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EN BANC HEARING)

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In Re:	)
	)
ILEC MERGER	)
EN BANC HEARING	)

Suite 856201
FCC Building
1919 M Street, N.W.
Washington, D.C. 20554

Monday,
December 14, 1998

The parties met, pursuant to the notice, at 9:30 a.m.

BEFORE: WILLIAM E. KENNARD, Chairman
SUSAN NESS, Commissioner
MICHAEL K. POWELL, Commissioner
HAROLD FURCHTGOTT-ROTH, Commissioner
GLORIA TRISTANI, Commissioner

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Hearing Began: 9:00 a.m. Hearing Ended: 4:06 p.m.

1 P R O C E E D I N G S

2 Agenda Item: Session 1: ILEC Mergers -

3 Introductory Comments

4 CHAIRMAN KENNARD: Good morning and welcome.

5 Today the FCC will hold the second of two public hearings to

6 examine mergers that are pending before this agency.

7 We are examining three mergers: the proposed

8 merger of SBC Communications and Ameritech; the proposed

9 merger of Bell Atlantic and GTE; and the proposed merger of

10 AT&T and TCI. These mergers are historic. If approved they

11 will have an immediate and profound effect on the structure

12 of the telecommunications marketplace.

13 I am very proud that the Commission is holding

14 these hearings today. Never in recent history has the

15 Commission held public hearings on mergers before, inviting

16 members of the public and many interested parties to appear

17 before the Commission and address these pending proceedings.

18 Why is this important? It is important because

19 the public has a huge stake in the outcome of our decisions.

20 The outcome of FCC decisions on these mergers will affect

21 the pace of competition, service quality issues, the rates

22 that consumers pay, and it will affect millions of American

23 consumers.

24 The public has a right to know who will benefit

25 from these proposed combinations. The public has a right to

1 know how the FCC is going to decide these mergers. The
2 public has a right to know who are the interested parties,
3 what arguments they are presenting before the Commission,
4 what issues we deem important as we consider these mergers.
5 I absolutely reject the notion that these
6 decisions should be made by bureaucrats working in silence
7 and only talking to lawyers and lobbyists and corporate
8 executives. We must have an open process. We need to hear
9 from everybody. The public must know the major questions
10 before us. We must have a robust, open, and comprehensive
11 debate about these important questions and advocates for the
12 public interest must be heard. That is why we are here
13 today.
14 For me the single most important question on my
15 mind is really quite simple and that is, "How will each of
16 these mergers benefit American consumers?" That is the most
17 important question before us.
18 We know that these mergers create compelling
19 benefits for the companies proposing them and their
20 shareholders and executives but we need to know how average
21 American consumers will be benefited from these combinations
22 because it is our job to ensure that the public interest is
23 served. No one else has that obligation but this agency, to
24 ensure that the public interest is served.
25 So, I, for one, will be listening to hear answers

1 to the following questions: How will these mergers affect
2 our national policy to promote competition in
3 telecommunications markets so that consumers have choice?
4 How will these mergers affect the quality of service for
5 consumers? How will they affect the rates that consumers
6 pay? How can we ensure that our poorest consumers and those
7 in underserved communities will get service, quality
8 service?
9 Two of the merger proponents before us, Bell
10 Atlantic and SBC, have already acquired significant
11 telephone companies through merger in the past few years.
12 SBC acquired Pacific Telesis, Bell Atlantic acquired NYNEX.
13 I want to know how those mergers affected
14 competition and service quality for consumers in those
15 areas. Have promises that were made to regulators been
16 kept? Are consumers better off as a result of those
17 mergers? Because those questions will implicate the
18 pending mergers that are before us today.
19 Are the companies that propose to merge complying
20 with the law and FCC regulations? We are living in a new
21 regime in telecommunications today, as a result of the 1996
22 Telecommunications Act. It is now our national policy to
23 promote competition in all telecommunications markets. Will
24 these mergers promote competition or inhibit competition?
25 Now, before we begin let me say one thing, I

1 approach these mergers with a completely open mind. These
2 are very difficult issues. We are still gathering all of
3 the facts and hearing arguments from many people. My mind
4 is not made up. We still have a lot of fact gathering to
5 do. So, I am looking forward to learning a lot today and
6 also hearing from all of the witnesses and my colleagues up
7 here. Commissioner Ness.
8 COMMISSIONER NESS: Thank you very much, Mr.
9 Chairman. I would like to extend a very warm welcome to all
10 of our distinguished panelists today. This is a second in a
11 series of en banc discussions we are going to be having on
12 the mergers. The first we heard from the proponents of the
13 mergers, what their plans were, what their vision was at the
14 future and a merged entity.
15 Today we hear both from the proponents as well as
16 the opponents of the proposed mergers. I am looking forward
17 to hearing -- each of you has a very different perspective
18 on what these mergers will mean to the American consumer and
19 to our economy. I am really looking forward to hearing from
20 each of you about that and to have a spirited dialogue as to
21 what all of this means.
22 I don't want to repeat the questions that the
23 Chairman has raised. I thought he raised some excellent
24 questions. I share many of those interest in finding out
25 the answers to many of those questions. I want to

1 reiterate, however, that it is essential that we do keep an
2 open mind on this. There is a wealth of information that
3 is being presented, both today and in the record, all of
4 that will be reviewed, assessed, and will help us as we try
5 to come to a conclusion as to whether the proposed merger or
6 mergers are in the public interest.
7 At the end of the day we have to vote as to
8 whether or not it does in fact serve the public interest to
9 approve these mergers and that is a question that deserves a
10 lot of thought and careful review. So, without further
11 adieu I want to again welcome everyone and plan to ask tough
12 questions on both sides to see if we can get at some of the
13 answers to these issues. Thank you, Mr. Chairman.
14 CHAIRMAN KENNARD: Thank you, Commissioner.
15 Commissioner Furchtgott-Roth.
16 COMMISSIONER FURCHTGOTT-ROTH: Thank you, Mr.
17 Chairman. Thank you for holding these hearings that we've
18 been having on mergers. I too would like to welcome our
19 distinguished guests to the FCC.
20 One of the most cherished principles in America is
21 equal protection before the law, that individuals can come
22 before the law and know they will be treated no differently
23 from any other American, that companies can before agencies
24 and before the law and know that they will be treated no
25 differently from any other company.

