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via web portal

March 9, 2010

Mr. David Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
Olympia, Washington 98504

RE: Petition of TracFone Wireless, Inc. for Designation as an Eligible
Telecommunications Carrier, Docket UT-093012

Dear Mr. Danner:

On behalf of TracFone Wireless, Inc., I would like to thank the Utilities and Transportation Commission for its consideration at the February 25, 2010, open meeting of TracFone's petition for designation as an eligible telecommunications carrier for the limited purpose of participating in the federal Lifeline program.

The purpose of this letter is to provide the commissioners with additional information about the customer service call issue that arose somewhat tangentially during the open meeting discussion last week and to request that the UTC refrain from imposing an additional condition on TracFone requiring it to provide free airtime for customer service calls.

During the open meeting, Jennifer Brandon of Community Voice Mail (CVM) criticized TracFone's practice of treating airtime used to make customer service calls as charged minutes. CVM had never raised this issue during the 11 months that this petition has been pending at the UTC. No other commenter – including the UTC staff – expressed a concern about TracFone's practices regarding customer service calls. Moreover, this has not been an issue any of the 24 other jurisdictions in which TracFone has been designated as an ETC.

While the superficial appeal of this requirement is obvious, it would be extremely difficult for TracFone to operate under such a requirement. Moreover, a regulatory requirement of this nature is unnecessary, inconsistent with existing rules, and ultimately ineffective as a consumer protection measure.

TracFone provides SafeLink Wireless® customers with free access to customer care and informs customers that airtime is charged for wireless calls to customer care.

To be clear, TracFone provides its customers with free access to its customer care staff using a toll-free number. While a customer has the additional option of using his or her wireless handset to reach the customer care center, TracFone encourages customers to dial the toll-free number using an alternative line. This practice enables TracFone to provide better service to its customers, because the most common customer service issues are handset-related. Many of these issues simply cannot be resolved while the handset is in use.

At the time a customer initiates service TracFone discloses to the customer the fact that it charges customer service airtime against the customer's balance. TracFone also includes this information on the SafeLink Wireless ® web page for technical support, which is attached to this letter.

TracFone applies the same airtime rules to SafeLink Wireless® customers as it does to its other customers.

In charging airtime for wireless calls to customer care, TracFone is applying the same terms and conditions that it applies to the millions of customers who use TracFone's unsubsidized prepaid service. TracFone is not singling out Lifeline customers for an extra charge; it is simply applying a business practice that it also applies with little or no objection to the accounts of millions of existing customers.

TracFone's airtime rules create value for customers and the company by keeping costs down.

Both TracFone and its customers are highly value-oriented. By keeping airtime costs down, TracFone is able to offer the low rates and comprehensive coverage that its customers prefer. Certainly a particular customer in a particular situation may prefer free airtime to customer care over better rates, but over the long run TracFone's

customers benefit from the greater efficiency reflected in TracFone's approach. The fact that TracFone is one of the fastest growing carriers in a fast-growing industry demonstrates the customer value in TracFone's services.

TracFone's practice is reasonable within a competitive market that offers many different service features to consumers.

During the open meeting, Chairman Goltz observed that his own wireless carrier provides free calls to customer service. It does not follow from this anecdote that every other wireless service should also include free airtime for customer service calls. Some carriers may choose to encourage customer service calls in order to maximize opportunities to sell additional services to customers. Other carriers, including TracFone, should be free to focus on efficient delivery of customer care and a high-value service offering.

Chairman Goltz did not identify his wireless carrier, but it is quite likely that this carrier does not offer many of the other price advantages that TracFone does, such as zero activation fee, zero early termination fee, zero additional charge for directory assistance calls, and zero additional charge for calls to many international destinations. These are all features that TracFone offers because it believes they provide value to customers and make its service more attractive than its competitors' offerings. TracFone would not suggest that competitors be required to offer directory assistance or international calls, and it likewise is inappropriate to single out the customer care airtime issue and impose other carriers' practices on TracFone.

