



FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON

OFFICE OF
THE CHAIRMAN

November 1, 2019

The Honorable Mike Quigley
U.S. House of Representatives
2458 Rayburn House Office Building
Washington, DC 20515

Dear Congressman Quigley:

Thank you for your letter regarding equipment rental fees for broadband service. As you note at the outset, my top priority as Chairman has been to close the digital divide. We have taken numerous steps toward achieving that goal, from adopting one-touch make-ready policies to efficiently distributing federal funding to unserved parts of the country to creating a window for Tribal entities to obtain spectrum to serve rural Tribal areas with advanced wireless services.

Of course, the Commission also has an obligation to protect consumers. It fulfills that obligation in part by providing consumers with an effective informal complaint process to resolve issues they may have with their providers.

Under this process, consumers can file complaints online with the Commission. Those complaints are then served on the specific provider for a response. In most instances, this inquiry letter from the Consumer and Governmental Affairs Bureau results in a favorable outcome for the consumer. If the consumer is not satisfied, he or she can provide additional information to the Commission for further review. This practice has been in place at the Commission since 1986 and it has worked very well overall during Democratic and Republican Administrations alike. Additionally, for some issues, the Commission uses the data collected from complaints to inform policy decisions and potential enforcement actions.

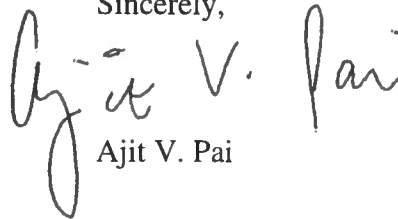
In the past year, consumers filed approximately 450 informal complaints relating to broadband equipment rental fees. Nearly all of these complaints were served on the relevant provider for a response. With respect to jurisdiction over fees for equipment, the FCC does not regulate the fees charged—such matters lie within the purview of other agencies, such as the Federal Trade Commission (which polices “unfair or deceptive acts or practices in or affecting commerce”) among others—but it does require broadband Internet access providers to disclose their commercial terms of service, including prices for services.

An additional note about the FTC. As the FCC explained in 2017, its actions to restore broadband Internet access service to its long-standing, bipartisan classification as an information service also restored the broad authority of the FTC to take enforcement action against unfair acts or practices. As you know, the Commission has a Memorandum of Understanding with the FTC under which the agencies share information and the FTC will take appropriate enforcement action against “unfair, deceptive, or otherwise unlawful acts or practices” by Internet service providers. *See Restoring Internet Freedom FCC-FTC Memorandum of Understanding at 2.* An

unfair act or practice “is one that creates substantial consumer harm, is not outweighed by countervailing benefits to consumers, and that consumers could not reasonably have avoided.” (FCC 17-166, para 141). Informal complaints received by the Commission raising potentially unfair or deceptive billing practices by Internet service providers have been referred to the FTC. The FCC does not have information about the procedural posture or substantive resolution of any matters referred to the FTC; that agency would be better positioned to convey that information.

Please let me know if I can be of any further assistance.

Sincerely,

A handwritten signature in black ink that reads "Ajit V. Pai". The signature is written in a cursive style with a large initial 'A' and a long horizontal stroke.

Ajit V. Pai