1 The Commission has been reviewing mergers under a
2 public interest standard, under Sections 310 and 214 of the
3 Communications Act, a public interest standard that applies
4 to the transfer of licenses, not specifically mergers but
5 mergers often involve transfer of licenses.
6 License transfers before the FCC are not an
7 uncommon event. Last year there were more than 14,000
8 license transfers. Some of these received very close
9 scrutiny, some did not. Those that received close scrutiny
10 were not necessarily different in any meaningful way from
11 the licenses, license transfers that did not.
12 Some small companies received close scrutiny, some
13 did not. Some large companies received close scrutiny, some
14 did not. We have no clear rules in place as of yet to give
15 clear guidance to the public as to which license transfers
16 will receive the closest of scrutiny and those that will
17 not. We have no clear rules in place that describe what the
18 public interest standard is for those that will receive the
19 closest of scrutiny and those that will not.
20 Indeed, we have before us today three of the
21 largest mergers currently in the United States,
22 SBC/Ameritech, Bell Atlantic/GTE, AT&T/TCI. I cannot help
23 but note the irony though that the largest merger in
24 America, the one that involves more telecommunication
25 licenses before this Commission than are currently held by

1 all but one of those telecommunications companies is not
2 likely to receive closest of scrutiny. I am referring to
3 Exxon/Mobil.
4 This Commission has very clear authority to review
5 mergers under the Clayton Act, very well known procedures
6 before the public about how that will be implemented but we
7 had not been doing that. At some point in the future I hope
8 we will get to some greater clarity, a clarity that will
9 benefit the public, a clarity that will provide equal
10 protection for all Americans and for all American businesses
11 to know precisely how they will be treated by the law.
12 I hope that this hearing today will help shed
13 light on these specific transactions and also how we may
14 look at mergers in general at the FCC. Thank you, Mr.
15 Chairman.
16 CHAIRMAN KENNARD: Thank you, Commissioner.
17 Commissioner Powell.
18 COMMISSIONER POWELL: Thank you, Mr. Chairman. I
19 will commend you for conducting a hearing in this area that
20 creates a great deal of optimism and anxiety for a
21 significant amount of the communities with interest in these
22 mergers.
23 In the interest of time, with such a robust panel,
24 I will reserve most of my comments for questioning. I would
25 merely, in advance, thank all of the participants for the

1 time and effort and preparation that was involved in their
2 participation today. It is invaluable assistance to those
3 of us who will have to wrestle through a number of very
4 difficult issues. Thank you.
5 CHAIRMAN KENNARD: Thank you, Commissioner.
6 Commissioner Tristani.
7 COMMISSIONER TRISTANI: Thank you, Mr. Chairman.
8 Good morning. We have a full day ahead of us so I will keep
9 these remarks brief. Just three points.
10 First, I am very pleased that we finally get to
11 hear the other side to these mergers. Looking over the list
12 of panelists I am impressed by the diversity of entities and
13 the quality of their spokesmen. I know they will add a
14 great deal to my understanding of these mergers.
15 Second, I would underscore that my focus in all of
16 this is on the consumer. It can be easy to lose sight of
17 the consumer as we think about market structures and
18 economic theories. In my view, the best advocates in
19 communications are the ones who tie their arguments to the
20 impact on the average consumer. I hope today's session will
21 give me a greater understanding of how the proposed mergers
22 impact consumers.
23 Third, it is important to remember that the burden
24 of proof in these mergers is on the applicants. Congress
25 long ago recognized that corporate self-interest is not

1 synonymous with the public interest, that is why they set up
2 a careful set of checks and balances for telecommunication
3 mergers. At bottom, the applicants must prove that the
4 merger would serve the public interest.
5 I have already noted my initial skepticism
6 regarding the notion that a $25 million company -- excuse
7 me, $25 billion company must get bigger before it can
8 compete out of region. As I also noted, however, I have not
9 yet made up my mind on any of the three mergers we are
10 discussing today.
11 I hope today's session will help me advance my
12 thinking on these very important and very difficult
13 questions.
14 CHAIRMAN KENNARD: Thank you, Commissioner.
15 Before we turn to our panelists I wanted to hear from Tom
16 Krattenmaker, who is the FCC's Director of Research in our
17 Office of Plans and Policy.
18 Tom Krattenmaker is former Dean of the William and
19 Mary Law School. He, together with Dr. Bill Rogerson, our
20 chief economist, head up the FCC's Internal Mergers Task
21 Force, which oversees our staff evaluation of
22 recommendations concerning these mergers. Tom.
23 MR. KRATTENMAKER: Thank you, Mr. Chairman,
24 Commissioners. I too get confused about this millions and
25 billions but I think it is millions for Ricky Henderson and

1 billions for the mergers.

2 If I might follow Commissioner Tristani's lead, I

3 thought I'd just talk about three points, apologizing in

4 advance to you, Mr. Chairman and the Commissioners, you know

5 what I want to review. What I thought I would do is review

6 the basics of these transactions for the witnesses and other

7 participants in the hearings.

8 Following Commissioner Tristani's lead I thought

9 I'd talk about three things: the parties, the standard the

10 Commission uses, and some of the issues that have been

11 raised to date.

12 I think most important to understand would be the

13 parties. Now, the first panel is going to dwell on two of

14 the proposed mergers that the Chairman referred to,

15 SBC/Ameritech and GTE/Bell Atlantic.

16 With respect to SBC and Ameritech there are three

17 things that you need to know about these firms. One is that

18 within its region each is the dominant or entrenched local

19 phone company. In the vernacular of the 1996

20 Telecommunications Act they are each incumbent local

21 exchange carriers or ILEC. In their regions these are the

22 dominant phone companies.

23 Secondly, each of them is what is sometimes called

24 a "Baby Bell." They each trace to the breakup of AT&T.

25 Both Ameritech and SBC were spun off from the overall

1 corporation that was the Bell system in the early 1980s.

2 Third, their locations. They are located in

3 different parts of the country. SBC is largely based in the

4 western part of the South and up in the northern part of the

5 West of America. It is basically a southwestern based

6 company. Ameritech is based essentially in the middle and

7 the north of the country, think Illinois, Indiana, Michigan.

8 So, they are in geographically distinct areas.

9 With respect to GTE and Bell Atlantic, the parties

10 are similar. Bell Atlantic is also a "Baby Bell." GTE is

11 not, GTE is not part of the old AT&T system but, rather is

12 the largest independent phone company. Each of them,

13 however, in its own area is an ILEC, that is an incumbent

14 local exchange carrier, a dominant firm in its own area.

