PREPARED REMARKS OF
CHAIRMAN PATRICIA M. WORTHY
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

BEFORE THE

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

DECEMBER 5, 1990

I AM DELIGHTED TO BE HERE WITH YOU THIS AFTERNOON. I WANT TO THANK AT&T FOR THE INVITATION AND THE OPPORTUNITY TO DISCUSS SEVERAL MATTERS WITH WHICH WE SHARE SIGNIFICANT MUTUAL INTEREST. I AM ALSO EXTREMELY PLEASED TO SEE SEVERAL OF MY FELLOW COMMISSIONERS FROM NARUC. SO LET ME HASTEN TO SAY, "FOR THE RECORD," THAT I AM HERE TODAY IN MY CAPACITY AS CHAIRMAN OF THE PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA AND MY REMARKS ARE ATTRIBUTED SOLELY TO ME AND NOT IN MY CAPACITY AS CHAIRMAN OF NARUC'S COMMUNICATIONS COMMITTEE.

WE HAVE NOW LIVED THROUGH NEARLY A DECADE OF THE "INFORMATION AGE" AND, THE TECHNOLOGICAL ADVANCES WE HAVE SEEN IN OUR TELECOMMUNICATIONS SYSTEM HAVE CHALLENGED ALL OF US, REGULATORS AND PRIVATE INDUSTRY ALIKE. I VENTURE TO SAY THAT THE CHALLENGES FACING US WILL CONTINUE, WITH GREATER RAPIDITY AND COMPLEXITY. IN LIGHT OF THE STAGGERING DECREE OF TECHNOLOGICAL CHANGE AND THE ASSOCIATED ISSUES CURRENTLY BEING DEBATED IN THIS INDUSTRY, I DECIDED TO LIMIT MY REMARKS TO TWO SPECIFIC TOPICS: (1) WHETHER AT&T IS CONSIDERED TO BE A "DOMINANT CARRIER"; AND (2) OF COURSE MY FAVORITE, THE CONTINUING DEBATE OVER THE MODIFIED FINAL JUDGMENT (MFJ).

AS YOU ARE AWARE, IN APRIL OF THIS YEAR, THE FEDERAL COMMUNICATIONS COMMISSION (FCC) INSTITUTED A COMPREHENSIVE REVIEW OF THE LONG DISTANCE MARKETPLACE. SPECIFICALLY, THE FCC EXAMINED THE ISSUE OF WHETHER AT&T WAS STILL THE DOMINANT PLAYER. RATHER THAN DETAIL THE FCC'S NOTICE, I WANT TO SHARE OUR COMMISSION'S PERSPECTIVE OF THE PROPOSAL, AND WHY, IN MY OPINION, THE INSTITUTING OF THIS PROCEEDING AT THIS TIME, IS PREMATURE..

I FIND IT RATHER CURIOUS THAT THE FCC INSTITUTED THIS PROCEEDING SHORTLY AFTER THE IMPLEMENTATION OF PRICE CAPS FOR AT&T. WHILE I AM NOT HERE TO ESPOUSE MY POSITION CONCERNING PRICE CAPS, THERE IS NO QUESTION THAT THIS NEW REGULATORY METHODOLOGY GAVE AT&T SUBSTANTIALLY MORE FLEXIBILITY FOR PRICING SERVICES THAN WAS PRESENT UNDER TRADITIONAL RATE OF RETURN REGULATION. I ALSO BELIEVE THAT, WHILE THE FCC HAS PRESENTED SOME DATA CONCERNING AT&T'S EXPERIENCE WITH PRICE CAPS, ONE YEAR'S EXPERIENCE CREATES A LIMITED RECORD UPON WHICH TO DETERMINE WHETHER THIS FLEXIBILITY PROVIDES THE PUBLIC INTEREST BENEFITS THAT THE FCC HAD ARGUED WOULD OCCUR. MOREOVER, A NUMBER OF PETITIONS FOR RECONSIDERATION ARE STILL PENDING BEFORE THE COMMISSION, THEREFORE, THE PRICE CAP PROCEEDING IS <u>NOT</u> TECHNICALLY OR LEGALLY FINAL. THUS, I FIND IT IRONIC THAT THE FCC HAS UNDERTAKEN SUCH A BROAD AND SWEEPING REVIEW OF THE INTERSTATE MARKETPLACE WHEN ITS NEW PREVIOUS REGULATORY EFFORTS TO GRANT AT&T FLEXIBILITY HAVE NOT BEEN ADEQUATELY TESTED.

