FCC Plans Broad Review Of Wireless Industry

AUGUST 21, 2009 By AMY SCHATZ

WASHINGTON -- The Federal Communications Commission Thursday formally announced plans to launch a wide-ranging review of wireless industry practices, looking at issues from the state of competition in the wireless market to the fees tacked on to subscribers' bills.

The FCC's plans, outlined in an agenda for its meeting next Thursday, are the latest sign of the Obama administration's determination to bring heavier regulatory scrutiny to bear on the wireless industry.

It's not clear what the agency might do as a result of the inquiries, which are expected to be approved by FCC commissioners next Thursday at a regular monthly meeting.

The FCC plans to open separate inquiries into the state of competition and innovation in the wireless market. It also plans to look into whether changes need to be made to truthin-billing rules to ensure subscribers know what the line items on their bills are actually funding.

"We're excited and we look forward to responding to the commission's round of inquiries," said Christopher Gutman-McCabe, vice president of regulatory affairs for CTIA, the wireless industry's trade association. "We're looking forward to educating not just the [FCC] but other policy makers about the evolution of the industry and the innovation that's occurring, not just by carriers but across the ecosystem."

The latest round of data gathering comes just a few weeks after FCC Chairman Julius Genachowski said that the FCC plans to look into whether exclusive handset arrangements, like AT&T's deal with Apple Inc. to offer the iPhone, are hurting competition and limiting consumer choice.

Wireless carriers defend the deals, saying that they are good for consumers because they offer incentives to handset makers to come up with new, innovative phones. Consumer advocates argue that the deals prevent consumers who don't live in the service area of certain carriers (or who are locked into two-year contracts) from getting the hottest phone models.

In a related matter, Apple and AT&T are expected to file responses Friday to the FCC for its inquiry into why Apple recently rejected Google Inc.'s Internet phone application, Google Voice, from its App Store.

Google Voice isn't an Internet phone service, but a phone-controlling service that allows users to choose a phone number that, if called, will ring all of a user's other phones. It also offers other services, like low international calling rates and free text messaging.

In late July, the FCC asked all three companies for more information about why the Google software was rejected by Apple. FCC officials say they are still gathering facts about the issue and haven't launched a formal investigation.

Write to Amy Schatz at Amy.Schatz@wsj.com

Printed in The Wall Street Journal, page B5

Copyright 2009 Dow Jones & Company, Inc. All Rights Reserved