15 They are in different parts of the country.

16 We see the Bell Atlantic largely on the East

17 Coast, from Maine down through Virginia. GTE is a little

18 harder to describe but, essentially, it kind of cuts a swoop

19 from the middle of the East Coast down around down to

20 Florida and across the southern tier of the country and back

21 up toward California. GTE is more scattered across the

22 country in its locations.

23 These are the parties that want to merge. As the

24 Chairman stated and others of you noted, what the Commission

25 applies is a public interest standard. What this means is

1 that the issue is the welfare of consumers of
2 telecommunication services. It also means the Commission
3 applies a balancing test, that is it considers both the pros
4 and the cons of any merger that comes before us.
5 "Public interest" is a general phrase and is
6 likely to encompass many specific subissue. Again, I think
7 they have largely been mentioned here but for example, an
8 inquiry into the public interest can entail an inquiry, "Are
9 the parties complying with the law?" Or, another type of
10 inquiry that comes up is, "Will the merger increase or
11 decrease efficient interaction between the parties and
12 between the firms and their customers?" Or, another kind of
13 question that comes up under the public interest test is
14 whether the merger will further or retard the achievement of
15 the goals of the Communications Act, especially the
16 deregulatory pro-competitive goals of the 1996
17 Telecommunications Act.
18 So, the Commission is looking at obedience to its
19 rules, whether the merger is going to increase or decrease
20 the efficient interaction between the firms or between the
21 firms and their customers and whether it will further the
22 goals of the Communications Act, among other things under
23 the public interest standard.
24 Now, what are the issues that these mergers have
25 raised to date? Well, that's what these people are here to

1 talk about today, that is what our panelists and guests are
2 here. I don't want to presume to say, "Here are the issues
3 and there is nothing more to be added." Let me try to
4 highlight some of the principle issues that have been raised
5 so far in the many filings that have come before the
6 Commission, both pro and con.
7 With respect to the positive aspects of the
8 mergers, there is a common thread to both the SBC/Ameritech
9 and to the GTE/Bell Atlantic application in that each assert
10 that the principle benefit of the merger will be the ability
11 to compete outside their territories.
12 SBC and Ameritech assert that once merged they
13 will have the resources, the ability, the know how, and the
14 personnel to move into the territories of other phone
15 companies. They will invade Atlanta, the province of Bell
16 South; they will invade Denver, the province of US West and
17 offer competitive phone service, thereby bringing
18 extraordinary benefits to consumers in those and other
19 areas.
20 Similarly, GTE and Bell Atlantic emphasize the fit
21 of their companies, with Bell Atlantic more or less flowing
22 into GTE. And, as these companies are combined it
23 essentially enables Bell Atlantic and GTE to act as a dual
24 force in all of these areas in which you see either one of
25 the companies presently operating.

1 Now, each also raises other specific claims about
2 the validity of the merger. These are not Tweedle
3 Dum/Tweedle Dee, these are two separate cases. For example,
4 GTE and Bell Atlantic assert that as a result of their
5 merger there will be a significant strengthening of GTE's
6 internet backbone service and will prevent that service from
7 being eroded by competition with other larger backbone
8 providers.
9 SBC/Ameritech assert that the kind of competition
10 they will stimulate outside their territories is going to
11 lead others to invade their territories and, therefore, we
12 will have a kind of a ping pong or double effect, both
13 stimulating competition outside their territories and inside
14 their territories.
15 Now, with respect to these claimed benefits of the
16 mergers the issues that the parties have raised is whether
17 these benefits are credible and whether they are merger
18 specific. That is, are these benefits likely to occur as a
19 result of the merger? Those are the kinds of questions that
20 I hope people will address today and that the documents have
21 addressed in some details.
22 With respect to the other side, the cons,
23 opponents -- I emphasize these are people who have opposed
24 the merger -- have raised a variety of questions. In the
25 interest of time I'd emphasize four.

1 One is what I would call the "efficient oversight"
2 of the incumbent phone companies. The 1996 Telecom Act
3 requires that these firms cooperate with new entrants.
4 Ameritech is required to open up its markets to new
5 entrants, sometimes called "competitive local exchange" or
6 "CLEC" carriers to come in and compete with it in Michigan,
7 Illinois, Indiana and this applies to all of these
8 companies.
9 This requires, for example, that they permit other
10 firms to co-locate, where their wires cross to resell the
11 services of the firm, to use the numbers that had been
12 assigned so if one were an Ameritech customer and one
13 switched over to Krattenmaker Telephone Company one could
14 keep one's same telephone number.
15 The question is that has been raised by some
16 opponents of the merger is whether a diminution in the
17 number of large ILECs from six to five or four will
18 frustrate or impede the ability of states and of this
19 Commission to regulate that process of opening markets.
20 Second kind of question I would lump under the
21 phrase "predation", questions have been raised as to whether
22 the merged parties will have the clout and the incentives to
23 use that clout after the merger to discriminate against new
24 entrant phone companies and against long distance companies.
25 A third type of question that has been raised is

1 whether these mergers will end or restrict competition
2 between the merging firms. Absent the merger would
3 consumers have benefitted from rivalry between the merging
4 parties? For example, might SBC have gone into Chicago
5 while Ameritech attacked St. Louis? Might GTE and Bell
6 Atlantic have clashed in Pennsylvania and Virginia? We
7 don't know what the answer to these questions are but we
8 know that if the merger goes through these kinds of
9 competition will not occur.
10 Fourth, I would mention the service quality.
11 People have asked the question of whether the merged firms
12 will open their markets and provide better services to all
13 customers, business and residential or whether some will
14 suffer a reduction in service quality.
15 Now, I have suggested four kinds of issues:
16 efficient oversight of incumbent local exchange carriers;
17 predation; restricting competition between the merging
18 firms; and service quality.
19 I want to emphasize that the merging parties not
20 only proclaim the benefits of their mergers but deny that
21 each of these is a real issue and assert, very positively,
22 that the merger will in fact be beneficial, that we will not
23 need to have as much oversight over the phone companies
24 because thee will be more competition so the markets will
25 provide oversight, that they are not in a position to engage

