumers are provided with timely and accurate information. Competitive carriers have every incentive to ensure

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<sup>1</sup> See *In the Matter of Consumer Information and Disclosure, Truth-in-Billing and Billing Format, IP-Enabled Services*, CG Docket 09-158, CC Docket No. 98-170, WC Docket No. 04-36, *Notice of Inquiry*, FCC 09-68, at ¶ 1 (rel. Aug. 28, 2009)(“*Consumer Information NOI*” or “*NOI*”).

<sup>2</sup> NOI at ¶ 5.

consumers are well-informed. Such actions increase customer satisfaction, reduce churn, reduce customer care costs, and allow the competitive carrier to attract consumers and differentiate itself in the marketplace. Sprint outlines below its policies and practices designed to ensure that consumers are thoroughly informed before, during and after the sales transaction. In addition, Sprint discusses wireless industry efforts to improve the flow and accuracy of information to consumers including the CTIA Consumer Code for Wireless Service and the Mobile Marketing Association's ("MMA") Consumer Best Practices ("CBP") Guidelines.

The highly competitive retail wireless marketplace ensures that American consumers are empowered to find a service provider that best meets his or her wireless communications needs. As such, the Commission's current light regulatory touch in this space, and the existing Truth-In-Billing rules, have proven effective and Sprint submits that no additional regulation is necessary given the lack of a demonstrable market failure in the wireless retail space.

## **II. AVAILABLE EVIDENCE SUGGESTS THAT WIRELESS CUSTOMERS ARE INCREASINGLY SATISFIED WITH THEIR WIRELESS SERVICE**

The NOI states that consumers today are experiencing "significant confusion regarding their bills."<sup>3</sup> Sprint must respectfully disagree with this observation, at least relative to wireless customers. As demonstrated below, available evidence shows that the quality of wireless service is improving, the percentage of customers filing billing-related complaints is decreasing, and the vast majority of wireless customers are satisfied with their service.

### **A. THE RATE OF WIRELESS BILLING-RELATED FCC COMPLAINTS HAS BEEN TRENDING DOWNWARDS**

The NOI states that "[r]ecent consumer complaint data suggests that consumers continue to experience confusion and uncertainty surrounding the communications to which they

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<sup>3</sup> NOI at ¶ 2.

subscribe.”<sup>4</sup> In support of this observation relative to the wireless industry, the NOI states that the number of billing-related complaints filed by wireless customers increased by 2,208 over a two-year period:

Consumer complaints at the FCC relating to billing and rates for wireless services increased from 8,822 in 2006 to 10,930, an increase of approximately 24 percent, while the number of wireless subscribers during the same period increased by 16 percent.<sup>5</sup>

Sprint must respectfully disagree with this preliminary view. Wireless customers in 2008 filed with the Commission a total of 10,930 billing-related complaints.<sup>6</sup> But there were approximately 270 million wireless customers in 2008.<sup>7</sup> This means that approximately 40 FCC complaints per one million customers were filed that involved either billing or rates. Sprint submits that a complaint rate this miniscule does not indicate there is any problem, much less a problem warranting government intervention.

In addition, great care must be exercised in comparing complaint data between two different years only. For example, if the Commission had compared 2008 wireless complaint data with 2004 data (rather than 2006 data), the Commission would have reached a very different conclusion because over this longer period, the total number of wireless billing-related complaints fell 25 percent – from 14,546 in 2004 to 10,930 in 2008. If the Commission wishes to compare current complaint data with past data, it should not reach any conclusions without examining the data for at least five years to ascertain any trends.

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<sup>4</sup> NOI at ¶ 15.