I AM QUITE SURE THAT SOME OF YOU HAVE HEARD SIMILAR CONCERNS, AND THAT MY OBSERVATIONS ARE NOT NEW OR STARTLING. I DO BELIEVE, HOWEVER, THAT THE CONCERNS EXPRESSED ARE VALID. LET US NOT FORGET

THAT, AS A RESULT OF THE NINTH CIRCUIT COMPUTER III DECISION, THE FCC HAS RECENTLY DISCOVERED THAT CONFUSION AND UNCERTAINTY CAN RESULT WHEN THE PIVOTAL ASSUMPTIONS ARE OVERTURNED. WHILE I DO NOT ENVY THOSE WHO SIT AT 1919 M STREET, N.W., I WOULD THINK THAT PRUDENCE DICTATES A SLOWER, METHODICAL APPROACH TO REGULATORY REFORM.

IN RESPONSE TO THE FCC'S PROPOSAL ITSELF, OUR COMMISSION ARGUED THAT THE FCC SHOULD TAKE A STRUCTURED ANALYTICAL APPROACH, MODELED AFTER THE "INDUSTRIAL ORGANIZATIONAL" THEORY. UNDER THIS APPROACH, THE FCC WOULD FIRST DEFINE THE RELEVANT MARKET AND THEN, BASED ON THAT MARKET, DETERMINE THE LEVEL OF MARKET POWER FOR A GIVEN ENTITY, PRESUMABLY AT&T. THE D.C. COMMISSION IN ITS RECENT DECISION CONCERNING THE APPROPRIATE COMPETITIVE CRITERIA TO BE APPLIED TO SERVICES PROVIDED BY THE CHESAPEAKE AND POTOMAC TELEPHONE COMPANY (C&P), FOLLOWED A SIMILAR APPROACH. PERMIT ME TO BRIEFLY DESCRIBE BOTH THE THEORY AND OUR DECISION.

THE "INDUSTRIAL-ORGANIZATIONAL" THEORY, OR WHAT I WILL REFER TO AS THE "I-O" APPROACH, RECOGNIZES THAT THE STRUCTURE OF THE MARKET AND THE CONDUCT OF ENTITIES WITHIN THE MARKET CAN PROVIDE A MEANINGFUL ANALYTICAL CONSTRUCT WITHIN WHICH A DETERMINATION AS TO THE DEGREE OF COMPETITION CAN BE DETERMINED. THE I-O APPROACH FIRST LOOKS TO THE DEFINITION OF AN APPROPRIATE MARKET. THE CONCEPT OF "SUBSTITUTABILITY" IS THE GUIDING PRINCIPLE FOR DETERMINING THE APPROPRIATE DEFINITION FOR THE MARKET LOOKING AT BOTH SUPPLY AND DEMAND SUBSTITUTES FOR A GIVEN SERVICE. AMONG THE TOOLS THAT WE FOUND TO BE OF ASSISTANCE IN THIS TASK WERE CROSS-

