

December 10, 2007

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Ms. Marlene H. Dortch, Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, SW  
12<sup>th</sup> Street Lobby, TW-A325  
Washington, DC 20554

**Re: CTIA Petition for Expedited Declaratory Ruling on Early Termination Fees; WT Docket No. 05-194**

Dear Ms. Dortch:

Attached please find the Supplemental Declaration of Harold Furchtgott-Roth that CTIA - The Wireless Association® hereby submits into the docket in the above-captioned proceeding. In this Supplemental Declaration, Dr. Furchtgott-Roth provides an economic analysis of a paper prepared by the AARP Public Policy Institute submitted to the Commission last month.<sup>1</sup>

Dr. Furchtgott-Roth's Supplemental Declaration refutes AARP's claims that early termination fees are part of a larger pattern of anticompetitive behavior by U.S. wireless carriers to raise switching costs for wireless consumers. Underlying Dr. Furchtgott-Roth's analysis is the fact that the mobile wireless marketplace is extremely competitive and constantly evolving to respond to the demands of consumers. This is reflected in recent steps by the nation's largest wireless providers to address contract issues, including the proration of early termination fees, detailed in the Supplemental Declaration. As CTIA has previously noted, the more than 250 million mobile wireless subscribers in the United States can choose among more service plans (or even no plans) and better value than in any other country in the world.

Dr. Furchtgott-Roth reaches the following ten conclusions:

1. The wireless industry is competitive;
2. Consumers have many places to seek independent views on selection of wireless services;
3. There is no evidence that consumer switching of wireless services in America is suppressed;

<sup>1</sup> Christopher A. Baker, "Breaking Up Is Hard to Do: Consumer Switching Costs in the U.S. Marketplace for Wireless Telephone Service," WT Docket No. 05-194, November 1, 2007.

4. ETFs are part of the competitive rate structure of many industries;
5. The AARP Report's switching theory with respect to ETFs does not match the U.S. wireless industry;
6. A proper analysis using the AARP Report's switching cost framework could reasonably conclude that ETFs facilitate switching;
7. The AARP Report confuses switching costs with other costs and quantifies neither;
8. The AARP Report's discussion of "Carrier Strategies for Managing and Increasing Switching Costs" is inaccurate and misleading;
9. The AARP Report's focus on switching costs is not derived from the Telecommunications Act of 1996; and
10. The AARP Report's conclusions and policy recommendations have no foundation and are unreliable.

Pursuant to Section 1.1206 of the Commission's rules, a copy of this letter is being filed via ECFS with your office. Should you have any questions, please do not hesitate to contact the undersigned.

Sincerely,

*/s/ Christopher Guttman-McCabe*

Christopher Guttman-McCabe

Attachment

cc: Chairman Kevin Martin  
Commissioner Michael Copps  
Commissioner Jonathan Adelstein  
Commissioner Deborah Taylor Tate  
Commissioner Robert McDowell  
Aaron Goldberger  
Bruce Gottlieb  
Reneé Crittendon  
Wayne Leighton  
Angela Giancarlo  
Fred Campbell  
Cathy Seidel