

FOR IMMEDIATE RELEASE August 11th, 2005
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AkPIRG Releases Cell Phone Survey: Contract Termination Penalties
Restrict Consumer Choice

Nearly half (47%) of all cell phone customers would switch or consider switching cell phone service carriers to get a lower rate and better service if they didn't have to pay an average penalty of \$170 to cancel their service contract, according to a new economic analysis and survey released today by U.S. PIRG (Public Interest Research Group).

While Alaska does not receive service from the four largest cell phone service providers, it is not immune to penalties for early termination.

"Consumers are captives locked in a cell by early termination fees preventing them from shopping for better or cheaper cell phone service," said Ed Mierzwinski, U.S. PIRG Consumer Program Director. "No cell phone company has to honor its promises if its customers can't afford to shop around because of unfair penalties."

The report's release coincides with Federal Communications Commission (FCC) review of a petition from the cell phone industry that, if granted, could preempt, or eliminate, state oversight of Early Termination Fees (ETFs), which range from \$150-\$240 depending on the company.

The report is a follow-up to a March 2005 MASSPIRG report: "Can You Hear Us Now." That survey of 874 Massachusetts cell phone customers found that 42% of consumers reported having a billing problem with their provider and 68% reported dropped calls and other quality problems.

"Consumers should benefit from the competition in the cell phone arena and not have to face the choice of either paying exorbitant fees or staying with coverage that does not suit their needs," stated AkPIRG's Steve Cleary.