



NATIONAL ASSOCIATION OF
State PIRGs



Consumer Federation of America



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Consumer groups say FCC decision is a defeat in the effort to protect consumers from misleading long distance and cell phone charges

Federal agency uses consumer groups' call for "truth in billing" to stop states from protecting cell phone users

Washington, DC – March 10, 2005 – Action taken today by the Federal Communications Commission (FCC) means that the nation's cellular and long-distance customers must continue to pay misleading and deceptive charges that add millions of dollars to monthly bills, a group of national and state consumer advocacy organizations said today. The FCC's action also undermines states seeking to protect customers from the charges.

The FCC's actions were in response to a call by the National Association of State Utility Consumer Advocates (NASUCA) for a ban on charges that falsely imply that they must be imposed due to government regulations. The call was made last March and targeted charges with names such as "Regulatory Assessment Charge" and "Regulatory Cost Recovery Fee." NASUCA believes that those separate charges should not be included on customers' bills.

"The FCC's decision blocks states from taking action while refusing to resolve a nationwide problem. This is a 'lose-lose' for America's consumers," said David Bergmann of the Office of the Ohio Consumers' Counsel and Chairman of NASUCA's Telecommunications Committee.

According to the consumer groups, the FCC's decision applies the same inadequate billing standards to cellular companies that currently govern long-distance providers.

“Based on the FCC’s decision, cellular companies have to meet the very standards that have allowed long-distance companies to add self-imposed ‘regulatory’ charges. What consumers need are stronger, enforceable standards that all providers must follow,” said Pat Pearlman of the West Virginia Consumer Advocate Division and one of the authors of NASUCA’s complaint.

Other nonprofit organizations dedicated to protecting consumer interests agreed. The broad base of advocacy groups included the Consumer Federation of America, Consumers Union, the National Consumer Law Center, and State PIRGs.

“More than 18,000 consumers wrote in on the issue, but the FCC majority didn’t pay attention. No matter how the agency spins this decision – it is anti-consumer,” said Janee Briesemeister, Senior Policy Analyst at Consumers Union. “Today the FCC clearly took the side of the cell phone companies who oppose state efforts to protect consumers.”

In its decision, the FCC pre-empted some current state cell phone billing rules and established a rulemaking process that would go even further in preventing states from addressing consumer protections regarding wireless and possibly even wireline long distance bills. Currently, several states are considering legislation to protect cell phone users, including California, Connecticut, Georgia, Illinois, Massachusetts, New Jersey, Washington and Wisconsin.

“States have long taken the lead in protecting consumers from unfair practices, and it’s clear that Congress intended to allow states to regulate customer billing information and practices when it enacted the Telecommunications Act,” said, Deirdre Cummings, of MASSPIRG, who is working to pass a Cell Phone Users’ Bill of Rights. “The FCC appears to be overstepping the bounds of its authority in its move to tie the hands of the states from passing meaningful consumer protections.”

“States should have the fundamental right and obligation to protect consumers from charges that are mislabeled,” said Pearlman. “Consumers should not be left to rely on the FCC to efficiently and properly resolve the massive number of billing complaints throughout the country. If the FCC takes a ‘go it alone’ approach, many consumers’ concerns may simply fall on deaf ears.”

Telecommunications companies do not usually advertise their “regulatory” fees when they market low-priced monthly plans or per-minute calling rates, and sometimes bury any explanation of the fees in the fine print on bills and website. Not until after receiving their monthly bills do many consumers discover the full cost of their service.

In its call for a ban on surcharges, NASUCA argued that only those fees specifically authorized or ordered by the government should be allowed on bills; any other amounts now included in company-imposed surcharges are expenses that the companies can recover through per-minute rates or the price of their monthly calling plans.

About the National Association of State Utility Consumer Advocates (NASUCA)

NASUCA is a non-profit, national organization of 43 state offices designated to represent consumers in state and federal utility proceedings. NASUCA regularly participates in proceedings before the FCC and other federal regulatory agencies.

About Consumers Union

Consumers Union, the publisher of Consumer Reports®, is an expert, independent nonprofit organization whose mission is to work for a fair, just, and safe marketplace for all consumers and to empower consumers to protect themselves. To achieve this mission, we test, inform, and protect. To maintain our independence and impartiality, CU accepts no outside advertising, no free test samples, and has no agenda other than the interests of consumers. CU supports itself through the sale of our information products and services, individual contributions, and a few noncommercial grants. See www.consumersunion.org and www.hearusnow.org.

About the Consumer Federation of America

The Consumer Federation of America is the nation's largest consumer advocacy group, composed of over 280 state and local affiliates representing consumer, senior, citizen, low-income, labor, farm, public power and cooperative organizations, with more than 50 million individual members.

About the National Consumer Law Center

NCLC is a non-profit organization dedicated to protecting low-income consumers from injustices in the marketplace. NCLC publishes fifteen legal treatises on consumer law including Access to Utility Services (3rd ed.) and Unfair and Deceptive Acts and Practices (6th ed.) as well as consumer law newsletters such as Energy and Utility Update.

About the National Association of State Public Interest Research Groups (State PIRGs)

The State PIRGs are a national network of state-based, nonprofit, nonpartisan public interest advocacy organizations working on consumer, environmental and good government issues. See our recent report *Can You Hear Us Now? A report on how the cell phone industry has failed consumers, including a cell phone shoppers' guide* at www.masspirg.org