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## Business

Posted on Wed, Feb. 04, 2004

### Phone companies under fire

Competitors call for probe, accuse BellSouth, others of anticompetitive

practices  
By JAMES D. McWILLIAMS  
Staff Writer

Some of BellSouth's competitors are asking the state's attorney general to investigate the company for potentially anticompetitive behaviors.

Eighteen phone companies, including AT&T and MCI, accuse BellSouth of working to prevent them from offering local phone service competitively.

The accusations spawn from efforts by BellSouth and other regional phone companies to force their suppliers to contribute \$40 million to a lobbying effort to change competition laws, a trade group of BellSouth's competitors contends.

That group, Competitive Carriers of the South Inc., or CompSouth, is submitting a letter to state Attorney General Henry McMaster today asking him to investigate whether state antitrust laws were violated, said Jerry Watts, CompSouth president.

Watts said BellSouth's lobbying efforts for a bill scheduled for House testimony in the General Assembly today are part of the controversial campaign.

BellSouth spokeswoman Marcia Purday would not comment.

Stan Bugner, state director for Verizon Communications Inc., said such claims are "balderdash." Verizon Communications is among the accused companies, along with BellSouth and SBC Communications Inc.

Bugner said no one was coerced. He added that phone companies and their suppliers "still have a right to meet and discuss policy."

The state legislation at issue would prevent the S.C. Public Service

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PBG	26.90	▼	-0.07

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Commission from regulating many "bundled offerings" of telecommunication services.

Phone companies make "bundled offerings" when they sell multiple services in a package.

Sponsors of the bill say it fosters competition, and they say critics are circulating an outdated version of the bill.

A General Assembly subcommittee is scheduled to hear testimony on the bill today, said state Rep. William Sandifer, R-Oconee, chairman of the subcommittee of the House Labor, Commerce and Industry Committee.

Sandifer said the bill could help phone companies package services in a low-cost fashion that would help them compete with less-regulated cable companies.

"The ultimate winner is the consumer," Sandifer said.

Critics say phone companies sometimes use bundling to force customers to buy services they do not need and to drive up prices.

Bundling most disturbs small phone companies that buy access to large, local networks at wholesale rates and resell services to consumers.

But state Rep. Harry Cato, R-Greenville, a sponsor of the bill, said it only affects retail bundling of phone service, not wholesale bundling, which federal law prevents.

Cato also said the bill prevents phone companies from bundling services unless they also offer them separately.

He added that phone companies would only hurt themselves by charging more for packages of services than consumers would spend buying those services separately.

BellSouth's competitors are not the only ones questioning the regional phone companies' lobbying efforts.

BellSouth's lobbying both nationally and in states such as South Carolina is suspicious, said Larry Spiwak, president of the nonprofit Phoenix Center for Advanced Legal & Economic Public Policy Studies.

Unbundling the wholesale services of large, regional phone companies fosters competition and saves the average consumer \$429 per year, Spiwak said.

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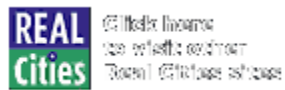
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