



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, JANUARY 27, 2003
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AT
(202) 616-2777
TDD (202) 514-1888

**JUSTICE DEPARTMENT RECOMMENDS APPROVAL OF VERIZON'S
APPLICATION TO PROVIDE LONG DISTANCE SERVICES IN
MARYLAND, WASHINGTON, D.C., AND WEST VIRGINIA**

Department Urges FCC to Review Pricing and Directory Listings 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 Maryland, Washington, D.C., and West Virginia. At the same time, the Department urged the FCC to review issues raised regarding Verizon's pricing in the District of Columbia and its provisioning of white pages directory listings in all three jurisdictions.

"The available evidence suggests that generally, Verizon has succeeded in opening its local telecommunications markets in Maryland, Washington, D.C., and West Virginia to competition," said R. Hewitt Pate, Acting Assistant Attorney General in charge of the Department's Antitrust Division. "In particular, competitors have made progress in penetrating the business markets in those three jurisdictions. However, questions remain about Verizon's pricing and directory listings processes that merit close review by the FCC."

The directory listings issues raised in this proceeding are identical to those addressed in the Virginia Section 271 proceeding, in which the FCC found Verizon to have satisfied competitive checklist requirements given the steps it was taking to fix the problems and its commitment to remedy any others that might arise. Verizon has taken these steps in Maryland, Washington, D.C., and West Virginia, as well as in Virginia. However, some competitive local exchange carriers in these regions assert that Verizon has yet to provide directory listings on a

nondiscriminatory basis, and the evidence as to the effectiveness of its recent efforts remains incomplete. The Department recognizes that the Commission may receive additional information during its consideration of Verizon's application regarding improvements to the directory listings process. Thus, while the Department is unable at this point to gauge the effectiveness of recent changes, it does not foreclose the possibility that the Commission could find Verizon's directory listings to be sufficient to satisfy its Section 271 obligations.

The Department's evaluation also explains that the District of Columbia Public Service Commission (PSC) has stated that the prices in effect at the time Verizon's application was filed were not appropriately cost-based, but the PSC recently approved an interconnection agreement containing new unbundled network element (UNE) rates. As it has previously, the Department defers to the FCC's assessment of whether the prices currently in effect are cost-based.

The Department provided its competitive analysis in an evaluation of Verizon's application to provide long distance services in Maryland, Washington, D.C., and West Virginia 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 December 19, 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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03-045