ELASTICITY OF DEMAND STUDIES, AND USER SURVEYS DESIGNED TO PROVIDE OBJECTIVE INFORMATION. ONCE THE "MARKET" IS DEFINED, THE I-O APPROACH THEN LOOKS TO THE CONCEPT OF "MARKET POWER" TO DETERMINE THE DEGREE TO WHICH COMPETITION EXISTS WITHIN THE MARKET. IN ASSESSING WHETHER "MARKET POWER" EXISTS, WE DIRECTED C&P TO PROVIDE DATA ON ITS MARKET SHARE, EVIDENCE REGARDING THE EXISTENCE AND RELATIVE IMPORTANCE OF ECONOMIES OF SCALE OF SCOPE, AND INCREMENTAL COSTS STUDIES. MOREOVER, EVIDENCE WITH RESPECT TO BARRIERS TO ENTRY, PRICE DISCRIMINATION, CROSS-SUBSIDIZATION, AND TYING CONTRACTS WOULD ALSO BE CONSIDERED.

IN ADDITION, C&P COULD SEEK REDUCED REGULATION BASED ON A SHOWING OF ACTUAL LOSSES ATTRIBUTABLE TO COMPETITION, OR SUBSTANTIALLY SUPPORTED PROJECTIONS OF ANTICIPATED REVENUE LOSSES, WITH THE PROVISION THAT C&P'S SHAREHOLDERS WOULD BEAR THE BURDEN OF ANY LOSSES DUE TO SERVICES FOR WHICH THERE WAS REDUCED REGULATION, WHAT WE CALL THE "CENTREX TEST." THE CENTREX TEST WAS ESTABLISHED BY THE COMMISSION IN ITS 1987 DECISION PERMITTING C&P TO USE AN INDIVIDUAL CASE BASIS TARIFF APPROACH FOR LARGE CENTREX CUSTOMERS.

WHILE OUR COMMISSION HAS YET TO REVIEW SPECIFIC APPLICATIONS BY C&P TO IMPLEMENT THE INDUSTRIAL ORGANIZATION APPROACH, I DO BELIEVE THAT IT PROVIDES FOR A CONCRETE, SYSTEMATIC REVIEW AND ANALYSIS OF THE TELECOMMUNICATIONS MARKETS AND SUB-MARKETS THAT MAY EXIST. MOREOVER, THE APPROACH IS FOUNDED UPON ECONOMIC THEORY AND LITERATURE BY A NUMBER OF RESPECTED ECONOMISTS.

IN THE CONTEXT OF THE FCC PROCEEDING, I BELIEVE THAT OUR FINDINGS OF THE NEED FOR A MORE STRUCTURED APPROACH IS EQUALLY APPLICABLE. WHILE THE FCC'S NOTICE SUGGESTS A MORE STRUCTURED APPROACH, I FEAR THAT IT IS IN NAME ONLY. FOR EXAMPLE, IT IS TRUE THAT THE FCC DISCUSSES A NUMBER OF MARKET CHARACTERISTICS. HOWEVER, IN THE FCC'S DISCUSSION CONCERNING MARKETS, IT DOES NOT APPEAR THAT THE FCC WILL ENGAGE IN ANY ANALYSIS REGARDING ELASTICITY OF DEMAND NOR DOES IT REFER TO PRICING LEADERSHIP THAT WOULD TEND TO SHOW A LACK OF ELASTICITY. THE FCC'S PROPOSAL ALSO DOES NOT DISCUSS ANY STUDY OF THE ECONOMIES OF SCALE IN THE CONTEXT OF BARRIERS TO ENTRY.

WHILE ECONOMICS IS NOT AN EXACT SCIENCE, THE SUGGESTION THAT TO ENGAGE IN SUCH ECONOMIC ANALYSIS IS A WASTE OF TIME AND ENERGIES IS TO BEG THE QUESTION. IF THE ANSWERS ARE NOT THE SAME UNDER EITHER THE ANECDOTAL OR THE STRUCTURED APPROACH, THAT, IN AND OF ITSELF, SHOULD BE KNOWN. FOR EXAMPLE, CURRENT DATA SUGGESTS THAT AT&T'S MARKET SHARE IS SOMEWHERE BETWEEN 60-70%. BUT DOES THIS REALLY ILLUSTRATE THAT AT&T IS CONFRONTED WITH ACROSS-THE-BOARD COMPETITION?

