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FCC Initiates Proceedings to Consider Requests by BellSouth, Qwest and Verizon for Section 271 Long Distance Authority; FCC Grants Verizon 271 Authority for Maine

Washington, D.C., July 10, 2002 -- Section 271 of the Telecommunications Act of 1996 (“Telecom Act”), amending the Communications Act of 1934, Congress established a regime under which the Regional Bell Operating Companies (“RBOCs”) could obtain authority to provide in-region, interLATA long distance service where they demonstrated that competition had been achieved in their local exchange markets and that they complied with certain market-opening requirements—the so called “competitive checklist”—found in Section 271 of the Act. The concept behind of these requirements is the proverbial carrot and stick—i.e., tie entry by the RBOCs into long distance markets subject to the opening of local service markets to real and measurable competition.

The 271 “competitive checklist” is a list of services, facilities, network elements, and pricing terms that an RBOC must establish are freely available to competitive local exchange carriers on a non-discriminatory basis and in compliance with the requirements of the Telecom Act. In theory, the availability of these checklist items raises the presumption that local competition has been successfully implemented. Under the 14-Point “competitive checklist,” RBOCs are required to show that competitive local exchange carriers have non-discriminatory access to: (1) interconnection; (2) unbundled network elements (“UNEs”) – including, access to operations support systems (“OSS”), UNE combinations, and pricing of network elements); (3) poles, ducts, conduits and rights-of-way; (4) unbundled local loops; (5) unbundled local transport; (6) unbundled local switching; (7) 911/E911 access and directory assistance/operator services; (8) White Pages directory listings; (9) numbering administration; (10) databases and associated signaling; (11) number portability; (12) local dialing parity; (13) reciprocal compensation; and (14) resale.

Under Section 271, the Bell Operating Companies are required to file applications with the FCC on a state-by-state basis; though many applications filed by the RBOCs are consolidated multi-state filings. The FCC has 90 days to determine whether a BOC has taken the statutorily required steps to open its local telecommunications markets to competition, including those contained in the “competitive

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checklist.” The FCC is charged with the review of RBOC applications in consultation with the affected state and the Attorney General.

Once an RBOC obtains Section 271 authority, it must comply with the Telecom Act’s “separate affiliate” requirements. That is, RBOCs must provide the long distance services through a corporate entity that is separate from the entity providing local exchange services for an initial period of at least three years. In addition to the requirement of corporate separation, the entity providing long distance services may not jointly own transmission and switching equipment with the BOC. The Telecom Act also prohibits discrimination by each BOC in favor of its affiliate, requiring among other things that the BOC provide unaffiliated carriers the same goods, services, facilities, and information at the same rates, terms, and conditions as it provides to its affiliated long distance company. The long-distance affiliate must post a record of all transactions with the BOC on the Internet.

Recent FCC Action Granting 271 Authority to Verizon in Maine

On June 19, 2002, the FCC announced that had decided to approve Verizon’s application to provide in-region, interLATA service originating in Maine. The FCC concluded that the approval of Verizon’s application would provide substantial benefits for consumers in the form of enhanced competition in both the local and long distance markets. In reaching this conclusion, the FCC noted that Maine enjoyed a significant competitive presence with competing carriers servicing approximately 50,600 lines—of these, roughly 38,800 are served through resale and approximately 11,800 are served through the use of unbundled network elements or the competing carriers own facilities.

Recent 271 Proceedings Initiated to Consider Applications from Qwest, BellSouth and Verizon and Request for Comments

Qwest – On June 13, 2002, Qwest Communications International, Inc. (“Qwest”) filed a joint application for authorization to provide in-region, interLATA service in Colorado, Idaho, Iowa, Nebraska, and North Dakota. (See Wireline Competition Bureau (“WC”) Docket No. 02-148). Comments by interested third parties in support of or in opposition to Qwest’s application must be filed on or before July 3, 2002, and any participant in the proceeding may file a reply to any comments filed by any other participant on or before July 29, 2002.

BellSouth – On June 20, 2002, BellSouth Corporation, BellSouth Telecommunications, Inc., and BellSouth Long Distance, Inc., (collectively “BellSouth”) filed an application for authorization to provide in-region, interLATA service in Alabama, Kentucky, Mississippi, North Carolina and South Carolina. (See WC Docket No. 02-150). Comments by interested third parties in support of or in opposition to BellSouth’s application must be filed on or before July 11, 2002, and any participant in the proceeding may file a reply to any comments filed by any other participant on or before August 5, 2002.

Verizon – On June 27, 2002, Verizon New England Inc., Verizon Delaware Inc., Bell Atlantic Communications, Inc. (d/b/a Verizon Long Distance), NYNEX Long Distance Company (d/b/a Verizon

Enterprise Solutions), Verizon Global Networks Inc., and Verizon Select Services Inc. (collectively, “Verizon”), filed a joint application for authorization to provide in-region, interLATA service in Delaware and New Hampshire. (See WC Docket No. 02-157). Comments by interested third parties in support of or in opposition to Verizon’s joint application must be filed on or before July 17, 2002, and any participant in the proceeding may file a reply to any comment filed by any other participant on or before August 12, 2002.

Historic Overview of FCC 271 Proceedings

Since the passage of the Telecom Act, the FCC has denied five long distance applications, and has approved applications in 14 states. Additionally, applications for seven states have been withdrawn. Currently, there are applications for six states--Verizon’s New Jersey and Qwest’s Colorado, Idaho, Iowa, Nebraska and North Dakota—pending before the Commission. A summary of all Section 271 applications filed with the FCC to date is summarized in the table below:

State	Fil	St	Date	Date Res
NH, DE	Ver	Penc	06/1	Due by 09/
AL, KY, MS, NC	Bel	Penc	06/1	Due by 09/
CO, ID, IA, NE	QW	Penc	06/1	Due by 09/
New Jersey	Ver	App	03/1	06/24/02
Maine	Ver	App	3/2	6/19/02
Georgia/Louis	Bel	App	2/1	5/15/02
Vermont	Ver	App	1/1	4/17/02
New Jersey	Ver	With	12/1	3/20/02
Rhode Island	Ver	App	11/1	2/24/02
Georgia/Louis	Bel	With	10/1	12/20/01
Arkansas/Miss	SBC	App	08/1	11/16/01
Pennsylvania	Ver	App	6/2	9/19/01
Connecticut	Ver	App	4/2	7/20/01
Missouri	SBC	With	4/4	6/7/01
Massachusetts	Ver	App	1/1	4/16/01
Kansas/Oklah	SBC	App	10/1	1/22/01
Massachusetts	Ver	With	9/2	12/18/00
Texas	SBC	App	4/5	6/30/00
Texas	SBC	With	1/1	4/05/00

New York	Ver	App	9/2	12/22/99
Louisiana	Bel	Den	7/9	10/13/98
Louisiana	Bel	Den	11/	2/4/98
South Carolina	Bel	Den	9/3	12/24/97
Michigan	Am	Den	5/2	8/19/97
Oklahoma	SBC	Den	4/1	6/26/97
Michigan	Am	With	1/0	2/11/97

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If you would like additional information on these proceedings, or if you are interested in obtaining copies of comments filed or submitting your own comments on these applications, please feel free to contact us.

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