

Chairman Dingell at the Subcommittee on Telecommunications and the Internet hearing entitled "Wireless Innovation and Consumer Protection"

Statement of Congressman John D. Dingell, Chairman
Committee on Energy and Commerce

SUBCOMMITTEE ON
TELECOMMUNICATIONS AND THE INTERNET HEARING ENTITLED
"WIRELESS INNOVATION AND CONSUMER PROTECTION"
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Mr. Chairman, thank you for holding this important and timely hearing. Today, we turn our attention to how consumers are treated by the wireless industry and what consumers can expect in the future. We will also consider the wireless industry's call for greater Federal control of wireless consumer protection measures.

I am pleased that so many American consumers have elected to purchase wireless devices. Like many, I have come to rely on my Blackberry and am now enjoying my new iPhone. I am also pleased that the wireless industry has adopted a consumer code, whereby carriers have pledged to make certain information available to consumers and to follow certain pro-consumer practices. I remain, however, concerned about some lingering consumer protection issues.

The first issue is the imposition of early termination fees on consumers who choose to terminate a wireless contract. I fully appreciate the need for carriers to recover the costs of providing consumers with new devices at a low price. Unfortunately, there are reports that this practice has been abused. In some cases, customers have been forced to pay the fee even if their service never worked. It is puzzling that the amount of the fee is not tied to the cost of the phone. Carriers typically charge the same fee for subscribers with the cheapest handsets as they charge for those with the most expensive handsets.

I am also concerned that the bills consumers receive from their carriers are often difficult to understand. Improper billing practices have long been a problem for all telecommunications customers. The Federal Communications Commission (FCC) received more than 12,000 consumer inquiries and complaints related to wireless services in 2006. Many of these concerned billing issues. This consumer protection issue clearly must be addressed.

Finally, I am concerned about complaints by some small carriers that they have difficulty obtaining roaming agreements with the large, national carriers. Technological limitations and increased consolidation sometimes leave small carriers with just one large carrier with whom to enter into a roaming agreement. This dynamic may produce abnormally high roaming rates for customers of small carriers. It may also limit the area where the customers of small carriers can receive service.

The major wireless carriers are asking Congress to preempt the States on wireless consumer protection matters. In exchange, the carriers ask that we establish a national set of consumer protection rules. This Committee carefully established the current regulatory framework for the wireless industry, and precluding a State from protecting its citizens is not a matter to undertake lightly. Many wireless carriers, however, operate national businesses and it is possible that consumers might gain from a more Federalized regime. I look forward to the testimony on this topic.

Finally, I expect to hear more about the controversy surrounding the so-called "Carterfone" rules and wireless networks. This issue has taken on new urgency since USA Today reported that the FCC may apply some form of Carterfone to new licenses in the 700 megahertz band. When considering these developments, we should always seek to ensure that the Commission's actions benefit consumers. In the past, even the FCC's most well-intentioned initiatives have not always resulted in solid consumer benefits, some even operating to the detriment of the consumer. I look forward to learning more about the witnesses' views on this matter.

I welcome the distinguished panel of witnesses who appear before the Subcommittee today and thank them for the testimony they will present at this hearing.

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Prepared by the Committee on Energy and Commerce
2125 Rayburn House Office Building, Washington, DC 20515