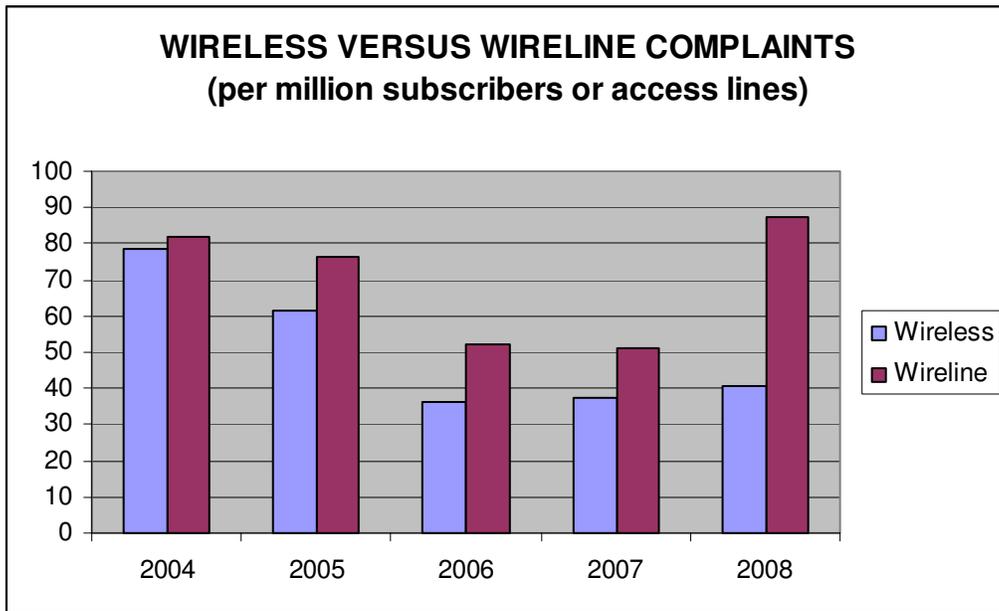
<sup>5</sup> *Ibid.*

<sup>6</sup> See News of “Quarterly Report on Informal Consumer Inquiries and Complaints Released,” “Summary of Top Consumer Complaint Subjects,” at <http://www.fcc.gov/cgb/quarter/>. Quarterly data has been aggregated by year for the following analyses.

<sup>7</sup> See CTIA Comments, WT Docket No. 09-66, at 2 and 42 (June 15, 2009).

Sprint further submits that the Commission's analysis must take into account the phenomenal growth in the wireless sector over this period. For example, if one compared the total number of wireless billing/rate complaints filed in 2004 and 2008, one would initially conclude that the number of complaints fell by 25 percent. But, over this four-year period, the total number of wireless customers increased by 50 percent (from 181 million to 270 million). As a result, the effective complaint rate actually fell by half from 79 complaints per million customers in 2004 to only 40 complaints per million customers in 2008.

It is also useful to compare the complaint rate of the wireless sector with the wireline sector. As the chart below shows, the more heavily regulated wireline industry has a higher ratio of billing and rate complaints to subscriber access lines than the more lightly regulated wireless industry.



Sprint attributes the lower ratio of billing-related complaints for the wireless industry to the fact that consumers interested in mobile services have more choices in service providers than consumers interested in fixed service, and therefore wireless carriers know that they must

provide excellent services to attract and retain customers. Specifically, most Americans have a choice of at least five competing facilities-based wireless carriers.<sup>8</sup> In contrast, for consumers interested in fixed service, most Americans have a choice of only one or two facilities-based providers.

Even adjusting complaint data by the total number of customers tells only a small part of the story. This is because the way customers have used their wireless services has changed dramatically over the six-year period, 2002 through 2008. Consider the following:

- In 2002, wireless customers used, on average, 427 minutes per month.<sup>9</sup> By 2008, average voice usage increased by over 77 percent to 758 minutes per month.<sup>10</sup>
- In 2002, wireless customers sent approximately 12 billion text messages.<sup>11</sup> Six years later, in 2008, the number of text messages sent increased to over one trillion messages, with customers also sending nearly 15 billion multimedia message service (“MMS”) messages.<sup>12</sup>
- In 2002, wireless customer access to the Internet was in its infancy, available content was limited and content was typically text-based.<sup>13</sup> By 2008, 84 percent of all devices were web-capable. U.S. wireless web use now ranks first in the world.<sup>14</sup>
- In 2002, consumers did not have access to any mobile broadband services. Today, in contrast, most Americans have a choice of several 3G broadband services and more robust 4G services are being introduced.

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<sup>8</sup> See *Thirteenth CMRS Competition Report*, 24 FCC Rcd 6185, 6190 ¶ 2, 6210 ¶ 40 (2009).

<sup>9</sup> See *Eighth CMRS Competition Report*, 18 FCC Rcd 14783, 14816 ¶ 65 (2003).

<sup>10</sup> See CTIA Comments, WT Docket No. 09-66, at 43 (June 15, 2009).

<sup>11</sup> See *Eighth CMRS Competition Report*, 18 FCC Rcd at 14847 ¶ 145.

<sup>12</sup> See CTIA Comments, WT Docket No. 09-66, at 43 (June 15, 2009).

<sup>13</sup> See *Eighth CMRS Competition Report*, 18 FCC Rcd at 14853 ¶ 161.

<sup>14</sup> See CTIA Comments, WT Docket No. 09-66, at 19 (Sept. 30, 2009); CTIA Comments, WT Docket No. 09-66, Attachment at 16 (June 15, 2009).

- In 2002, the devices available to consumers were almost exclusively voice-centric handsets. Today, consumers have access to “extraordinary devices like smartphones” that are being introduced “at a dizzying pace.”<sup>15</sup>

Given the proliferation of new products and services over the past six years, which has increased the complexity of wireless service (and which, in turn, has increased the potential for customer confusion), Sprint submits that it is nothing less than astonishing that, of the 270 million wireless consumers, only 11,000 customers last year filed billing-related complaints at the FCC.

