

**Before the
Federal Communications Commission
Washington, DC 20554**

In the Matter of)	
)	
Empowering Consumers to Avoid Bill Shock)	CG Docket No. 10-207
)	
Consumer Information and Disclosure)	CG Docket No. 09-158

COMMENTS OF ONSTAR, LLC

OnStar, LLC (“OnStar”) respectfully submits these comments in response to the Notice of Proposed Rulemaking (“*NPRM*”) released by the Federal Communications Commission (“FCC” or “Commission”) in the above-captioned proceeding.¹ In the *NPRM*, the Commission solicits comment on whether mobile service providers should be required to offer usage alerts and other information intended to assist consumers in avoiding unexpected charges on their bills.² It also seeks comment on whether prepaid mobile services should be exempt from such rules.³

As discussed below, prepaid mobile services, such as OnStar’s Hands-Free Calling service, should not be subject to any new usage alert or information disclosure mandates because prepaid customers pre-authorize any charges on their bills, making usage alerts and disclosures unnecessary. Moreover, such rules would impose substantial implementation costs and burdens

¹ *Empowering Consumers to Avoid Bill Shock*, Notice of Proposed Rulemaking, 25 FCC Rcd 14625 (2010) (“*NPRM*”).

² *Id.* ¶ 1 and Appendix A.

³ *Id.* ¶ 25.

on prepaid mobile providers, hindering their ability to offer unique services and compete with other service providers. Therefore, to the extent that the Commission issues any rules in this proceeding, it should exempt prepaid mobile services.

I. ONSTAR’S HANDS-FREE CALLING PREPAID MOBILE SERVICE

OnStar is the largest telematics service provider in the nation, providing safety, security, and navigation services to more than 5.5 million subscribers. OnStar’s core services include automatic crash response, access to emergency operators, and turn-by-turn navigation. OnStar also offers an ancillary Hands-Free Calling service that enables subscribers who purchase prepaid minutes to make voice-activated phone calls from their vehicles.⁴ This service provides a safe alternative to using a handset while driving and also offers a reliable back-up in the event the subscriber’s handset is unavailable, running low on power, or out-of-service.

OnStar’s Hands-Free Calling minutes are entirely prepaid. Subscribers purchase their minutes up front and pay all applicable fees, surcharges, and taxes at the time of purchase. Subscribers do not incur any per-call connection or administration fees. Every minute that a subscriber purchases is equivalent to a minute of talk time, and subscribers are not obligated to purchase any prepaid calling minutes to take advantage of OnStar’s core services, advisors, or emergency operators. In addition, the full details of each Hands-Free Calling package are explained to the subscriber at the time of purchase and are also available online.⁵ Subscribers can also check their available minutes remaining directly from the vehicle using simple voice commands⁶ or by contacting a customer service advisor,⁷ enrolling in the OnStar Vehicle

⁴ *Hands-Free Calling*, OnStar, <http://www.onstar.com/web/portal/handsfreecalling> (last visited Jan. 4, 2011).

⁵ *Id.*

⁶ To check minutes using a voice command, a subscriber simply pushes the white phone button in his or her vehicle and says “minutes” or “units.” The system will then provide an automated announcement of

Diagnostics program,⁸ or managing their account online.⁹ In some vehicles, information about remaining minutes is also displayed on the dashboard. All subscribers receive an automatically generated voice reminder from their vehicle that their minutes are running low when they reach ten or fewer Hands-Free Calling minutes remaining on their account. If they are on an active call, this message will play during the call. Otherwise, they will receive the reminder prior to each subsequent call being connected until they add minutes to their account or no longer have any minutes remaining.

In short, OnStar's Hands-Free Calling subscribers are assured of getting the full value of their prepaid package of minutes, can easily monitor their usage, do not pay any hidden fees, and do not risk incurring any unexpected usage charges.

II. THE COMMISSION SHOULD EXEMPT PREPAID MOBILE SERVICES FROM ANY RULES IT ADOPTS IN THIS PROCEEDING

Because prepaid mobile service plans are specifically tailored to ensure that consumers never experience unexpected charges and that providers of such plans compete aggressively with each other to win and retain customers, any rules the Commission might adopt in this proceeding are unnecessary for prepaid services. As the Commission recognizes, prepaid plans “make it impossible to go over your set limit” and are ideal for consumers who are worried about

the subscriber's remaining minutes and their expiration date. *See* OnStar, <http://www.onstar.com/web/portal/hfc> (last visited Jan. 4, 2011).

⁷ To contact a customer service advisor, a subscriber simply pushes the blue button in his or her vehicle to connect to a live OnStar advisor who can provide information about remaining hands-free calling minutes. Advisors are available 24 hours a day, 7 days a week. Subscribers can also contact OnStar toll-free at 1 (888) 4-ONSTAR. *Contact Us*, OnStar, <http://www.onstar.com/web/portal/contactus> (last visited Jan. 4, 2011).

