Department of Justice

FOR IMMEDIATE RELEASE
THURSDAY, FEBRUARY 21, 2002
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT RECOMMENDS APPROVAL OF VERIZON'S APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN VERMONT

Department Urges FCC to Carefully Review Pricing Issues

WASHINGTON, D.C.-- The Department of Justice today recommended that the Federal Communications Commission (FCC) approve Verizon's application to provide long distance services in Vermont. At the same time, the Department urged the FCC to carefully review issues raised by several competitive local exchange carriers regarding Verizon's pricing of unbundled network elements in Vermont.

"The available evidence suggests that generally, Verizon has succeeded in opening its local telecommunications markets in Vermont to competition," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division. "Competitors have made progress in penetrating the business market in Vermont, and the Department believes there are no longer any material non-price obstacles to residential competition in the state."

Verizon's application for Section 271 authority in Vermont relies on benchmark comparisons to old New York switching rates that the New York PSC recently reduced by more than 50 percent, and to Massachusetts rates based on the old New York rates. As the Department's Vermont evaluation points out, commenters on Verizon's Section 271 application in Rhode Island raised issues about pricing similar to those raised in Vermont. In response to those comments, which were acknowledged in the Department's Rhode Island Evaluation, and to the revised New York switching rates, Verizon filed significant rate reductions with the Rhode

Island PUC on February 14, 2002. The FCC is currently seeking comment on Verizon's rate proposals in Rhode Island.

The Department provided its competitive analysis in an evaluation of Verizon's application to provide long distance services in Vermont under Section 271 of the Telecommunications Act of 1996.

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. Under Section 271 of the Act, a BOC, such as Verizon, 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 telecommunications 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 and whether the BOC should be allowed to provide in-region long distance services.

Verizon filed its application with the FCC on January 17, 2002. Under the terms of the Act, the FCC must approve or deny the application within 90 days. A copy of the Department's evaluation will be available at: **http://www.usdoj.gov/atr/public/comments/sec271/sec271.htm.**

###

02-093