**B. CONSUMER SURVEYS SHOW THAT THE VAST MAJORITY OF WIRELESS CUSTOMERS ARE SATISFIED WITH THEIR SERVICE AND THAT THE QUALITY OF SERVICE IS IMPROVING**

The NOI refers to the preliminary results of a recent Government Accountability Office (“GAO”) survey of 1,143 wireless users.<sup>16</sup> The survey found that overall, 84 percent of wireless customers were very or somewhat satisfied with their service, while three percent (3%) were very dissatisfied by their service and another six percent (6%) were somewhat dissatisfied with their service.<sup>17</sup> The survey results published to date are preliminary only, so it would not be productive to comment on more detailed data until GAO publishes later this year more definitive information about its survey results.<sup>18</sup>

These preliminary GAO survey results do, however, confirm the results of other wireless customer surveys, including the University of Michigan’s American Customer Satisfaction Index<sup>TM</sup> (“ACSI”) and Consumer Reports. These two surveys are useful because not only are

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<sup>15</sup> See Prepared Remarks of Chairman Julius Genachowski, “Preserving a Free and Open Internet: A Platform for Innovation, Opportunity, and Prosperity,” at 5 (Sept. 21, 2009).

<sup>16</sup> See NOI at ¶ 15, citing *Preliminary Observations About Consumer Satisfaction and Problems with Wireless Phone Services and FCC’s Efforts to Assist Consumers with Complaints*, Testimony before the U.S. Senate, GAO-09-800T (July 17, 2009)(“GAO Report”).

<sup>17</sup> See GAO Report at 5, Figure 2, Estimated Overall Satisfaction of Wireless Phone Users with Their Service.

<sup>18</sup> *Id.* at 13.

they based on much larger samples, but also because they are conducted regularly and thus reveal trends. For example, ACSI in 2004, the first year it reviewed the wireless service industry, gave the industry a score of 65 (on a scale of 100).<sup>19</sup> This year, the industry improved its score to 69, an increase of 6.2 percent.<sup>20</sup>

For its part, Sprint had the biggest improvement among Tier I wireless carriers with a 12.5 percent improvement compared to last year's ACSI survey.<sup>21</sup> And in the January 2009 issue of Consumer Reports, the magazine found that after surveying almost 52,000 consumers, "60% of readers were completely or very satisfied with their service" – up from 45% last year.<sup>22</sup> Consumer Reports adds, "[t]he improvement means cellular satisfaction is now closer to the average among all services we rate."<sup>23</sup>

Similar improvements are documented in J.D. Power & Associates ("JDPA") semiannual Customer Care Survey released in February 2009. The JDPA 2009 Vol. 1 survey on Wireless Customer Care Performance, which surveyed over 13,000 wireless users about their experiences with customer service representatives, retail, online and interactive voice response systems, shows Sprint's customer service is making improvement in these areas and has quickly closed the gap within the industry by 50 percent versus the previous JDPA study released in August 2008.<sup>24</sup>

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<sup>19</sup> See [http://www.theacsi.org/index.php?option=com\\_content&task=view&id=147&Itemid=155&i=Wireless+Telephone+Service](http://www.theacsi.org/index.php?option=com_content&task=view&id=147&Itemid=155&i=Wireless+Telephone+Service)

<sup>20</sup> See *id.*

<sup>21</sup> See *id.*

<sup>22</sup> See <http://www.consumerreports.org/cro/electronics-computers/phones-mobile-devices/phones/cell-phone-service-providers/cell-phone-service/overview/cell-phone-service-ov.htm>

<sup>23</sup> See *id.*

<sup>24</sup> "Best cell-phone service," *Consumer Reports*, January 2009, p. 28.

Despite being in an increasingly complex industry, the wireless industry continues to make significant progress with regard to improving customer satisfaction. Moreover, as discussed below, wireless carriers have powerful economic incentives to ensure their customers are informed and happy.

### **III. THE COMMISSION SHOULD RECOGNIZE THAT WIRELESS CARRIERS HAVE POWERFUL INCENTIVES TO ENSURE THEIR CUSTOMERS ARE INFORMED AND SATISFIED**

The Commission, in considering issues of consumer confusion and satisfaction, should recognize that wireless carriers have powerful economic incentives to ensure their customers are both informed and satisfied.

The days of rapid subscriber growth in the wireless industry are over. According to CTIA, there were 270 million wireless customers at the end of 2008.<sup>25</sup> And according to the Census Bureau, in July 2008 there were 243 million Americans who were over the age of 14.<sup>26</sup> In other words, there are now more wireless users than there are people who buy wireless services.

