

**FCC CHAIRMAN JULIUS GENACHOWSKI  
BILL SHOCK EVENT  
THE BROOKINGS INSTITUTION  
WASHINGTON, DC  
OCTOBER 17, 2011**

Thank you, Brookings, for welcoming us.

Communications technologies are essential to our economic recovery and long-term competitiveness. Communications technologies are also at the core of consumer products used every day by hundreds of millions of Americans, and every one of those consumers deserves to be treated fairly.

Empowering consumers with the tools and information they need to navigate the rapidly changing technology landscape has been one of the Federal Communication Commission's top priorities since I became Chairman.

As part of our Consumer Empowerment Agenda, we've cracked down on mystery fees on phone bills, securing record settlements; armed consumers with interactive tools like the broadband speed test, which has been used more than 1 million times; and we are close to transforming the Universal Service Fund in a way that will bring massive benefits to consumers.

Building on these pro-consumer efforts, last year, the FCC identified a growing problem we called "Bill Shock" and took important steps toward a solution, which led to today's victory for more than 200 million wireless consumers. This solution will give consumers the information they need to save money on their monthly wireless bills. Consistent with the FCC's ongoing efforts, these actions harness technology to empower consumers, and ensure consumers get a fair shake, not bill shock.

So what is Bill Shock? Bill Shock is when wireless subscribers experience a sudden, unexpected increase in their monthly bill. Common cases are when a subscriber is charged for unknowingly exceeding plan limits for voice, text, or data, or gets hit with unexpected international roaming charges.

According to a 2011 survey by Consumers Union, roughly one in five Americans with cell phone plans received unexpected charges on their bills during the previous year. That amounts to tens of millions of people nationwide.

At an FCC forum highlighting the problem, I met a woman who was shocked by an over \$34,000 cell phone bill for international data and texting charges incurred while visiting her sister in Haiti after the 2009 earthquake. I also met a man who got an \$18,000 bill after his free data downloads expired without warning. After that event, a business executive emailed to describe how he had incurred \$2,000 in charges during a recent overseas trip, despite buying an "international plan" before the trip

The conclusion was clear: Bill Shock is a real consumer problem that needs to be fixed, and there are ways to do this easily and inexpensively, using technology that is widely available.

More specifically, the FCC said that, to treat consumers fairly, wireless companies should take three steps:

1. Send voice or text alerts to notify consumers when they approach and when they reach monthly plan limits for voice, data, and text that would result in overage charges.
2. Send alerts when consumers are about to incur international roaming charges that are not covered by their monthly plans; and
3. Clearly disclose any tools that mobile providers offer to let consumers set their own usage limits and monitor their usage balances.

I'm pleased to be here today with CTIA and Consumers Union to announce that we're taking a major step to solve the problem of Bill Shock, and that the wireless industry will take those three steps to treat consumers fairly.

In addition -- and this is important -- these alerts will be offered for free, and automatically, with no customer opt-in required.

The wireless industry's Code of Conduct will be revised to reflect these basic obligations and to ensure that consumers receive the alerts and notifications they need and the FCC has been calling for. The carriers have committed to moving as expeditiously as possible to change their systems and implement these alerts.

I am grateful to CTIA and the wireless industry for stepping up, and to Consumers Union for helping ensure that the commitments will protect and empower consumers. From the start, the goal was to change practices to benefit consumers, and we have achieved that goal.

Moving forward, the FCC will take a "trust, but verify" approach. Because the wireless industry has taken these steps to help consumers avoid bill shock, we will put our rulemaking on hold. We will, however, be closely monitoring industry practices to make sure that all carriers provide this necessary information to consumers, as promised, and, if we see non-compliance, we will take action.

To help ensure compliance, Consumers Union and the FCC will work together to launch a new web portal on the FCC website that will allow consumers and anyone to see what types of alerts are provided by each CTIA member. This portal will allow the FCC and the public to track whether carriers have complied with their obligations. This public portal will also provide a public incentive for carriers to move quickly with implementation.

Today's announcement is a big win for consumers, and I want to thank the people who made it possible.

First, CTIA, for your constructive engagement and your proactive and responsible action. Innovative mobile devices benefit consumers every day, connecting families and friends, linking co-workers and clients, helping fuel economic growth, job creation and U.S. global competitiveness. Your action today helps show that we can achieve those goals and ensure that consumers are treated fairly. And, in the near future, we hope to score another victory for wireless consumers through our ongoing efforts to free up spectrum for mobile broadband through voluntary incentive auctions.

Second, Consumers Union for your leadership role in bringing this problem to the attention of the Commission and the public, for your national surveys that established the scope of the problem, and through this process for your laserlike focus on achieving real benefits for real consumers.

Thank you also to all the participants who contributed their ideas and research in the FCC's proceedings.

I want to acknowledge and thank our friends in Congress who have displayed real leadership and commitment on this and other consumer issues, including Senator Tom Udall, who has introduced legislation on the subject, and all the others Members of the Senate Committee on Commerce, Science, and Transportation, as well as those of the House Energy and Commerce Committee for their interest in this issue on behalf of consumers.

Finally, thank you to the FCC staff who have worked so hard on this issue, with a constant focus on doing the right thing for the American public, including those in my office, Sherrese Smith, Amy Levine, and Jessica Almond, as well as the staff of the FCC's Consumer and Governmental Affairs Bureau.

In these challenging economic times, even a small, unexpected fee can make a big difference.

I look forward to working with all stakeholders to make sure that, as we foster a thriving mobile economy that will benefit all Americans and drive real job creation, consumers are empowered and treated fairly every day.