⁸ OnStar Vehicle Diagnostics is a service that provides monthly email updates regarding the condition of important vehicle operating systems, as well as the subscriber's remaining hands-free calling minutes. *Vehicle Diagnostics*, OnStar, <http://www.onstar.com/web/portal/vehiclediagnosics> (last visited Jan. 4, 2011).

⁹ *See My Account*, OnStar, <http://www.onstar.com/web/portal/myaccount> (last visited Jan. 4, 2011).

unexpected charges.¹⁰ OnStar's Hands-Free Calling customers always pre-authorize any charges on their bills and receive the number of minutes they purchase.

Competition among wireless carriers has provided consumers with many mobile service options. Prepaid plans developed as a competitive alternative to postpaid plans, and they are attractive to those consumers who are concerned about exceeding their limits, are not satisfied with their postpaid providers' policies, or desire other unique features as in the case of OnStar's Hands-Free Calling service. Indeed, consumers are increasingly opting for prepaid plans over postpaid plans, in part because of the billing certainty offered by such plans.¹¹ Intense competition among prepaid, pay-as-you-go, and other similar providers further drives those providers to offer lower prices, clear terms and conditions, and continued innovation – all of which benefit consumers.¹² If consumers do not feel that they get what they pay for from one prepaid provider, they can switch to another with relative ease and speed. This competition has also forced prepaid providers to develop features that enable consumers to monitor how many

¹⁰ See *Mobile Minutes Made Simple: Tips for Avoiding Bill Shock Now*, FCC, <http://www.fcc.gov/cgb/consumerfacts/billshocktipsheet.html> (last updated Aug. 25, 2010) (advising that consumers who seek “to avoid bill shock” should “consider a prepaid plan,” and stating that “[b]ecause you ‘pre-pay’ for all your minutes, these plans make it impossible to go over your set limit”); see also, e.g., Comments of Leap Wireless International, Inc. and Cricket Communications, Inc., CG Docket 09-158, 2 (July 6, 2010) (“Leap/Cricket Comments”) (observing that prepaid customers “have complete predictability with respect to their mobile voice or data usage”); Comments of MetroPCS Communications, Inc., CG Docket 09-158, 3 (July 6, 2010) (“MetroPCS Comments”) (noting that prepaid customers “never can end up with a ‘runaway’ bill”).

¹¹ See *NMRC: Recession Has Cell Phone Consumers' Number, As Two Out of Three New Wireless Subscribers in U.S. Go Prepaid*, New Millennium Research Council (Mar. 31, 2010), available at http://newmillenniumresearch.org/news/033110_prepaid_trends_news_release.pdf; CTIA, *Prepaid Wireless Service in the United States: A Snapshot from CTIA based on CTIA's Semi-Annual Wireless Industry Survey Results: Year-End 2009 Results* (Mar. 2010) (indicating that at the end of 2009, more than 30 wireless providers served approximately 58 million prepaid and pay-as-you-go customers, accounting for over 20 percent of all wireless connections).

¹² See Fourteenth Report, *Implementation of Section 6002(b) of the Omnibus Budget Reconciliation Act of 1993; Annual Report and Analysis of Competitive Market Conditions With Respect to Mobile Wireless, Including Commercial Mobile Services*, WT Docket No. 09-66, FCC 10-81, ¶¶ 98-103 (rel. May 20, 2010) (“*Fourteenth Report*”) (describing competition among prepaid wireless service providers that has led to aggressive price cuts and innovative service offerings).

prepaid minutes they have used. For example, OnStar subscribers can monitor their Hands-Free Calling minutes usage through simple voice commands, OnStar's customer service hotline, or OnStar's vehicle diagnostic program.

For consumers who wish to make phone calls from their vehicle, OnStar's Hands-Free Calling service is an innovative, safe, and reliable alternative to traditional prepaid and postpaid calling plans. The viability of this service would be threatened, however, if the Commission were to require OnStar to provide the usage alerts that the Commission is considering in this proceeding. To comply with those rules, OnStar would have to resolve significant technical challenges – and incur substantial costs – to develop an outbound usage alert system that is compatible with all of its subscribers' vehicles. Currently, the information regarding a subscriber's remaining Hands-Free Calling minutes is located at the vehicle level, and OnStar does not have the capability of monitoring usage in real-time. Moreover, as compared to traditional postpaid and prepaid services, vehicle-based prepaid services pose far more complexity, not the least because of the distracted driving challenges that are unique to that setting. In addition, even if OnStar worked with its technology vendors to engineer solutions to these implementation challenges, the costs of such solutions could render its business model for Hands-Free Calling untenable, thus depriving consumers of a unique, innovative service.

III. CONCLUSION

Prepaid mobile services, including OnStar's Hands-Free Calling service, should not be subject to any rules established in this proceeding. Such rules are unnecessary because prepaid customers do not experience unexpected charges and because OnStar and other prepaid providers already strive to provide as much timely information as possible to their customers, including usage information. Applying the proposed usage alert and information disclosure rules to prepaid services, moreover, would impose significant implementation costs and technical

burdens that could hinder the viability of innovative prepaid services. Accordingly, the Commission should exempt prepaid mobile providers from any rules it adopts in this proceeding.

Respectfully submitted,

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