This phenomenon is having an enormous impact on the operations of wireless carriers. Carriers are no longer looking for consumers who have never subscribed to wireless service (because, as a practical matter, such people no longer exist). As such, consumers today are much more informed than they were in the past, because virtually everyone already subscribes to wireless service (with many having subscribed to the services of several different providers). These informed consumers know the questions to ask of a new carrier, and they will demand that

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<sup>25</sup> See CTIA Semi-Annual Wireless Industry Survey, available at [http://files.ctia.org/pdf/CTIA\\_Survey\\_Year-End\\_2008\\_Graphics.pdf](http://files.ctia.org/pdf/CTIA_Survey_Year-End_2008_Graphics.pdf)

<sup>26</sup> See <http://www.census.gov/popest/national/asrh/NC-EST2008-sa.html>

the new carrier demonstrate convincingly that it can provide superior service compared to what he or she currently receives.

From an operational perspective, wireless carriers must provide customers with ready access to information over the phone, on-line, in the store, and increasingly through the mobile device. Customers demand immediate access to helpful information and quick resolution. Carriers unable to meet these demands will have unhappy customers, who are more likely to leave for the services of a competitor. In this environment, each carrier necessarily must spend more resources to ensure it provides customers with accurate, timely and helpful information at each and every customer “touch-point.”

Wireless carriers also seek to differentiate themselves by becoming more transparent and accessible to consumers. Indeed, there has been a “perestroika-like” revolution in terms of the free flow of information between consumers and carriers. As such, many new wireless carrier efforts are designed to provide consumers with easy access to information about the wireless carrier’s products and services. Carriers thus strive to create informative and interactive consumer experiences through live chat rooms, blogs, social networking sites, and other peer-to-peer tools. Wireless consumers respond well to this transparency, and carriers find that these efforts foster more independent and better informed consumers – who are often less reliant on traditional customer care for information and problem resolution.

For example, in an effort to become even more transparent, Sprint moved its online social networking community of more than 50,000 registered contributors to “buzzaboutwireless” directly onto our company’s corporate Web site ([www.sprint.com](http://www.sprint.com)). This move made the networking community more prominent and accessible allowing users to interact more easily with each other and with Sprint employees in open forum discussions about products, services

and all things wireless. In addition, Sprint customer care representatives are engaging customers directly on the community site to help answer questions and solve problems. Since this enhancement to the site in August 2009, traffic volumes to the new community experience have nearly doubled.

Sprint has also integrated more than 25,000 peer-to-peer customer generated ratings and reviews for 126 devices directly into the Sprint shopping experience found at [www.sprint.com/phones](http://www.sprint.com/phones). This provides consumers with candid feedback about Sprint devices and products from customers, thus helping others make better buying decisions. And Sprint will soon include links to third party expert product reviews to accompany customer ratings and reviews.

Sprint believes “win-win” developments like these help build better relationships with existing customers and help make consumers more interested in Sprint’s services. Mike Cooley, Sprint’s Vice President of [sprint.com](http://sprint.com) states, “We have a desire to listen and learn from the users of the online community, and in turn provide a way for people to converse with our employees and other customers, and gain access to peer-generated information about Sprint products. More importantly we want to give customers more control over their Sprint experience.”<sup>27</sup>

In summary, carriers have powerful incentives to ensure that increasingly well-informed consumers have access to accurate, timely and helpful information. And wireless carriers are responding to this market by making operational improvements at consumer touch-points and by fostering the free-flow of information between the carrier and consumers. Given this environment, new government regulation is unnecessary.

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<sup>27</sup> See Sprint News Release, “Sprint.com is Cornerstone of Customer Experience Efforts,” September 17, 2009, available at [http://newsreleases.sprint.com/phoenix.zhtml?c=127149&p=irol-newsArticle\\_newsroom&ID=1332892&highlight=](http://newsreleases.sprint.com/phoenix.zhtml?c=127149&p=irol-newsArticle_newsroom&ID=1332892&highlight=)

#### **IV. SPRINT'S POLICIES AND PRACTICES ENSURE CONSUMERS ARE WELL INFORMED AT ALL STAGES OF THE SALES PROCESS**

Sprint works hard to ensure that consumers are well-informed throughout all stages of the sales process including before the sale (advertising/promotion), during the sale (point-of-sale disclosures), and after the sale (confirming/adjusting decisions). Sprint has every incentive to do so in order increase customer satisfaction, reduce post-sale confusion, and decrease costly customer care expenses.

##### **A. COMPLIANCE WITH THE CTIA CONSUMER CODE**

A big part of Sprint's disclosure commitment is Sprint's adherence to the CTIA Consumer Code for Wireless Service ("CTIA Consumer Code").<sup>28</sup> Recognizing that consumers should be well-informed in making decisions regarding wireless service, Sprint supported the development of the CTIA Consumer Code for Wireless Service ("CTIA Consumer Code") and was one of its original signatories.