THE DEBATE OVER THE "DOMINANCE" OF AT&T IS NOT CONFINED TO THE FCC. FOR EXAMPLE, THE ISSUE RECENTLY HAS BEEN ADDRESSED IN A RECENT ARTICLE IN "PUBLIC UTILITIES FORTNIGHTLY." ROBERT M. ATKINSON II, GEORGE M. NEELY, AND SANDRA DRUMMING, ALL AFFILIATED WITH FLORIDA A&M UNIVERSITY, CONCLUDED THAT "AT&T IS NOT DOMINANT AND ASYMMETRICAL REGULATION OF AT&T'S ACTIVITIES CAN BE ENDED WITHOUT FEAR OF UNREASONABLE OR DOMINANT MARKET BEHAVIOR.

THEREFORE, AT&T SHOULD BE SUBJECT TO NO MORE REGULATORY CONSTRAINTS THAN ITS COMPETITORS."1/ WHILE A COMPLETE CRITIQUE OF THESE AUTHORS' POSITION IS BEYOND THE SCOPE OF MY REMARKS TODAY, I DO WANT TO RESPOND TO THREE POINTS RAISED IN THEIR ARTICLE.

FIRST, THE AUTHORS SUGGEST THAT AT&T FACES STIFF COMPETITION FROM MCI, U.S. SPRINT, AND THE VAST NUMBER OF RESELLERS. THE AUTHORS CITE PRIOR FCC PRONOUNCEMENTS AND CURRENT EMPIRICAL EVIDENCE. UNFORTUNATELY, NO STATISTICAL OR ECONOMIC ANALYSIS OF THEIR FINDINGS IS PRESENTED IN THE ARTICLE. SECOND, THE AUTHORS ARGUE, BY ANALOGY, THAT LEADERS IN OTHER INDUSTRIES, IN PARTICULAR BOEING AIRCRAFT AND PROCTOR AND GAMBLE, HAVE HIGH MARKET SHARES AND THAT THIS FACT ALONE DOES NOT NECESSARILY MEAN THAT THESE COMPANIES HAVE MARKET POWER WITHIN THEIR RESPECTIVE INDUSTRIES. WHILE I AGREE WITH THIS OBSERVATION, MARKET SHARE SHOULD NOT BE EXAMINED IN A VACUUM. OTHER DATA SHOULD BE EXAMINED, SUCH AS ECONOMIES OF SCALE, TO DETERMINE WHETHER MARKET POWER EXISTS INDEPENDENT OF MARKET SHARE. I BELIEVE THAT THIS IS REQUIRED BECAUSE AT&T'S INDUSTRY, THE LONG DISTANCE MARKETPLACE, IS GUIDED BY THE PRINCIPLE THAT THE PUBLIC INTEREST MUST BE SERVED.

THE THIRD AND FINAL POINT THAT I WOULD LIKE TO DISCUSS IS THE CONCEPT OF CARRIER OF LAST RESORT. ACCORDING TO THE AUTHORS, "AT&T IS REQUIRED TO OFFER LONG-DISTANCE SERVICE EVERYWHERE, BUT AT&T COMPETITORS ARE FREE TO CHOOSE WHERE SERVICE IS OFFERED -- THAT IS,

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1/ Atkinson II, Neely, Drumming, "Testing AT&T's Dominance in the Long-Distance Market," Public Utilities Fortnightly, Vol. 126 No. 5 (Aug. 30, 1990) at 29.

WHERE THEY WANT TO TAKE AWAY MARKET SHARE FROM AT&T. NATURALLY, THEY CHOOSE TO FOCUS THEIR EFFORTS ON THE MOST PROFITABLE SEGMENTS OF THE MARKET WHILE LEAVING LESS PROFITABLE MARKET SEGMENTS TO AT&T."2/ I WOULD LIKE TO MAKE TWO POINTS REGARDING THIS CONTENTION.