1 in predatory tactics against either other local phone
2 companies or interexchange carriers because of Commission
3 rules that they were under no circumstances going to be able
4 to compete with each other because of regulatory burdens and
5 because of financial restrictions and that these mergers
6 will permit them to improve service quality, not to degrade
7 it.
8 These are some of the issues that have been raised
9 so far. What I am hoping is that these will not only be
10 fleshed out but other kinds of questions, if they were on
11 people's minds, will come up as a result of today's panel.
12 Thank you.
13 Agenda Item: Public Interest Panel
14 CHAIRMAN KENNARD: Thank you very much, Tom. I
15 will invite now the first panelist to come forward. While
16 you are doing so let me mention a few of our ground rules
17 today. We will ask each of the panelists to limit their
18 opening statement to three minutes time. We have a very
19 able time-keeper with us today, Lavera Marshall who is very
20 experienced in these matters. She and I have the
21 responsibility to keep this moving so I will ask all of you
22 to try to limit your comments.
23 After your opening statements you will have an
24 opportunity to respond to questioning from the Commissioners
25 here. After the first session we will take a brief break

1 before our second panel. As you begin your presentations I
2 will ask that each of the panelists introduce yourself and
3 also give us a little bit of background of the organizations
4 that you represent and why you are here today.
5 Our first panelist is Reverend Jesse Jackson.
6 Reverend.
7 Agenda Item: Rev. Jesse L. Jackson, Sr. -
8 Founder, President, and CEO, Rainbow/PUSH Coalition
9 REV. JACKSON: Thank you, Mr. Chairman. I want to
10 open with a protest on the time limit.
11 (Laughter.)
12 Because we have too much to discuss, too much
13 ground to cover over a life time proposition not to be able
14 to give some adequate expression to our concerns. I hope
15 that it will be accepted and if some case modified.
16 I want to thank all of you for this opportunity to
17 participate in this historic hearing. They come at a day of
18 the critical junction in the history of the FCC, corporate
19 expansion and America.
20 The FCC has an historic opportunity to enforce
21 standards of fairness, inclusion and competition. The
22 burden is on the applicants to show that these mergers are
23 in the public interest. In some instances these applicants
24 have not yet met their burden and that is why oversight and
25 enforcement are critical to the public interest.

1 We come here today not to destroy the mergers but
2 to enforce the Telecommunications Act of 1996 and its intent
3 and to protect the covenants between the people and the FCC.
4 We are also here to help the FCC set standards and time
5 tables, to open doors and expand opportunities for
6 customers, workers, and those who have been historically
7 left behind.
8 The concern that the recent deluge of
9 telecommunications mergers will likely cause consolidation
10 of wealth, consolidation of ownership, and a resegregation
11 of the telecommunications industry.
12 Mergers in the local exchange market and
13 consolidation among cable companies and long distance
14 companies should concern the Commission because they would
15 put the control of our public lives in the hands of a very
16 few.
17 The Commission must consider whether these
18 companies are willing to extend their telephone lines, offer
19 lower prices, and more opportunities to our nation's rural
20 and inner city areas. I was in a town in Kentucky, for
21 example, in Appalachia, 30 percent of the residents have no
22 telephones to date.
23 Displaced people must have the same access to
24 telephone service as those living in affluent suburbs, that
25 is the spirit of a true democracy. Thus, democratic values

1 must guide your review of these mergers.

2 The Bell companies, the GTE and AT&T, TCI, have
3 expressed confidence that their mergers will pass muster of
4 the Commission because the mergers will help them compete on
5 a global basis and perform service outside their home
6 regions.

7 On the other hand, consumers are concerned about
8 lower prices, workers are concerned about the elimination of
9 their jobs with downsizing and outsourcing, and the
10 historically disadvantaged are concerned with inclusion,
11 opportunity, and access to information.

12 We are here to promote inclusion. The FCC must
13 enforce the law to ensure inclusion. The FCC must no longer
14 bless segregation and exclusion, as it has historically.

15 There are numerous egregious examples of how the
16 industry has been exclusive rather than inclusive.
17 Historically the Commission has been a co-conspirator in
18 this practice of excluding by awarding licenses to a select
19 small group of communications companies. As the century
20 ends there are no minority owned wire line telephone
21 companies, no minority owned cellular system, no truly
22 diverse boards of directors, no minority merger advisors on
23 Wall Street, and very few minority owned cable TV
24 franchises. These facts make an ugly statement about
25 America. These laws must change.

1 Competition among a small group of companies,
2 targeted at a small segment of our society is not real
3 competition. Competition is meaningful only when it breaks
4 down barriers to enter and expand the market.
5 Commissioners, I urge you to dig beneath the
6 surface of each merger application, discover who of these
7 companies are joining forces to improve customer service and
8 the role of the workers or merely protect their territories
9 and make larger profits. In addition, to evaluating the
10 comparative effects of the proposed mergers the Commission
11 must consider other factors. Discrimination is a factor
12 fundamental to FCC's public interest review. Minorities and
13 rural Americans pay taxes, contribute to the Social Security
14 system, vote, and are customers. The public interest is our
15 interest.
16 Some at the FCC argue that a merger analysis is
17 not an appropriate forum in which to access broader social
18 public questions. I disagree. The public interest demands
19 more than a quick cursory review, more than a brief look. I
20 believe it is in the public interest to eliminate all forms
21 of discrimination.
22 In reviewing a merger the Commission should not
23 determine that some discrimination is objectionable while
24 turning a blind eye to other forms. The public interest
25 clearly demands and deserves no less. For example, some

1 mergers, some of the companies propose to merge red line,
2 video, dial tone, pay phone, and cable television service in
3 the past.
4 Inclusion means the end of red lining, a practice
5 which is altogether unfair, unproductive, and illegal.
6 While these companies now have developed anti-red lining
7 policies departures from company policy occur on a regular
8 basis, therefore, the Commission should not act on these
9 mergers without receiving commitments against red lining
10 subject to supervision by the FCC.
11 Irrespective of its decision on these mergers, the
12 Commission should undertake a comprehensive study of red
13 lining in the long distance, long exchange, and cable TV
14 industries, develop strong, specific, and enforceable
15 standards to prevent these companies from marketing or
16 providing enhanced service on the basis of race, geography,
17 or income.
18 There are bad mergers and there are good ones.
19 All mergers are not inherently bad. Merger executives are
20 necessary led by greed or selfishness. Bad mergers preempt
21 the competition with neighboring service providers. Bad
22 mergers create spin offs and advantage only large companies
23 and international firms. Bad mergers generate layoffs for
24 thousands of hard working employees. Bad mergers use
25 combined resources to enter over developed, not under

1 developed, markets.