The cornerstone of the CTIA Code is based on providing wireless consumers with true and accurate information upon which they can make well-informed decisions regarding wireless services. Every wireless carrier that signs the Consumer Code is committing to all 10 points within the Code. Only by adhering to all 10 points is a company entitled to display the CTIA Seal of Wireless Quality/Consumer Information. In addition, wireless carriers must annually re-certify that they are in compliance with the Code. One of the benefits of competition is that each carrier's competitors will be watching other companies' compliance and will respond accordingly. Sprint has signed and re-certified its compliance with the Code for the past five years and is proud to be fully compliant with all 10 points outlined in the Code.

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<sup>28</sup> See <http://files.ctia.org/pdf/ConsumerCode.pdf>.

## **B. BEFORE THE SALE DISCLOSURES**

### **1. Rates and Terms of Service**

Consistent with the CTIA Consumer Code, Sprint discloses (to the extent such disclosures are applicable) the following terms and conditions within its advertisements, within rate plan collateral, and on its website:

- The monthly access fee or base charge;
- The number of airtime minutes included in the plan;
- Any nights and weekend minutes included in the plan or other differing charges for different time periods and the time period when nights and weekend minutes or other charges apply;
- The charges for excess or additional minutes;
- Per-minute long distance charges or whether long distance is included;
- Per-minute roaming or off-network charges;
- Whether any additional taxes, fees or surcharges apply;
- The amount or range of any such fees or surcharges that are collected and retained by the carrier;
- Whether a fixed-term contract is required and its duration;
- Any activation or initiation fee; and
- Any early termination fee (“ETF”) that applies and the trial period during which no early termination fee will apply.<sup>29</sup>

Attached are a magazine advertisement (Exhibit A) and a service plan guide (Exhibit B) demonstrating Sprint’s compliance with the CTIA Consumer Code.

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<sup>29</sup> In addition to these disclosures, the CTIA Consumer Code provides for specific disclosures in advertising including: (i) the terms and conditions related to receiving a product or service for “free;” (ii) for any rate plan advertised as “nationwide” (or using similar terms) the carrier will have available substantiation for this claim; and, (iii) whether prices or benefits apply only for a limited time or promotional period and, if so, any different fees or charges to be paid for the remainder of the contract term.

## 2. Coverage Maps

The CTIA Consumer Code requires wireless carriers to “make available at the point of sale and on web sites, maps depicting approximate voice service coverage.” Sprint provides consumers access to coverage maps – both voice and data coverage – *via* our website ([www.sprint.com/coverage](http://www.sprint.com/coverage)) and at the point-of-sale *via* an in-store computer and with printed coverage maps for the store’s market.

Sprint is proud of its in-store and on-line tools whereby a consumer can plug-in an address, city/state or zip code and view coverage maps for its Sprint CDMA, Nextel iDEN and Sprint Mobile Broadband networks. Indeed, the map tool allows the consumer to zoom-in and zoom-out to see Sprint’s coverage at a number of geographic levels from an exact house address to a coverage map of the entire United States. In addition to these electronic maps, consumers can also obtain printed coverage maps of the market where the store is located.

The coverage models are tested against collected data to ensure their accuracy. Coverage maps are also tested against user perception to ensure they are presenting an accurate representation of the coverage. Whenever issues are discovered (*e.g.*, through trouble tickets generated by customers), adjustments are made and the maps are updated.

Sprint’s coverage maps have street level coverage, using three layers for quality. A customer can input a city, zip code, specific address, *etc.* for any area they are concerned with to see what type of coverage they should expect. The maps detail best, good, fair, no coverage and roaming coverage, which are described as follows:

- Best: You should generally receive a signal strength sufficient to make calls outdoors, in a car and in many buildings;
- Good: You should generally receive a signal strength sufficient to make calls outdoors, in a car and in some buildings; and,

- Fair: You should generally receive a signal strength sufficient to make calls outdoors, but typically not for calls in a car or in buildings.

## **C. DURING THE SALE DISCLOSURES**

### **1. Point-of-Sale Contract Processes**

Again, consistent with the CTIA Consumer Code, Sprint provides and confirms material terms and conditions to customers when they initiate service or when customers agree to a change in service. Per Sprint's policy and training, Sprint sales representative are to provide customers with a subscriber agreement, point-of-sale worksheet, rate plan guide, and the Sprint terms and conditions of service. Collectively, these documents provide a customer with all pertinent information to make an informed purchasing decision.

