



Department of Justice

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JUSTICE DEPARTMENT RECOMMENDS APPROVAL OF BELL SOUTH'S APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN FIVE SOUTHERN STATES

**Alabama, Kentucky, Mississippi, North Carolina and South Carolina Affected,
Further Improvement in BellSouth's OSS and Performance Measures Expected**

WASHINGTON, D.C. - The Department of Justice today recommended that the Federal Communications Commission (FCC) approve BellSouth's application to provide long distance services in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina. At the same time, the Department's evaluation recognizes that BellSouth has made substantial progress in addressing issues identified by the Department, but anticipates further improvements in the process through which upgrades to OSS software are developed and prioritized. As in previous evaluations of BellSouth applications, the Department's evaluation focuses on the management of changes to BellSouth's operations support systems (OSS), and modifications to the measures used to track the performance of those systems.

"Conditions in the local telecommunications markets in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina now appear favorable to fostering competition," said Charles A. James, Assistant Attorney General in charge of the Department's Antitrust Division. "In particular, competitors have made progress in penetrating the business markets in those five states."

The Department also addresses the need for advance disclosure by BellSouth of changes it may make in calculating the metrics used to report its commercial performance. The Department recommended that the Commission review these concerns to be satisfied that they have been addressed.

The Department provided its competitive analysis in the evaluation of BellSouth's application to provide long distance services in Alabama, Kentucky, Mississippi, North Carolina, and South Carolina 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 BellSouth, 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.

BellSouth filed its application with the FCC on June 20, 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>.

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