2 Historically, MCI and WorldCom committed these
3 acts, that's why we opposed the merger. After the closing
4 of their merger they have done little to persuade us to
5 change our position. MCI/WorldCom, through its internet
6 company to a large foreign based firm, has planned to sell
7 its satellite system without a commitment to diversity.
8 Furthermore, MCI/WorldCom last week announced the lay-off of
9 3,000 workers. They also continue to be cited by the FCC
10 for imposing casual rates charged to their long distance
11 customers.

12 For nearly a year Rainbow/PUSH Coalition has
13 chosen research, education, and negotiation over
14 confrontation. We, however, reserve the right to protect
15 the public interest through legislation, agitation, and
16 demonstration. Our protest and opposition to MCI/WorldCom
17 will continue until an enforceable specific plan of
18 inclusion is executed.

19 Lastly, on the other hand, good people with good
20 intentions, along with enforced public policy, make good
21 mergers. Good mergers create new opportunities for
22 consumers and for entrepreneurs. Good mergers offer new
23 innovative services to everyone at comparative prices. When
24 good companies emerge they spin-off facilities to new market
25 interest at a reasonable price. Good mergers benefit the

1 public interest and do not result in thousands of layoffs.
2 The three pending mergers offer potential to be
3 good mergers, but only if they continue to make enforceable
4 commitments to the FCC and the Department of Justice to
5 promote inclusion and protect consumer groups and labor
6 organizations.
7 First, there was a possibility that these mergers
8 will increase competition among local telephone providers.
9 For example, GTE has facilities in Santa Monica, San
10 Bernadino, and Thousand Oaks, California, to serve as a
11 foundation for Bell Atlantic/GTE to compete for local
12 service in Los Angeles. This facilities base presence will
13 permit Bell Atlantic/GTE to bill out and compete with
14 SBC/Ameritech and other local foreign providers outside the
15 Bell Atlantic region. Also, GTE is exploring ways to create
16 the nation's first minority owned independent telephone
17 company.
18 Second, GTE internet backbone puts the new company
19 in a position to offer enhanced services to residential
20 lower and rural subscribers. However, the Bell Atlantic/GTE
21 plan must include a stronger commitment to internet and
22 technology training targeted to the minority community. We
23 must not leave anyone behind as we move into this new
24 technology.
25 SBC and Ameritech have good internal EEO and

1 minority procurement programs and also consider ways to
2 provide minority ownership through spinoffs. SBC has also
3 shown global leadership with a strong commitment to develop
4 telecommunications systems in South Africa. These are
5 positive steps, however, SBC and Ameritech have outstanding
6 challenges as well. Initially, their proposed merger plan
7 red lines residential consumers by emphasizing the need to
8 serve their large and mid-size business customers. They
9 must do more to serve rural Appalachia for some inhabitants
10 do not have basic telephone lines and many Native Americans
11 in the Southwest region are without access.
12 AT&T's proposed acquisition of TCI raises key
13 issues. AT&T has strong programs that provide training to
14 urban and rural areas and promote minority and women owned
15 enterprise. However, the proposed merger must still be
16 reviewed closely by the FCC because of AT&T's recent tax on
17 low volume long distance customers and TCI's repeated rate
18 increases, questionable employment record, and poor level of
19 customer service.
20 Fortunately, these come as of late by men of
21 integrity with excellent track records of community service.
22 Good men, however, and good women, must be directed by good
23 public policy to lead to good results.
24 In closing, we need to develop a new covenant
25 between the government, the private sector, and our

1 communities. We need to create a new approach to evaluate
2 mergers to foster a policy of inclusion and opportunity for
3 consumers, workers, and those who have been historically
4 left behind. Let's work together to build a new large tent,
5 large enough to include all segments of society and forge an
6 alliance between the FCC and the telecommunications industry
7 to heal the breach of the American dream. Thank you.
8 CHAIRMAN KENNARD: Thank you, Rev. Jackson. Ms.
9 Costa.
10 Agenda Item: Regina Costa, Telecommunications
11 Research Director, The Utility Reform Network (California)
12 MS. COSTA: Good morning and thank you for the
13 opportunity to appear. I am Regina Costa. I'm the
14 Telecommunications Research Director for The Utility Reform
15 Network (TURN). We are a statewide consumer group in
16 California. For the past 25 years we have represented the
17 interests of California's utility consumers.
18 Pacific Bell provides service to approximately 95
19 percent of California's customers, residential customers and
20 the vast majority of our small businesses. Since the
21 acquisition in 1997 there has been a marked change in the
22 behavior of the company towards its customers and that is
23 what I want to focus on today, although we are also very
24 concerned about competitive issues.
25 Specifically, customers have been directly

1 affected in four areas. The first is quality of service.
2 The second is there have been proposed rate increases for
3 essential services. Service has been diminished. And the
4 fourth area is the introduction of aggressive and misleading
5 marketing tactics.
6 On customer complaints, in June 1997 the
7 California Public Utilities Commission noticed that there
8 was a marked increase in the volume of calls the Commission
9 was receiving on customer quality of service issues. The
10 majority of these and the most serious involved significant
11 delays in service installations and miscommitments for
12 installations and repairs. These service quality problems
13 were the subject of great debate at the Commission and in
14 part prompted the Commission to institute a quality of
15 service rule making and investigation.
16 While precise statistics on the number of
17 complaints are not available from the PUC, due to anomalies
18 in their data collection process, they did cite their
19 concern with customer frustration in their order as one of
20 the reasons for instituting this investigation.
21 Now, the Commission's Office of Rate Pair
22 Advocates has conducted a separate analysis of service
23 quality complaints. The analysis is due to be released
24 publicly very soon. What I have been authorized to say is
25 that their analysis shows a significant problem in the

1 Silicon Valley area where customers there have longer
2 outages and it takes longer to repair the problems than in
3 other areas of the state. We are very concerned about this
4 because that is really the economic engine of California.
5 One area where service quality has been very
6 thoroughly documented is the provision of ISDN. The reason
7 for this is that the company asked for a rate increase and
8 their quality of service came up in this proceeding. One
9 September 17, 1998 Pacific was fined $309,000 because they
10 did not comply with a Commission order instructing the
11 company to file reports showing customer satisfaction with
12 their service.
13 One of the questions the Commission asked was why
14 the company did not follow the Commission's order. The
15 Commission decision on this matter stated that the company
16 provided no satisfactory explanation of why the order was
17 not complied with and that apparently no one in the company
18 had assumed responsibility for ensuring that the
19 Commission's order was met.
20 The second issue that was addressed in a decision
21 that was actually issued September 17, 1998 was that the
22 ISDN service had actually deteriorated following the initial
23 CPCU order which was intended to improve service. The order
24 that was directing the company to improve its service was
25 issued right about the time SBC required Pacific Telesis.