The point-of-sale worksheet is filled-in manually by the sales agent at the behest of the customer. It contains customer-specific information about the rate plan, early termination fee ("ETF"), and contract period and term start date. (Exhibit C). Indeed, with respect to the ETF, Sprint Nextel asks customers to initial a box on the worksheet expressly stating "I understand that I will be charged an Early Termination Fee of \$200 if I cancel service prior to the end of my term."<sup>30</sup>

Customers also view and sign an electronic subscriber agreement ("ESA"). (Exhibit D). The ESA is unique to each customer and provides yet another disclosure/confirmation step at the point-of-sale. The agreement is printed on thermal receipt paper and provided to the customer at the conclusion of the sales experience. If a customer enters a term agreement, the agreement contains the following provision:

Term and Early Termination Fee. You agree to maintain Sprint Service for at least a TWO-YEAR term. Except for deactivations under our return policy, you agree

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<sup>30</sup> Of course, consumers also have the option to subscribe to Sprint service without any contract and without any ETF.

to pay an EARLY TERMINATION FEE of \$200 for each line of Service terminated early, in addition to other charges that may have accrued.

Finally, Sprint recently implemented a new customer transaction summary that prints at the point of sale, showing the customer exactly what their new plan entails. A signature capture pad and address validation function further help with the reduction of setup errors, which is important for minimizing calls to customer care while creating a great customer experience from day one (Exhibit E).

## **2. Sprint's Ready Now Program**

Sprint is also proud of its “Ready Now” program – an innovative process that has significantly improved the wireless customer experience at the Sprint store. Retail associates work with customers one-on-one to personalize their handset, set up its features and show them how to use it – before customers leave the store. One secret shopper wrote, “Despite high traffic levels (*i.e.*, selling opportunities), our rep helped set up our voicemail, e-mail and online accounts while patiently answering our questions. These 30 additional in-store minutes proved valuable; we departed fully activated and informed.”

By making customers more knowledgeable and satisfied with their handsets, they are less likely to call Sprint's customer care. In fact, Sprint has seen significant improvements in its retail customers' satisfaction level and decreases in handset return rates since implementing Ready Now. This program is a perfect example where providing a great customer experience “upstream” has reduced the number of issues “downstream.”

### **D. DISCLOSURE AFTER THE SALE**

After the customer establishes service, Sprint takes a series of post-sale actions to ensure that customers remain satisfied with the decision to choose Sprint. These post-sale actions help eliminate any post-sale confusion and both increase customer satisfaction and decrease costly

customer care expenses. In addition, Sprint has implemented policies designed to ensure customers are on the right plan and to allow customers to make adjustments without penalty.

### **1. Welcome Letter and Confirmation Letter**

The Welcome Letter is the first post-sale opportunity for Sprint to confirm in writing the material terms and conditions concerning the service plan that the customer has chosen. The customer receives a Welcome Letter from Sprint that provides specific details about their phone and service plan and reiterates and further clarifies the terms and conditions provided in advertising and at the point of sale. The Welcome Letter is usually received within three to five business days of activation. Details of the customer's service plan and monthly price as well as the contract start date, contract end date, and early termination fee are all expressly and prominently disclosed in the Welcome Letter (Exhibit F).

Similarly, the Confirmation Letter is sent shortly after the customer makes any significant changes to his or her plan such as electing a new calling/data plan or adding a new line of service. (Exhibit G).

### **2. Welcome Call**

Soon after a new customer activates service, a Sprint customer care representative will call to: (i) welcome the customer to Sprint; (ii) thank the customer for his or her business; (iii) ensure the customer feels fully informed about the product and/or plan chosen; (iv) discuss any concerns about coverage; and, (v) answer any questions. The goal is to ensure customers are satisfied with their Sprint service and fully educated about the products and services they purchased.

### **3. First Bill**

Customers also receive their first bill within 7-10 days of activation. The first bill (and subsequent bills) contains basic information concerning the customer's calling plan including the monthly rate, number of included minutes, nights/weekends time information, text messaging and data information, *etc.* The first bill will also likely contain some call detail information. By receiving the first bill soon after activation and well before Sprint's 30-day trial period concludes, consumers have a good chance to confirm that they made the right decision (or, alternatively decide to return their phone without incurring an ETF).

### **4. Check-in Calls and Overage Courtesy Calls**

Building off the initial welcome call, Sprint now has in place proactive outreach to new customers during the 2nd, 5th and 12th months after signing up for service as a "check-in" to ensure the customer is satisfied and has no unresolved issues. Similarly, Sprint will proactively notify customers the first time they have incurred significant excess voice, text or data overage charges.

### **5. Sprint Plan Optimizer and Contract Extension Policies**

Sprint provides customers with an on-line tool to find out if there may be a better plan by logging into [www.sprint.com/planfit](http://www.sprint.com/planfit). There customers can see how they have been using their phone with detailed usage charts allowing them to compare their current plan to others that may be a better value. Should a customer wish to change his or her plan, Sprint allows customers to make changes at any time without worrying about extending their contracts. The optimizer tool and Sprint's contract extension policy are designed to ensure customers are completely satisfied and to give customer's the flexibility to make changes to their service plan as their wireless communications needs change.