One might conclude from the scant and anecdotal evidence provided at the open meeting that every carrier except TracFone offers free airtime for customer care calls, but this is not the case. Nexus Communications, Inc., doing business as Reachout Wireless, operates as an eligible telecommunications carrier and provides Lifeline service in 15 states. Like TracFone, its terms and conditions provide that calls to its customer service center will incur airtime charges.¹

¹ <https://www.reachoutmobile.com/index.php/site/page/tou>

TracFone's practice is consistent with the industry consumer service standards adopted by the UTC.

The UTC has specific standards for the customer service practices of wireless carriers, and TracFone's airtime rules are consistent with those standards. In WAC 480-123-030(h) the UTC requires that wireless carriers commit to "comply with the Cellular Telecommunications and Internet Association's (CTIA) Consumer Code for Wireless Service." The relevant portion of the CTIA Consumer Code states:

E I G H T

PROVIDE READY ACCESS TO CUSTOMER SERVICE

Customers will be provided a toll-free telephone number to access a carrier's customer service during normal business hours. Customer service contact information will be provided to customers online and on billing statements. Each wireless carrier will provide information about how customers can contact the carrier in writing, by toll-free telephone number, via the Internet or otherwise with any inquiries or complaints, and this information will be included, at a minimum, on all billing statements, in written responses to customer inquiries and on carriers' web sites. Each carrier will also make such contact information available, upon request, to any customer calling the carrier's customer service departments.

The UTC's adopted standard does not require carriers to provide free wireless airtime to reach customer service. It requires carriers to provide ready access via a toll-free number, which TracFone does.²

It would be impractical and economically burdensome to provide free airtime to Washington state SafeLink Wireless® customers.

Despite the policy arguments against such a requirement, TracFone was willing to consider modifying its airtime rules for SafeLink Wireless® customers Washington state in order to provide free airtime for customer care calls. As noted earlier, this issue had not been raised by staff or any commenter prior to the February 25 open meeting, and TracFone's initial statement of willingness to examine this possibility should not be taken as an acceptance of this condition.

Upon examination, TracFone has determined that it would not be possible, in any commercially reasonable sense, to make this modification. TracFone's operating systems and procedures, including the methods of determining what airtime is charged against a customer's balance, are applied uniformly across millions of customer

² The toll-free number for SafeLink Wireless® is 1-800-378-1684.

accounts throughout the United States. It would require extensive and expensive changes to its systems to establish a special preference for SafeLink Wireless® customers in a single state.

Beyond the initial cost, imposition of this requirement would also raise ongoing costs for TracFone and ultimately its customers. Free airtime is not free. Carriers who provide free airtime must recoup their costs elsewhere. It would be unreasonable to expect TracFone simply to absorb the cost of this “free” airtime, and there is simply no evidence that customers would prefer raising rates or reducing included minutes to provide this feature. Customers who place great value on free airtime for customer service already have that option within the range of other Lifeline providers offering service in Washington state.

Conclusion

It is easy to see the superficial appeal of CVM’s suggestion that all calls to customer service be provided free. No doubt there are many other classes of calls that we might wish to be free.

However, the fact that TracFone charges for airtime on customer service calls does not mean that SafeLink Wireless® customers receive poor service or a poor value. To the contrary, TracFone’s process ensures effective and efficient customer service and contributes to a high-value service for its SafeLink Wireless® customers. The airtime rules are disclosed to customers before activation, and any customer may choose a competing carrier offering Lifeline service. There is simply no need or public benefit for the UTC to impose its view of consumer value on TracFone’s potential customers.

Sincerely,



Glenn Blackmon
on behalf of
TracFone Wireless, Inc.

c: Jennifer Brandon, Community Voice Mail
Richard Finnigan, Washington Independent Telephone Association

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JOIN SAFELINK WIRELESS

Airtime

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Technical Support

If you are experiencing a problem with your SafeLink phone please call us at **1-800-378-1684**.

NOTE: Toll-Free telephone calls made from your SafeLink Wireless phone are not free and you will be charged airtime minutes including calls to:

- SafeLink Wireless Customer Service
- TracFone Wireless Customer Service

If you need to reach technical support, try calling from a landline to avoid using minutes on your SafeLink Phone.

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