



FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554

December 4, 2009

DA 09-2535

**Via Certified Mail, Return Receipt Requested**

Steven E. Zipperstein, Esq.  
Vice President - Legal and External Affairs, General Counsel and Secretary  
Verizon Wireless  
One Verizon Way  
VC43E025  
Basking Ridge, NJ 07920-1097

**RE: Verizon Wireless's Early Termination Fee for Advanced Devices and Access to Verizon Mobile Web**

Dear Mr. Zipperstein:

Recent press reports indicate that on November 15, 2009, Verizon Wireless doubled the "early termination fee" (ETF) it charges new customers purchasing an "advanced device" if they disconnect service prior to completing the contract term.<sup>1</sup> Another recent press report has raised questions about whether consumers are being charged for minimal, inadvertent use of Verizon's Mobile Web service, and what notice is being provided to those consumers.<sup>2</sup> In light of the Commission's ongoing interest in the issues associated with ETFs and its pending proceeding regarding disclosure of billing information to consumers, we seek a more complete understanding of these practices.

To that end, please provide answers to the following questions by close of business on December 17, 2009. Please file your response in the docket related to the Commission's ETF proceeding (WT 05-194), and the docket related to the Consumer Information and Disclosure Notice of Inquiry (CG 09-158).

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<sup>1</sup> See Kevin Abourezk, *Verizon Increases Termination Fee for Smartphone Customers*, LINCOLN JOURNAL STAR, Nov. 29, 2009; Leslie Cauley, *Verizon Wireless Doubles Early Termination Fee*, USA TODAY, Nov. 4, 2009, at <http://blogs.usatoday.com/technologylive/2009/11/verizon-wireless-doubles-early-termination-fee.html>.

<sup>2</sup> David Pogue, *Pogue's Posts – Verizon: How Much Do You Charge Now?*, NEW YORK TIMES, Nov. 12, 2009, at <http://pogue.blogs.nytimes.com/2009/11/12/verizon-how-much-do-you-charge-now/>.

ETF Increase

1. What information about the higher ETF does Verizon Wireless provide to prospective customers, and when? How do consumers know whether the increased ETF applies to the device and service plan they would like to purchase? Please provide a description of whether or how a customer seeking to sign up for Verizon Wireless service by first selecting a device or service plan on the Verizon Wireless website would be able to find out about the levels and terms and conditions of the ETF, other than by calling up the formal Customer Agreement accessible in small type at the bottom of the web page. Please also provide a detailed description of how consumers receive relevant information across other retail sales channels, including retail outlets and sales made over the phone (if applicable). Please describe the format in which this information is presented, and provide sample materials.
2. Similarly, how can customers learn about the formula for prorating the ETF? Does Verizon Wireless provide the full terms and conditions, including the proration formula, anywhere other than in the formal Customer Agreement? If so, where? For example, is any relevant information provided on monthly bills? What is the format of the information provided? How can customers learn about the amount they will be charged if they terminate their service plan on a given date?
3. Please provide the details of any trial period in which customers may discontinue service without being subject to the increased ETF. Do customers have an opportunity to review their first bill before the trial period expires? How is this information communicated to prospective and current customers?
4. Please describe the rationale for the increase in the ETF for an “advanced device.” According to press accounts of statements by a Verizon spokesperson, “[t]his has to do with the cost we pay for the device, ... [which] is far north of” the subsidized price at which Verizon makes the device available to its customers.<sup>3</sup> In particular, please explain: (1) the cost differentials that Verizon pays for advanced devices over what it charges its customers; (2) the ETF levels, proration schedules, and other terms and conditions of ETFs; (3) how the levels of ETFs, together with the terms and conditions, relate to these cost differentials; and (4) how this relationship varies among devices and/or among “advanced devices.”
5. We are interested in learning whether, and to what extent, the increase in the ETF is the result of increases in the wholesale price of “advanced devices” charged by equipment manufacturers, and whether any such cost increases are uniform across all “advanced devices.” Does Verizon Wireless contemplate a similar increase in ETFs in the near future for any other services and devices?

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<sup>3</sup> Leslie Cauley, *Verizon Wireless Doubles Early Termination Fee*, USA TODAY, Nov. 4, 2009, at <<http://blogs.usatoday.com/technologylive/2009/11/verizon-wireless-doubles-early-termination-fee.html>>.

6. It appears that if a customer cancels a two-year contract after 23 months, the customer would still owe an ETF of \$120. Is this correct? If the ETF is meant to recoup the wholesale cost of the phone over the life of the contract, why does a \$120 ETF apply?
7. We understand that Verizon Wireless offers a month-to-month service plan for devices purchased at full retail price from Verizon Wireless or a third party. Is this month-to-month option available for consumers purchasing “advanced devices”? If so, how would a customer find out about that option? If not, are there other options for consumers who wish to purchase an “advanced device” and a Verizon Wireless service plan without an ETF? What criteria does Verizon Wireless use to decide which devices and service plans are subject to the increased ETF? Do the terms of the increased ETF vary depending on consumers’ service plans?

### Mobile Web Charge

In light of a recent *New York Times* article suggesting that customers may be charged \$1.99 for inadvertently accessing Verizon Wireless’s Mobile Web, we would like to better understand the terms and conditions of such access.

8. When does Verizon Wireless charge usage fees for access to Verizon Mobile Web? In particular, is there a minimum data amount or level of access that triggers charges, and if so, what is that amount or level? Which phones sold by Verizon have individual keys pre-programmed to provide for one-press access to various Mobile Web services? Is it correct that customers are charged for minimal, accidental usage by customers using these phones?
9. Can a customer re-program keys that provide for one-press access to various Mobile Web services to disable that function? If so, how can a customer do so, and how does Verizon inform consumers how to re-program these keys? If not, how does Verizon inform consumers that these keys cannot be reprogrammed, and that consumers may be charged for pressing them accidentally? The recent article also suggested that, even if a consumer asks to have the Mobile Web feature turned off, charges are incurred for transmission of a blocking notification. Is this correct? If so, are consumers informed that they may incur charges even after turning off the feature?

*Request for Confidential Treatment.* If Verizon Wireless requests that any information or documents responsive to this letter be treated in a confidential manner, it shall submit, along with all responsive information and documents, a statement in accordance with section 0.459 of the Commission's rules. 47 C.F.R. § 0.459. Requests for confidential treatment must comply with the requirements of section 0.459, including the standards of specificity mandated by section 0.459(b).

Sincerely,

Ruth Milkman  
Chief  
Wireless Telecommunications Bureau  
Federal Communications Commission

Mark Stone  
Acting Chief  
Consumer and Governmental Affairs Bureau  
Federal Communications Commission