



Department of Justice

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**JUSTICE DEPARTMENT RECOMMENDS APPROVAL OF VERIZON'S
APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN
DELAWARE AND NEW HAMPSHIRE**

Department Urges FCC to Review Pricing Issues Carefully

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

"The available evidence suggests that generally, Verizon has succeeded in opening its local telecommunications markets in Delaware and New Hampshire 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 markets in both states, and the Department believes there are no longer any material non-price obstacles to residential competition in those states."

Within a month of Verizon's filing of this joint application for long distance authority at the FCC, both the Delaware and New Hampshire state commissions issued orders reducing UNE prices. In its evaluation, the Department noted that, despite these reductions, several CLECs filed comments expressing concerns about the UNE rates in both states. The Department, while

deferring to the Commission's ultimate determination whether UNE rates are appropriately cost-based, urges the Commission to consider these comments carefully during its review of Verizon's application.

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 June 27, 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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