

Resolution Urging the FCC to Adopt Changes to Early Termination Fee Practices

WHEREAS, The Federal Communications Commission (FCC) recently released the results of its independently conducted national study of 3,005 American consumers regarding bill shock and ETFs; *and*

WHEREAS, The survey found that 54% of queried cell phone users said they were subject to ETFs, 18% did not know if they were subject to ETFs, and of those, 47% did not know what the amount of the fee would be; *and*

WHEREAS, Of the cell phone users surveyed who are familiar with their bill (83% of cell-using respondents), 34% said the information about fees they would pay to switch service is not clear; *and*

WHEREAS, A majority, 61%, of cell phone users surveyed, said ETFs were influential in deciding to keep their current carrier, even if they had seriously considered switching carriers; *and*

WHEREAS, Some consumers that pay full retail price for phones are charged the same as or more for month to month service than those with ETFs; *and*

WHEREAS, Once consumers pay for the unpaid balance of a purchased phone there is no reduction in the monthly charge; *and*

WHEREAS, The National Association of Regulatory Utility Commissioners (NARUC) has consistently supported and encouraged consumer protection, including passing a resolution urging the FCC to reexamine the wireless carriers' use of ETFs in July of 2007;¹ *and*

WHEREAS, The July 2007 NARUC resolution stated that from 2002-2004 the United States Public Interest Research Group (USPIRG) estimated that early termination fees cost consumers \$4.6 billion for canceling their contracts or lost opportunities to obtain lower cost services, limiting consumer choice among carriers and service; *and*

WHEREAS, In recent months two of the largest wireless carriers have announced significant increases to ETFs charged to their customers; *and*

WHEREAS, Senator Amy Klobuchar, a member of the Senate Commerce Subcommittee on Communications, Technology, & the Internet, recently called for action regarding ETFs stating, "Once again wireless providers have shown that they would rather use arbitrary fees than network and service quality to keep customers;"² *now, therefore be it*

¹ See *Resolution Calling on the FCC to Reexamine Wireless Carriers' Early Termination Fees*, sponsored by the Consumer Affairs Committee, National Association of Regulatory Commissioners, adopted July 18, 2007.

² Klobuchar: AT&T Early Termination Fee Hike Excessive (rel. May 21, 2010), available at http://klobuchar.senate.gov/newsreleases_detail.cfm?id=325228&.

RESOLVED, That the Board of Directors of the National Association of Regulatory Utility Commissioners, convened at its 2010 Summer Committee Meetings in Sacramento, California, appreciates the FCC's action to address consumers concerns regarding ETFs and other billing matters; *and be it further*

RESOLVED, That any FCC investigation should determine if the cost of phones should continue to be included with monthly charges once the cost of the phone has been recouped, and if charging the same as or increased costs to month-to-month customers is justified; *and be it further*

RESOLVED, That NARUC directs its General Counsel and policy staff to promote policies consistent with this statement at the federal level.

*Sponsored by the Committees on Telecommunications and Consumer Affairs
Adopted by the NARUC Board of Directors July 21, 2010*