## 6. 30-Day Return Policy

Customers are encouraged to make their own assessment of Sprint's coverage by using their new device and service where they live, work and play. If a Sprint customer is not satisfied with the device, plan or service, the customer may return the device and deactivate service within 30 days of activation. Sprint will refund any activation fee, waive the ETF and only bill for access and airtime charges accrued through the deactivation date.<sup>31</sup>

As demonstrated above and in the attached Exhibits, Sprint *affirmatively and repeatedly* discloses key terms and conditions to the consumer in advertising (*i.e.*, before the sale), discloses and provides to customers even more information at the point-of-sale (*i.e.*, during the sale), and, lastly, follows up with customers soon after the sales transaction to ensure customers are satisfied that they are receiving the services that they sought (*i.e.*, after the sale). If customers remain unsatisfied with any aspect of their Sprint service, they may return their device and deactivate service within 30 days without incurring an ETF. And, with Sprint's other policies such as the plan optimizer and ability to change service plans without extending contracts, a customer is not "locked-in" and may freely change to other services that better meet the customer's needs. In short, Sprint strives to provide customers with multiple disclosures so that he or she is well-informed and to make the sales process as simple and easy to understand as possible in order increase customer satisfaction, reduce post-sale confusion and churn, and decrease costly customer care expenses.

## V. SPRINT'S INVOICE DESIGN

Sprint has every incentive to ensure that its customer invoices are presented in a clear, easy-to-understand manner. A poorly constructed bill will lead to confused and upset customers

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<sup>31</sup> See <http://www.sprint.com/landings/returns/>

who call customer care to resolve issues. Sprint certainly does not wish to upset its customers nor does Sprint want to incur the expense of handling these calls.

Aside from Sprint's desire to meet its customers' expectations, Sprint's wireless invoices also meet and exceed Truth-in-Billing ("TIB") regulations. First, Sprint bills comply with existing TIB regulations which require wireless carrier customer bills to "contain full and non-misleading descriptions of charges that appear therein" and to "contain clear and conspicuous disclosure of any information the consumer may need to make inquiries about, or to contest charges on the bill."<sup>32</sup> (Exhibit H). Second, Sprint's wireless invoices already address the Commission's tentative conclusion – in its *Second Truth-in-Billing FNPRM* – that carriers should place government mandated charges in a separate section of the bill.<sup>33</sup> Sprint separates "Sprint Charges" from "Government Taxes and Fees" and provides customers with a brief description of these charges and fees on each and every bill. In addition, Sprint provides more detailed information on its web site so that existing and potential customers can learn more about the various government mandated and non-mandated charges that appear on Sprint's bills.<sup>34</sup> Third, Sprint discloses "non-mandated" charges at the point of sale and in advertising – again, addressing a concern raised by the Commission in its *Second Truth-in-Billing FNPRM*.<sup>35</sup> Due to state and local variability, Sprint provides a range of such charges in its point-of-sale collateral (e.g., transaction summary sheet) so that customers can make an informed decision. (Exhibit E). Sprint's billing and consumer disclosure decisions – particularly with regard to distinguishing between government mandated and non-mandated charges – were made in the absence of

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<sup>32</sup> See 47 C.F.R. 64.2401 *et seq.*

<sup>33</sup> See *In the Matter of Truth-in-Billing Format*, Second Report and Order and Further Notice of Proposed Rulemaking, CC Docket 98-170, 20 FCC Rcd 6448, 6468 (2005) ("Second Truth-in-Billing Order and FNPRM").

<sup>34</sup> See [sprint.com/taxesandfees](http://sprint.com/taxesandfees)

<sup>35</sup> See *Second Truth-in-Billing Order and FNPRM*.

regulation. In fact, the CTIA Consumer Code (in principles 1, 5 and 6 and with which Sprint is compliant) addressed mandated vs. non-mandated charges in 2003 – well before the Commission reached its tentative conclusions in the *Second Truth-in-Billing FNPRM* in 2005.<sup>36</sup> This exemplifies not only the speed with which the wireless industry responds to consumer concerns, but it also underscores that there is no market failure and that government intervention is entirely unnecessary.

In addition to addressing mandated *versus* non-mandated charges, Sprint takes a variety of other measures to ensure that its bill is clear and that consumers have access to billing and usage information. For example, the first page of Sprint’s bill contains easy-to-find contact information including Sprint’s website, a toll-free number, and a mailing address. And Sprint has on-line representatives that can address a variety of consumer inquiries including billing disputes or concerns. Sprint also provides its customers with self-service tools to manage accounts, monitor account balances and wireless usage. These tools can be accessed by calling \*2 and \*3 (\*4 for Spanish) on a Sprint phone or *via* the web from either a Sprint mobile phone or a computer. In addition, Sprint will automatically send free text messages to prepaid customers when they approach their pre-set limit. Sprint also offers its bills in Spanish as well as in Braille, large print and electronic formats and offers multiple billing and payment options.

