



Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, MAY 30, 1996

AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE DEPARTMENT CALLS ON THE FCC TO ADOPT STRONG POLICIES
TO PROMOTE LOCAL TELEPHONE COMPETITION**

**JUSTICE DEPARTMENT STUDY SAYS COMPETITIVE PRICING AMONG TELEPHONE
CARRIERS COULD LEAD TO ALMOST \$12 BILLION IN SAVINGS TO CONSUMERS**

WASHINGTON, D.C. -- In comments filed today with the Federal Communications Commission, the Department of Justice unveiled an economic analysis estimating that more price competition in local telephone markets could lead to almost \$12 billion in savings to consumers. The Department also called on the FCC to adopt strong procompetitive policies to carry out the new Telecommunications Act and create local telecommunications competition throughout the United States.

In addition, the Department said that competition could produce substantial savings in optional services such as call waiting and call forwarding, and savings for business telephone customers, that were not specifically estimated in the Department's analysis.

The Department's Antitrust Division filed its comments as part of the FCC's ongoing rulemaking process to implement provisions of the Telecommunications Act of 1996 which require local telephone monopolies to make their facilities and services available to new competitors.

Anne Bingaman, Assistant Attorney General in charge of the Department's Antitrust Division, said, "These results dramatically show the real benefits to consumers of full

competition in telecommunications. The Administration and Congress together have made this competition possible, and the FCC and state regulatory commissions should now take all the necessary steps to enable full competition in telecommunications to become a reality."

More than 170 comments were filed in the initial round of the rulemaking process. In the initial round of the comments, the Department stressed the need for clear national rules on interconnection and access to local telephone company networks and ensuring that competitors will be charged reasonable prices for both.

In today's comments, the Department estimated that competitive pricing could lead to almost \$12 billion in savings annually to consumers on their basic local residential and long distance telephone services bills.

The Department urged the FCC to:

- Require monopoly local carriers to make interconnection and network elements available at competitive, forward-looking costs, rather than the historical costs of inefficient monopolists.
- Not restrict the competitive use of interconnection and unbundled elements or the ability of competitors to resell the services of local carriers.
- Prohibit parties negotiating interconnection agreements from seeking terms that would prevent disclosure of information to government agencies.

###