FIRST, THE CARRIER OF LAST RESORT, AS SUGGESTED BY THE AUTHORS, CENTERS ON THE DIFFERENCE BETWEEN RESIDENTIAL AND BUSINESS CUSTOMERS. WHILE THE UNDERPINNINGS OF THE COMMUNICATIONS ACT SUGGEST THAT ALL INDIVIDUALS SHOULD BE AFFORDED NATIONWIDE TELECOMMUNICATIONS SERVICES AT JUST AND REASONABLE RATES, THE DECISION ON WHERE AND WHOM TO SERVE ARE CORPORATE DECISIONS MADE BY YOU AND THE OTHER CARRIERS, NOT THE FCC. IF THE CONCEPT OF A CARRIER OF LAST RESORT HAS HAD UNINTENDED CONSEQUENCES, I WOULD SUGGEST THAT YOU FIRST LOOK TO THE CORPORATE BOARD ROOMS. SECOND, AS I UNDERSTAND THE PROCESS, THE ABILITY TO DISCONTINUE SERVICE BY BOTH AT&T AND THE OTHER LONG DISTANCE CARRIERS IS STILL RELEGATED TO THE FCC PURSUANT TO SECTION 214 OR THE COMPLAINT PROCEDURES EMBODIED IN THE COMMUNICATIONS ACT. IF THE OBLIGATIONS IMPOSED BY THE ACT ARE RESTRICTING AT&T'S ABILITY TO COMPETE, MECHANISMS EXIST TO CORRECT THE PROBLEM IF IT IS TRULY PRESENT.

THE FINAL POINT I WOULD LIKE TO DISCUSS TODAY IS THE MFJ. I WAS HEARTENED TO READ THE RECENT COMMENTS GIVEN BY MR. TERRY BANKS IN BILLINGS, MONTANA, WHERE HE REAFFIRMED THAT "AT&T IS FIRMLY

2/ Id. at 25.

OPPOSED TO ANY LEGISLATION THAT WOULD MODIFY THE DECREE."3/ UNFORTUNATELY, MR. BANKS WENT ON TO DISCUSS ONLY THE MFJ RESTRICTIONS ON MANUFACTURING AND INTEREXCHANGE SERVICES. WITH REGARD TO THESE LATTER RESTRICTIONS, I CONCUR WITH THE GENERAL SENTIMENT THAT REGIONAL BELL OPERATING COMPANY (RBOC) ENTRY WOULD CREATE LITTLE, IF ANY, PUBLIC INTEREST BENEFITS, AND PROBABLY COULD COST AMERICA JOBS AND AMERICAN FIRMS THEIR SHARE OF THE SOPHISTICATED TELECOMMUNICATIONS EQUIPMENT MARKET.

I AM NOT, HOWEVER, IN AGREEMENT WITH AT&T'S POSITION REGARDING INFORMATION SERVICES. PLEASE LET ME EXPLAIN.

AS YOU ALL MAY BE AWARE, OUR COMMISSION, IN CONJUNCTION WITH THE DISTRICT OF COLUMBIA'S OFFICE OF CORPORATION COUNSEL, FILED COMMENTS IN THE CURRENT INFORMATION SERVICE REMAND PROCEEDING BEFORE JUDGE GREENE. IN THOSE COMMENTS, WE URGED JUDGE GREENE NOT TO FURTHER MODIFY THE INFORMATION RESTRICTION PLACED UPON THE RBOCs AFTER HIS TWO DECISIONS IN SEPTEMBER OF 1987 AND MARCH OF 1988. SPECIFICALLY, WE ARGUED THAT

