



Department of Justice

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JUSTICE DEPARTMENT TELLS FCC THAT BELL ATLANTIC RESOLVED MOST, BUT NOT ALL, OBSTACLES TO LOCAL COMPETITION IN NEW YORK

Remaining Obstacles Should Be Resolved Before Bell Atlantic is Authorized to Provide Long Distance Service in New York

WASHINGTON, DC -- The Department of Justice today said that Bell Atlantic has removed most, but not all, of the obstacles to local telecommunications competition in New York, and that the remaining obstacles should be resolved before Bell Atlantic is authorized to provide long distance service in New York.

The Department provided its competitive analysis today to the Federal Communications Commission (FCC) in its evaluation of Bell Atlantic's application under Section 271 of the Telecommunications Act to provide long distance service in New York.

"I am confident that Bell Atlantic can solve the few remaining problems in New York, and I am pleased that they have already started to do so," said Joel I. Klein, Assistant Attorney General in charge of the Department's Antitrust Division. "But those problems cannot be ignored and must be resolved if we want consumers to receive the full benefits of competition."

The Department's evaluation suggested that the FCC could either deny the application in a manner which clearly identifies the remaining steps Bell Atlantic must take to secure approval, or grant Bell Atlantic's application on the condition that it will not actually be permitted to offer

in-region interLATA services until it takes specified steps and demonstrates that its performance has met appropriate requirements.

The Department had no substantial concerns about the ability of facilities-based carriers and firms that wish to resell Bell Atlantic's retail services to enter the local market, but found that Bell Atlantic had not shown that it was providing adequate access to "unbundled loops" (the lines which connect customers to the Bell Atlantic network) to competitors, who use those lines to provide competitive voice and high speed data services.

The Department also noted that Bell Atlantic's systems for handling orders from competitors seeking leased access to the Bell Atlantic network still "rely to a disturbing extent on manual processes that are prone to error and delay."

The Department concluded that while these remaining problems are few in number, a failure to address them could limit competition to provide local telephone service to residential customers and small and medium-sized businesses, and to serve customers seeking "DSL" or "digital subscriber line" services that provide high speed Internet access. The Department noted that Bell Atlantic was taking steps to address these problems, but Bell Atlantic had not yet demonstrated that the problems have been resolved.

Since the break-up of the integrated Bell system as part of the AT&T divestiture, the independent Bell Operating Companies, or BOCs, have been barred from providing long distance services in their respective regions, first as part of the divestiture decree, and now under the terms of the Telecommunications Act of 1996. Under Section 271 of the Act, a BOC, such as Bell Atlantic, may not provide in-region long distance services until it demonstrates to the FCC that it has met a variety of legal requirements designed to open the local telephone markets in a particular state to competition.

In considering whether to approve a BOC's application for long distance authority in a particular state, the FCC must consult with the Department of Justice and give "substantial weight" to its assessment of competitive conditions in a market and whether the BOC should be allowed to provide in-region long distance service.

Bell Atlantic filed its application with the FCC on September 29, 1999. Under the terms of the Act, the FCC must approve or deny the application by December 28, 1999.

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