1 So, the service quality deteriorated while SBC owned
2 Telesis.
3 This raises at least three questions in our mind.
4 Number one, if service quality for a service like ISDN
5 deteriorates what is the likelihood that this company will
6 attempt to provide good service quality for less lucrative
7 services.
8 Pacific claims it faces intense competition in the
9 local exchange market and, presumably, this competition is
10 for what people would consider higher end customers and more
11 lucrative services, yet that service quality declined.
12 Second question is the issue of infrastructure.
13 The Commission decision, which I have cited and quoted from
14 extensively in my prepared statement, says that the service
15 quality was very bad through most of 1997. This again was
16 during the time period after SBC acquired Telesis.
17 The third question is we are very disturbed that
18 the company did not comply with a Commission order. They
19 did not provide the information that was requested and they
20 could offer no good explanation for doing so. We think this
21 raises questions about the company's interpretation of its
22 public service obligations.
23 The second area is proposed rate increases. I
24 have a very detailed description of these increases in my
25 statement. There is not time to go into all of them,

1 however, I have cited to the applications, I have cited to
2 advice letters if you are interested in that.
3 One of the most important services was directory
4 assistance. Currently the rate in California is 25 cents.
5 SBC proposes to raise the rate immediately to 50 cents. In
6 California we have a price cap mechanism where there is a
7 price ceiling and a price floor. At the price ceiling you
8 can raise a price to that level with parties having no
9 opportunity to protest. The decision states, "We will not
10 entertain protests for price increases up to the price
11 ceiling."
12 They have proposed a price ceiling of $1.10. So,
13 in essence they are asking for a blank check to raise the
14 price to $1.10. In all of their public statements they
15 insist we are wrong on this and that they are requesting an
16 increase to 50 cents. They have requested similar increases
17 to what we believe are essential services which are busy
18 line verification and emergency interrupt, very high request
19 for price increases there. These issues have met with
20 substantial public opposition. There have been a series of
21 hearings.
22 The third point is the diminishment of service.
23 Public offices have been closed. There has been a proposal
24 to charge to allow alternate payment locations to charge
25 fees to customers who pay their bills in person. There is a

1 proposal to reduce the directories that are available to
2 customers by eliminating yellow pages, yet charging the same
3 price that someone currently pays for a yellow and white
4 pages directory. This effects rural customers because these
5 directories are cobound. We protested this and the
6 Commission staff agrees with us and have recommended that
7 that be rejected, that is due to be voted on Thursday.
8 There are five complaints currently pending on
9 aggressive misleading marketing. They were filed by Latino
10 Issues Forum and Greenlighting, the Utility Consumers Action
11 Network, and the Commission staff, the Office of Rate Pair
12 Advocates.
13 Very briefly, quoting from the description of
14 Latino Issues Forum, they allege that "Pacific has
15 instructed service representatives to use deceptive names
16 for packages of expensive optional services to pressure
17 customers into removing complete caller ID blocking so they
18 can market more caller ID and to withhold information
19 critical for consumers to make informed purchasing choices.
20 The other point in this area was there was a
21 proposal from SBC to engage in direct telemarketing to
22 Pacific customers with unlisted telephone numbers. They
23 tried to do this through an advice letter tariff revision.
24 They withdrew it after a state senator pledged to introduce
25 legislation blocking it. This was after they said our

1 concerns on privacy had no merit.

2 In conclusion, to date, Pacific Bell customers

3 have not benefited in any readily apparent way from the

4 performance of Pacific following the acquisition by SBC.

5 The volume of calls about service quality problems has

6 risen. The company has proposed significant rate increases

7 for essential services, public offices have been closed,

8 there is a proposed fee for customers paying their bill in

9 person, and the company's marketing tactics have raised

10 substantial concern on the part of consumer advocates and

11 Commission staff. Thank you.

12 CHAIRMAN KENNARD: Thank you, Ms. Costa.

13 Commissioner Butler, welcome.

14 Agenda Item: Jolynn Barry Butler, Commissioner,

15 Public Utility Commission of Ohio.

16 COMMISSIONER BUTLER: I am Jolynn Barry Butler. I

17 am a Commissioner on the Public Utility Commission of Ohio.

18 I'd like to start today by thanking you for once

19 again including states regulatory commissions on panels

20 before this Commission. I believe that under your

21 leadership, Chairman Kennard, and with the current panel of

22 commissioners we have today that the states and the Federal

23 Communications Commission have never enjoyed such a close

24 working relationship and I really commend you for that.

25 I am here today not as an advocate, not as a

1 proponent, nor as an opponent of any of the mergers before
2 you. I can't be because I am a judge in these very same
3 mergers.
4 In Ohio, for example, we have cases pending on
5 GTE/Bell Atlantic and on Ameritech/SBC. Therefore, what I
6 am here to do today is to report to you on the issues and
7 the process but not to take a position, it would be
8 inappropriate for me to do so.
9 With regard to state authority and what the states
10 are doing on these mergers, it depends on the legislative
11 background and the legislative authority of each of the
12 state commissions. In Ohio we have clear authority to
13 review the mergers of incumbent telecommunications
14 companies.
15 In other states they use their general supervisory
16 authority to undertake such reviews but in some states there
17 is no authority and the commissions feel that they are not
18 able to undertake any review of these mergers at all. So,
19 it depends on where you are, in which state, as to what
20 level and form of review of mergers will take place.
21 Let me use Ohio as an example because we do have
22 clear authority and that is not at issue. In Ohio both of
23 the incumbent local exchange company mergers are under
24 review. We started our process by not allowing those
25 mergers to be approved automatically, which our statute

1 provides for. If we do not take action as a commission
2 within 30 days of the filing of a merger then it is approved
3 by operation of law by our saying nothing.
4 We suspended the approval automatically and turned
5 our staffs loose to do an investigation. We issued issues
6 lists so that the parties would know what we were going to
7 look at as we reviewed the mergers.
8 The Ameritech/SBC merger is the farthest along in
9 Ohio. We have issued our issues list. The staff has done a
10 preliminary report of investigation and the record hearings
11 are to start on January 5 of next year, just a few weeks a
12 way.
13 Our standard of review is the public interest
14 standard, much as yours is. However, my message to you is
15 that each state has a very different level of review and
16 different level of authority to review.
17 I won't go into the issues in detail because in
18 Ohio, at least with regard to the SBC/Ameritech merger, we
19 have identified the same list of issues that both you and
20 Mr. Krattenmaker have mentioned today. But, again, how
21 those issues play out on a state-by-state basis will be very
22 different. I will cite one example without naming any
23 names.
24 A company that has a very very good service record
25 in one state may have a not so good service record in