> [U]NDER CURRENT MARKET CONDITIONS, [THE RBOCs] HAVE BOTH THE INCENTIVE AND ABILITY TO EXERCISE MARKET POWER IN INFORMATION SERVICES MARKETS BY CROSS-SUBSIDIZING THE NEW INFORMATION SERVICE OPERATIONS OF THEIR UNREGULATED AFFILIATES AND BY DISCRIMINATING AGAINST INFORMATION SERVICE COMPETITORS. THIS INCENTIVE AND ABILITY ARE ENOUGH TO SUPPORT A FINDING THAT IF THE RBOCs ARE PERMITTED TO PROVIDE INFORMATION SERVICES, THEIR ENTRY WILL BE CERTAIN TO LESSEN COMPETITION IN INFORMATION

3/ Banks Remarks at 2.

SERVICES MARKETS.4/

WITHOUT SUMMARIZING IN DETAIL OUR COMMENTS, THE THRUST OF OUR POSITION IS: (1) THAT THE RBOCs PRESENTED NO INFORMATION CONCERNING THE APPROPRIATE MARKET DEFINITION FOR INFORMATION SERVICES, BUT INSTEAD ARGUED FOR A BROAD OR TAILORED DEFINITION DEPENDING UPON WHICH DEFINITION WAS ADVANTAGEOUS IN THE CONTEXT OF A GIVEN ARGUMENT;5/ (2) THAT THEY HAVE CONTROL OVER THE ACCESS TO THE PUBLIC SWITCHED NETWORK INCLUDING THE ABILITY, TO SOME EXTENT, TO DETERMINE HOW TRAFFIC WILL BE ROUTED;6/ (3) THAT THERE WAS NO EVIDENCE THAT THE THREAT OF BYPASS, ASSUMING IT EXISTS, IS VERY EXTENSIVE;7/ AND (4) THAT CURRENT REGULATORY OVERSIGHT IS INSUFFICIENT TO OVERSEE THE THREAT OF DISCRIMINATION AND CROSS-SUBSIDIZATION,8/ A THREAT THAT STILL EXISTS.9/ THE POINTS WE RAISE, I BELIEVE, GO TO THE HEART OF CERTAIN OF THE RBOC CONTENTIONS, AND, HOPEFULLY, WILL ASSIST IN CRYSTALLIZING THE DEBATE CONCERNING FURTHER RBOC ENTRY INTO INFORMATION SERVICES. AT&T'S COMMENTS, ON THE OTHER HAND, DID LITTLE TO ENHANCE THE

4/ Memorandum of Points and Authorities of the Office of the Corporation Counsel and the Public Service Commission of the District of Columbia in Opposition to the Removal of the Section II(D)(1) Restriction Against the Provision of Information Services, Civil Action No. 82-0192 (HHG), filed October 17, 1990 at 1-2.

5/ See id. at 5-6.

6/ See id. at 8-9.

7/ See id. at 11-13.

8/ See id. at 13-15; see also id. at 18-26.

9/ See id. at 15-16.

DEBATE.

I WAS SOMEWHAT DISAPPOINTED BY AT&T'S FILING. THE GIST OF YOUR COMMENTS, AS I READ THEM, IS THAT AT&T WAS ASSURED THAT THE RBOCs DID NOT INTEND TO HAVE THEIR ARGUMENTS EXTEND TO IMPERMISSIBLE INTEREXCHANGE SERVICE. AND THAT, BECAUSE THE RBOCs WOULD CLARIFY THIS INTENT IN THEIR REPLY MEMORANDUM, AT&T "WAS SATISFIED THAT IT NEED NOT OPPOSE REMOVAL OF THE INFORMATION SERVICES RESTRICTION TO PROTECT THE DECREE'S CORE INTEREXCHANGE AND MANUFACTURING INJUNCTIONS."10/ IT APPEARS THAT AT&T'S POSITION IS THAT IT DOES NOT OPPOSE THE REMOVAL OF THE INFORMATION SERVICES RESTRICTION BECAUSE IT DOES NOT INTRUDE UPON THE MANUFACTURING AND INTEREXCHANGE RESTRICTION. APPARENTLY, THIS POSITION RESULTED FROM ASSURANCES BY THE RBOCs THAT "THEY WILL NOT CONTEND THAT A FAVORABLE DECISION ON THE PENDING INFORMATION SERVICES MOTION ENTITLES THEM TO WAIVERS OR REMOVAL OF THE INTEREXCHANGE RESTRICTION UNDER SECTION VIII(C) OF THE DECREE."11/ I FIND THIS POSITION INTERESTING BECAUSE THE RBOCs ALSO STATE THAT