## **VI. PREMIUM SMS**

Finally, in relation to billing and customer disclosures, Sprint has heightened its scrutiny of mobile marketing aggregators and content providers that sell “off deck” premium short message service (“PSMS”) services directly to consumers. Customers have contacted Sprint with a variety of concerns related to purchasing or subscribing to PSMS. To reduce these

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<sup>36</sup> See CTIA Consumer Code, available at <http://files.ctia.org/pdf/ConsumerCode.pdf>

customer inquiries and ensure a positive customer experience, Sprint pioneered its own “carrot-and-stick” system of rewarding marketing aggregators that adhere to Sprint’s marketing policies by increasing revenue sharing percentages for those content aggregators with a good track record. On the flipside, Sprint will penalize bad actors by decreasing the revenue sharing percentage.

As part of this program, Sprint hired a third party media auditing firm to monitor and PSMS marketing campaigns to ensure that the campaigns comply with Sprint’s marketing guidelines. Violations of these guidelines are categorized into “Severity 1,” “Severity 2,” and “Severity 3” with Severity 1 infractions being the worst offense (*e.g.*, failure to provide a double opt-in for a subscription service).<sup>37</sup> Sprint contacts the marketing aggregators to fix these infractions and keeps a track record to punish or reward aggregators for compliance with Sprint’s guidelines. These measures have proven effective as the number of “Severity 1” infractions has been reduced markedly, and Sprint has seen a reduction in the number of PSMS refunds issued to consumers.

In addition, Sprint is a member company of the Mobile Marketing Association (MMA) and provides input into creating and modifying the MMA Consumer Best Practices (“CBP”) document.<sup>38</sup> The CBP serves the industry as a single source document providing guidelines to content providers and aggregators on the “do’s” and “don’ts” of mobile marketing. Each carrier brings to MMA its and its customers’ experiences for redress. This ever-evolving document thus helps the wireless industry actively police the PSMS ecosystem and protects consumers from deceptive marketing practices.

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<sup>37</sup> In addition, CTIA – through a different third party auditor – monitors mobile marketing proposals to ensure compliance with MMA CBP and ensures that message flows (*e.g.*, double opt-in messages between the consumer and content provider) are in accordance with MMA CBP.

<sup>38</sup> See <http://mmaglobal.com/bestpractices.pdf>

To protect consumers and ensure a satisfactory customer experience, the CBP is premised on disclosure and consent. The CBP specifies information that must be disclosed to consumers in advertising and at other stages of the purchase of a PSMS.<sup>39</sup> In addition to these disclosures, the CBP requires a double opt-in consent mechanism in which the consumer must take affirmative action (*e.g.*, entering a code number sent by the content provider) in order to trigger a billing event. And the CBP requires disclosures concerning how the wireless customers can opt-out of the PSMS program. The ultimate goal is to ensure that consumers are well-informed about the PSMS program and to avoid billing “surprises” on their wireless carrier bill.

## **VII. CONCLUSION**

Sprint respectfully disagrees with the premise for this regulatory inquiry at least as it pertains to wireless communications. The wireless industry is a competitive and well-functioning market that provides accurate, timely and helpful information as evidenced by declining customer complaints and increasing customer satisfaction. Indeed, Sprint’s practices exemplify the lengths to which carriers go to provide customers with access to information including fostering social networking forums through which consumers can share thoughts, opinion and critiques of Sprint’s products and services. Given this information-rich environment, the Commission should affirm that its light regulatory touch has been successful and that no further regulation is necessary.

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<sup>39</sup> The MMA CBP also applies to other non-premium short message services such as “standard rate” program (where the mobile consumer pays only the carrier charge for the text message) and “free-to-the-end-user” programs (where the consumer incurs no charges at all – carrier waives standard messaging rates).

Respectfully submitted,

**SPRINT NEXTEL CORPORATION**

*Charles W. McKee*

Charles W. McKee

*Vice President, Government Affairs*

*Federal and State Regulatory*

Marybeth Banks

*Director, Government Affairs*

*Federal Regulatory*

Sprint Nextel Corporation

2001 Edmund Halley Drive

Reston, VA 20191

703-433-3786

Scott R. Freiermuth

*Counsel, Government Affairs*

*Federal Regulatory*

Sprint Nextel Corporation

6450 Sprint Parkway

Overland Park, KS 66251

913-315-8521

October 13, 2009