

## Reclaiming A Monopoly

In his recent column on the telecom ad wars [Business, Nov. 22, "Voices' Vs. SBC: Attack Ads Won't Enlighten You"], Dan Haar treaded lightly on SBC and missed some key points about the telecommunications debate in Connecticut.

SBC SNET's apparent mission is to reclaim unchallenged monopoly power in Connecticut's local telecommunications markets. Contrary to Haar's assertion, telecom competition barely exists in Connecticut. Competitor penetration is, in all likelihood, closer to 5 percent of the total market rather than the 15 percent that SBC touts. This is, in large part, because Connecticut regulators have acquiesced to SBC's apparent scheme to hike access rates in obscure but powerful ways.

The \$11 per line wholesale price that Haar cited fails to take into account additional costs: exorbitant rent demanded by SBC to house competitors' equipment in SBC's facilities and the circuitous topography of tandem switches, which requires competitors to reroute traffic back through SBC's overbuilt switches. This costs competitors tens of thousands of dollars.

These additional costs make access to the monopoly facilities cost-prohibitive.

Connecticut is the only SBC territory that doesn't allow competitors two-way trunking (using the same lines to deliver calls to and from competitors' switches) which doubles such costs to competitors.

SBC claims it built the monopoly facility and is entitled to all its fruits. SBC did not build the facilities. They were built by the old Ma Bell with government subsidies and guaranteed rates of return. SBC SNET was handed these facilities by an act of the federal government. In fairness, they are public facilities built by ratepayers who are minimally entitled to some recompense through the benefits of competition.

SBC parades as a "real phone company" on which other parasites feed. Actually, they benefited from one of the biggest government giveaways in U.S. history.

SBC SNET's principal complaint is that the 1996 Telecom Act requires that they lease transmission lines to competitors "below cost." But a nonpartisan Phoenix Center study found that SBC enjoys 42 percent earnings in their local markets.

Haar misses a critical point about SBC's poor corporate citizenship. The Bells have been fined and assessed more than \$2 billion by the federal and state governments, largely for obstructing competition rules and regulations. SBC now appears to be using 11,000

layoffs and threats to diminish customer service as leverage against regulators in a crass campaign to roll back competition laws. All this is why SBC is under investigation in multiple states, including Connecticut.

SBC's claim that it's the only company that serves rural, underserved areas is equally misleading. Service in those areas is funded by the Universal Service Fund, which ratepayers pay into every month as part of our phone bill.

SBC SNET's attacks on the membership of Voices for Choices is amateurish. VFC is made up of big competitors such as AT&T and Sprint and many smaller telecom companies (although not my association). The point is not the membership, but the merits of its arguments. VFC is advocating a public policy that is working to lower prices, create jobs and bring innovation into the marketplace.

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