> AT&T IS RAPIDLY PENETRATING ALL VARIOUS MARKET NICHES -- INCLUDING VOICE MESSAGING, ELECTRONIC MAIL, FAX MESSAGING, DIRECTORY SERVICES, DATA TRANSPORT, TRANSACTION PROCESSING, AND REMOTE MONITORING -- EITHER ON ITS OWN OR IN JOINT VENTURES WITH DOW JONES, AMERICAN EXPRESS, AND OTHER GIANTS....EARLY THIS YEAR, AT&T ANNOUNCED ITS ACQUISITION OF

10/ AT&T's Comments on the Motions to Remove the Information Services Restriction, Civil Action No. 82-0192 (HHG), filed October 17, 1990 at 3.

11/ Id. at 2.

THREE DIVISIONS OF WESTERN UNION, MOST NOTABLY THOSE INVOLVED IN COMPUTER MAIL AND DATA TRANSMISSION SERVICES....12/

I RECOGNIZE THAT AT&T'S POSITION MAY BE THAT THIS FIGHT IS THAT OF THE RBOCs, AND THAT AT&T, SO LONG AS THE RBOCs DO NOT MANUFACTURE OR OFFER INTEREXCHANGE SERVICE, HAS NO STAKE IN THE OUTCOME. BUT I STRONGLY DISAGREE.

AT&T HAS PRIDED ITSELF IN BEING AN INDUSTRY LEADER SINCE ITS INCEPTION AND TO SKIRT ONE OF THE MOST VOCAL AND CHALLENGING DEBATES OCCURRING TODAY IS A DISSERVICE TO THE PUBLIC INTEREST. AT&T POSSESSES THE TECHNICAL EXPERTISE AND NETWORK EXPERIENCE TO ASSURE THAT THE RECORD BEFORE THE COURT IS AS COMPLETE AS POSSIBLE. IN MY VIEW, WHILE IT MAY NOT BE A LEGAL OBLIGATION, AT&T, AS ONE OF THE PARTIES TO THE INITIAL MFJ, HAS THE PUBLIC INTEREST OBLIGATION TO ASSIST IN THE DEVELOPMENT OF THE RECORD AND BASE ITS POSITION ON MORE THAN THE "ASSURANCES" OF THE RBOCS. THESE ASSURANCES WILL, IN MY OPINION, CLEARLY EVAPORATE OVER TIME SINCE I BELIEVE THAT THE INFORMATION RESTRICTION IS THE FIRST MOVE TOWARD LIFTING ALL OF THE MFJ RESTRICTIONS. I WOULD STRONGLY AND SINCERELY URGE A RETHINKING OF YOUR POSITION. I FIRMLY BELIEVE IT IS SHORTSIGHTED AND WILL PROVE TO BE EXTREMELY COSTLY -FOR YOU AS A COMPANY AND FOR THE NATION AS A WHOLE.

AGAIN, I THANK YOU FOR YOUR INVITATION, AND I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS YOU MAY HAVE.

12/ Memorandum of the Bell Companies in Support of Section VII Motions for Remand of the Section II(D)(1) Restriction on the Provision of Information Services, Civil Action No. 82-1092 (HHG), filed August 17, 1990 at 29 n.13 (citations omitted).