

Telecom In Brief

FCC Treated Bells Very Well, Phoenix Center Finds

The market capitalization of the **Regional Bell Operating Companies** (RBOCs) rose by \$5.8 billion in direct response to key events in the final weeks of the **Federal Communications Commission's** Triennial Review Process, according to a new policy bulletin released Tuesday by the **Phoenix Center**, a Washington, D.C.-based "think tank." The bulletin noted that a sharp increase in Bell company stock prices on Jan. 6 in response to news reports that the commission planned to eliminate UNE-P network access more than offset a decline on Feb. 20, when the commission voted to retain UNE-P despite Bell company objections.

"Assertions that the FCC wiped out billions of dollars in Bell company stock value are dead wrong," Phoenix Center President Lawrence Spiwak said. "There were two market-moving events in the final six weeks of the FCC review process. One moved Bell stocks higher and the other caused a decline. When you account for both events, the Bells registered a net gain of \$5.8 billion."

The Phoenix Center examined the effect of a Jan. 6 story by the *Wall Street Journal* reporting that FCC Chairman Michael Powell intended to terminate the availability of combinations of unbundled network elements, called UNE-Platform or UNE-P, and the FCC's Feb. 20 vote on the Triennial review itself, which rejected Powell's plan. The Center's study "confirms that those firms the market believed would be affected by the FCC's decision--i.e., the BOCs, competitive phone carriers (CLECs) that rely on UNE-P, and **Covad Communications**, which relies on 'line sharing' to deliver Internet service to its customers--were affected by the FCC process in a statistically significant fashion," Spiwak said. "The Bell stocks rose significantly, competitive carriers who rely on UNE-P gained slightly, and Covad got hammered."