1 another state and each state's commission will be looking
2 either to maintain a level of service which is good or
3 improve a level of service which is bad as we review
4 mergers.
5 In Ohio, just speaking as one commissioner, my
6 main goal is to make sure that these mergers further the
7 public interest. First of all, that their effect on
8 competition is to increase the level of competition that we
9 have in our state, particularly for residential and small
10 commercial customers; that quality of service is maintained
11 or enhanced; that carrier-to-carrier issues that have arisen
12 since the enactment of the 1996 Telecommunications Act are
13 resolved; and that we have the ability to do post-merger
14 oversight because we don't have a lack of access to books
15 and records.
16 To sum up, I commend you for your dedication to
17 enhancing the relationship between state regulators and
18 federal regulators. I encourage a continued dialogue on
19 this and other issues and, in particular, I would encourage
20 you to convene a meeting, much like this Commission convened
21 when Bell Atlantic and NYNEX were proposing to merge, to
22 discuss state and federal issues on a one-to-one basis with
23 state regulators. Thank you.
24 CHAIRMAN KENNARD: Thank you, Commissioner Butler,
25 and thank you for those kind words. Mr. Carey.

1 Agenda Item: Timothy S. Carey, Chairman and
2 Executive Director, New York State Consumer Protection
3 Board.
4 MR. CAREY: Good morning, Mr. Chairman,
5 Commissioners, and distinguished colleagues. Thank you for
6 the opportunity to discuss the impact of proposed mergers
7 involving the regional Bell operating companies on the goals
8 and objectives of the Telecommunications Act of 1996.
9 I am Chairman and Executive Director of the New
10 York State Consumer Protection Board, an agency in the
11 Executive Department of the New York State government and I
12 am charged with representing the interests of all New
13 Yorkers.
14 Our belief is that mergers are not necessarily
15 consistent nor inconsistent with competition in
16 telecommunications markets or the public interest. All
17 mergers are not created equal and each potential merger must
18 be analyzed thoroughly by considering the facts and
19 circumstances of each proposal, not only at the federal
20 level but, as the Commissioner said, at the state level.
21 In general, consumer advocates are skeptical of
22 mergers, since tangible consumer benefits are not always
23 easily identified. Merger proponents must demonstrate how
24 they will bring more competition to telecommunications
25 markets and how the public interest and the average American

1 will benefit.

2 Regulators must ensure that the advertised

3 benefits from the mergers are in fact realized in the

4 marketplace. I would like to share with you our experiences

5 that we have had in New York with recent merger of NYNEX and

6 Bell Atlantic. It is a good example of how consumers have

7 been well served by a merger when regulators provide

8 appropriate oversight.

9 Shortly after NYNEX/Bell Atlantic announced their

10 proposed merger in the spring of 1996 on a direction of

11 Governor Pataki, former Chairman of the State Public Service

12 Commission, John O'Meara, stated the PSC would not approve

13 the merger unless the quality of New York State Telephones

14 local service improved substantially. I am glad to report

15 that over the past year the company service quality has

16 improved dramatically.

17 To ensure that the company service quality did not

18 deteriorate after the merger was approved the company was

19 required to hire at least 750 additional employees to

20 address service quality and to invest an additional

21 $1 billion in service related infrastructure. The company

22 service quality standards were also made more rigorous.

23 The New Yorkers also obtained other benefits from

24 the merger. One, the cost savings from the merger are

25 essentially funding the cost of opening of local markets to

1 competition. Such as, substantial cost of developing the
2 OSS.
3 Local rates in New York have not increased to fund
4 these costs. Those cost savings have also partially funded
5 a reduction in New York's intrastate carrier access charge
6 and the NYNEX/Bell Atlantic merger benefitted New York's
7 economy since the merging companies established their
8 headquarters in New York City and committed to maintain all
9 existing work functions in the state. Overall, more than
10 one year after the merger was initially approved, subject to
11 conditions there is no doubt that the average New Yorker is
12 better off than had the merger not occurred because New York
13 PSC ensured the Bell Atlantic status satisfied each of those
14 conditions.
15 If local markets are to be open and competition
16 expanded the FCC must ensure that conditions imposed on
17 mergers are implemented in a timely fashion. Unfortunately,
18 in the Bell Atlantic/NYNEX merger some of the conditions
19 imposed by the Commission, particularly the requirement for
20 uniform OSS interface has yet to be satisfied.
21 Meanwhile, in New York, we are continuing the hard
22 work to fully open Bell Atlantic's markets to competition.
23 Tests by an independent audit of the ability of the
24 company's OSS to handle commercial volumes are now
25 beginning. Under the guidance of the New York State PSC

1 substantial progress has been made, although more work needs
2 to be done.
3 Based on progress to date, I fully expect New York
4 State to be among the first states in which you will find
5 that an RBOCs market is fully open to competition.
6 Accordingly, while a merger could eliminate one would be
7 potential competitor to Bell Atlantic in New York, GTE is
8 not well known in New York and has no particular advantage
9 over the literally dozens of companies that are already
10 serving customers in New York.
11 Since New York's local market is expected to be
12 open to competition in the near future the merger would not
13 materially harm local competition in New York. Overall, we
14 are looking for verifiable and enforceable conditions to be
15 imposed on these mergers at the state and federal levels.
16 At the state level we are working for similar
17 conditions as the ones we obtained in a previous merger
18 involving Bell Atlantic. At the federal level we recommend
19 that Bell Atlantic be required to satisfy the conditions
20 imposed by the FCC on its previous merger and those
21 conditions should be extended to GTE's territory as well.
22 Two, the proponents demonstrate that mergers will enhance
23 local telephone competition, and three, to proponents
24 demonstrate that the public interest will be better served.
25 Thank you, again. I look forward to your

1 questions.

2 CHAIRMAN KENNARD: Thank you, Mr. Carey. Ms.

3 Hogerty.

4 Agenda Item: Martha S. Hogerty, Office of the

5 Public Counsel, Missouri; Chair, Telecommunications

6 Committee, National Association of State Utility Consumer

7 Advocates (NASUCA)

8 MS. HOGERTY: Thank you for inviting me to be here

9 today. I am Martha Hogerty. I am the Public Counsel for

10 the state of Missouri and as such am the rate payer advocate

11 for the citizens of Missouri before the regulators.

12 I have filed comments jointly with 5 similar

13 consumer advocate organizations in the Southwestern

14 Bell/Ameritech case and with 14 other organizations in the

15 GTE/Bell Atlantic case.

16 I have provided for you a statement. I will not

17 read it today but I will simply highlight my major concerns.

18 Our concern, first and foremost, is that these

19 mergers will continue and enhance the monopoly control of

20 the local exchange network. If these mergers are permitted

21 SBC and Ameritech will have control of 56 million access

22 lines, that is 35 percent of the total access lines

23 nationwide. GTE/Bell Atlantic will have 63 million access

24 lines, 39 percent nationwide. This, we believe, will result

25 in a duopoloy with control over 74 percent of the nation's

1 access lines.

2 There is no dispute that still today local

3 exchange is a monopoly controlled by the incumbents. Our

4 development of competition, thus far, has been very slow.

5 With respect to these two companies combined I believe

6 approximately .81 percent of their access lines have been

7 lost to facilities based UNEs.

8 In order to garner control these companies are

9 willing to invest a significant market premium. Based on

10 December 3 stock prices, they are willing to pay an

11 additional $154 per access line in the Southwestern Bell

12 case and $47.50 per access line in the GTE case.

13 It is our belief that these companies will

14 certainly find a way to recover this premium from their most

15 captive customers, our clients. Moreover, there is no

16 commitment to pass through any merger savings or estimated

17 synergies to the bulk of their customers.

18 Because of the current regulatory structures,

19 essentially limited regulation in most of the states we do

20 not expect savings to be passed through. Indeed, as far as

21 we can determine, there have been no significant savings

22 passed through to consumers with the other mergers that have

23 taken place to date.

24 In our opinion monopoly rents will continue and

25 will be used to finance out-of-region strategies. Recall

1 that these companies are currently earning return on
2 equities ranging from the high 20 percent to the low 40s.
3 Mergers are not necessary to enable entry into
4 out-of-region markets and there is nothing in these
5 applications that supports that claim. These companies
6 currently have the wherewithal to compete. They are not
7 willing to compete through the interconnection provisions of
8 the act or through investments in new networks, rather they
9 would further monopolize the local exchange and finance.
10 It is important that the Commission continue to
11 forge the course that it has forged with the
12 Telecommunications Act. The companies are in a position
13 where they must open their markets to competition. Not one
14 company has done so to date, no 271 application has been
15 granted. It is important that this Commission deny these
16 mergers, encourage these companies, hold their feet to the
17 fire and ensure that they open their markets to competition
18 so that competition can truly develop and benefit all the
19 consumers of this nation. Thank you.
20 CHAIRMAN KENNARD: Thank you, Ms. Hogerty. Rick.
21 Agenda Item; Richard Jose Bela, Esq., President
22 and CEO, Hispanic Association on Corporate Responsibility.
23 MR. BELA: Honorable Commissioners, my name is
24 Richard Jose Bela. I am the President of the Hispanic
25 Association on Corporate Responsibility. It is a coalition

1 of the most prominent national hispanic community
2 organizations in the United States. It serves as a watchman
3 agency for the hispanic immunity. We monitor the inclusion
4 of Hispanics in corporate America in the areas of
5 employment, procurement, philanthropy, governance, and
6 service, and we compare that inclusion to our community's
7 contributions to that company's revenue. We call this
8 concept "market reciprocity."
9 In regards to the telecommunications industry
10 today we believe that freedom of speech in the 21st Century
11 will require interconnectivity to our evolving national
12 telecommunication network. To ensure this freedom HACR
13 supports seven telecommunication principles referred to in
14 the industry as "universal service, public access, open
15 competition, community reinvestment, equal employment
16 opportunity, service diversity, and market reciprocity." We
17 believe these seven principles are an essential part of the
18 1996 Telecommunications Act and that this Commission serves
19 as its guardian.
20 Our community is growing in a dynamic and dramatic
21 manner. By the Year 2050 we will represent 1/5 of all
22 Americans. Already this year Hispanic school age children
23 surpassed all other ethnic minority groups in the country.
24 We are a vital part of our nation's future.
25 Upon the public announcement of the three pending

1 mergers, HACR contacted the CEOs of each of the companies
2 involved. We sought to ascertain each company's commitment
3 to these seven principles.
4 HACR is pleased to support any company that shares
5 this vision and this commitment. To date we have met with
6 the CEOs from SBC/Ameritech and Bell Atlantic/GTE. Our
7 experience regarding the past mergers have shown us that
8 there have been reasonable increases in the employment of
9 minority and women in the inclusion in the areas of
10 executives, board membership, procurements, and particularly
11 in philanthropy where both companies have provided funds to
12 underserved communities at the rate of $50 million.
13 We are greatly encouraged by their expressed
14 commitment to the underlying HACR telecom principles and to
15 their commitment to continue working with us to establish
16 and implement programs to achieve these goals. We commend
17 the Commission on its stewardship over our public airways
18 and for the expressed commitment from leading media
19 companies to abide by EEO principles, whether or not
20 required by law.
21 We ask that this Commission, likewise, ask the
22 telecom companies about their commitment to these same
23 principles. We further commend the Commission for calling
24 these hearings that afford all citizens, not just the rich
25 and the powerful or the opposing competitors, the right to

1 have their voices heard in an open and democratic manner.
2 These hearings certainly serve that purpose. We greatly
3 appreciate the opportunity to present these comments and
4 look forward to keeping the Commission informed of our
5 future progress. Thank you.
6 CHAIRMAN KENNARD: Thank you very much. Professor
7 Kovacic.
8 Agenda Item: William E. Kovacic, Visiting
9 Professor, The George Washington University Law School.
10 PROF. KOVACIC: My thanks to the Commission for
11 the privilege of participating in this hearing. My name is
12 William Kovacic and I am a Visiting Professor at The George
13 Washington University Law School where I teach anti-trust.
14 I want to inform the Commission that my wife is a
15 partner in one of the law firms that represents TCI in the
16 AT&T/TCI transaction before this body and that the views I
17 express today are mine alone.
18 I want to discuss the process by which federal
19 authorities review the competition policy effects of
20 telecommunications mergers. Since 1992 I have worked with a
21 number of transition economy governments on competition
22 policy issues.
23 One of the most urgent issues before the
24 transition competition and sectoral regulators is, "How
25 should competition policy issues be resolved in basic