EXTENSIONS OF REMARKS

COMMUNICATIONS ACT OF 1995

SPEECH OF

HON. W.J. (BILLY) TAUZIN

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1555) to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telecommunications consumers and encourage the rapid deployment of new telecommunications technologies:

Mr. TAUZIN. Mr. Chairman, as a strong supporter of and coauthor of several provisions in the manager's amendment offered by the chairman of the Commerce Committee, Mr. BLILEY, I would like to describe intent with respect to some of its provisions.

As the author of a similar amendment on resale in full committee, I would like to clarify the meaning of the resale provision in section 242(a)(3), as amended by the manager's amendment. As drafted, local exchange carriers, including the Bell companies, must offer services, elements, features, functions, and capabilities for resale at wholesale rates. Subsection (b) then permits the carrier to prohibit a reseller from offering a service, element, feature, function, or capability obtained at a wholesale rate to a different category of subscribers to which the wholesale rate applies. This provision is intended to permit carriers to continue, at the wholesale level, their tradition of classifying their retail customer services—for example, residential services versus business services and even of subclassifying within such service categories, for example, general residential and lifeline services. By referring only to the resale of services offered at wholesale rates, this provision would not prevent a local exchange carrier from including in its retail residential services tariffs that prohibit a reseller from reselling the retail residential rate to business customers. Many local exchange carriers have such conditions in their tariffs, and many State commissions use such conditions as a way of preserving universal residential services. The commissions require the local companies to offer subsidized residential services to promote universal service. However, the subsidized services are not offered to business customers, who generally are expected to cover the costs of their own services and to defray the shortfall from the subsidized residential customers. If resellers were allowed to resell these subsidized residential retail services for business purposes, the burden on others of universal service would increase. Indeed, the whole system of universal service would be jeopardized.

Furthermore, section 242(b)(4)(C) requires that the rates at which the services, elements, features, functions, and capabilities are offered at wholesale pursuant to section 242(a)(3) are to cover the costs of items, including any cost incurred by the local exchange carrier in unbundling those items.

Second, in section 245(a)(2)(A), as amended by the manager's amendment, the word ''predominately'' describes the extent that local telephone services are offered by a competing provider over its own telephone exchange service facilities. Included here is a short statement of intent with regard to this provision and specifically how the word ''predominately'' should be construed for legislative history.

Third, under section 242(d)(2), the intent of the subparagraph, as amended by the manager's amendment, is to exempt from the joint marketing prohibition all carriers which have in the aggregate less than 2 percent of the presubscribed access lines installed nationwide; that is, competitive access providers such as Teleport and MFS, among others. The word presubscribed is important to identify those carriers exempted from the joint marketing provisions of the bill.

Fourth, in section 245(d)(4) of the bill, I would like to clarify the meaning of the ''Standard for Decision'' provision. The subsection provides that the Commission cannot approve a Bell company's application for interLATA or manufacturing relief unless it determines that the company has satisfied certain conditions and that the company's interconnection agreements comply with the act. The Commission is simply required to determine whether the conditions for relief set forth in the law have been met by the particular Bell company. If they have been met, then the Commission must grant the applications. It is not free to require the Bell company to meet other requirements or to withhold approval to achieve some other public policy goal that the Commission might consider important. In effect, we are telling the Commission that if it concludes that the Bell company has complied with the detailed requirements that we set forth in the law, then it must grant the application. It may not apply any public interest test or requirement on its own.

Fifth, I want to clarify our position with respect to telephone company entry into video markets. First and foremost, we are interested in competition—increasing consumer choice in programming, providers, services, and rates. I am confident that telephone companies will enter video markets with consumer choice uppermost in their minds. H.R. 1555 encourages video competition and telephone company entry in a number of ways:

First, it gives all telephone companies the choice between entering video markets as title II common carriers or as title VI cable operators. We do not intend to impose title II regulation and title VI regulation on telephone companies that enter video markets.

Second, whether telephone companies choose the title II option or the title VI option, the bill allows them to provide voice and video services over integrated facilities.

Third, if a telephone company chooses to enter the video market as a title II common carrier, and its affiliate provides programming on the telephone company's VDT platform, the bill clarifies that neither the telephone company nor its affiliate will be required to apply for a title VI franchise. Again, this is because we do not intend to impose title II and title VI regulation on telephone companies.

Finally, Mr. Chairman, I am submitting an article from the July 2 Washington Post describing my concerns about the lack of competition in long distance rates, something I outlined during floor debate on H.R. 1555.

''PREDOMINATELY''

Section 245, as added by the bill, provides the method by which a Bell company may request authority from the FCC to offer interLATA service on a State-by-State basis. Section 245(a)(2)(A) sets forth an additional requirement to verify that the local exchange is open to competition. There must be at least one competing provider that offers telephone exchange service to business and residence subscribers, either exclusively over its own telephone exchange service facilities or predominantly over its own telephone exchange service facilities in combination with the resale of the services of other carriers.

The phrase ''predominantly over its own telephone exchange service facilities'' is intended to ensure that the competing provider is doing more than repackaging and reselling the services of the Bell company. The Commission will establish guidelines for determining whether the ''predominantly'' requirement of section 245(a)(2)(A) has been satisfied. It is my understanding that in setting forth these guidelines the Commission will consider only the local loop and switching facilities used by the competing provider to provide telephone exchange service. It is also my understanding that the competing provider will be deemed to be providing service ''predominantly'' over its facilities if more than 50% of the local loop and switching facilities used by the competing provider to provide telephone exchange service is owned by the competing provider, or owned by entities not affiliated with the Bell company that is applying for interLATA authority. For example, if the competing provider uses a combination of facilities, 25% of such facilities being owned by the competing provider, 26% of such facilities being resold facilities owned by entities not affiliated with the local Bell company, and 49% of such facilities being resold facilities of the local Bell company, then the ''predominantly'' requirement of section 245(a)(2)(A) would be satisfied. If the competing provider uses a combination of facilities, 50% or more of such facilities being resold facilities of the local Bell company and the remainder being owned by the competing provider or obtained from entities not affiliated with the local Bell company, the ''predominantly'' requirement is not satisfied.

[From the Washington Post, July 2, 1995]

LONG-DISTANCE CARRIERS IN A QUANDARY

ON DISCOUNT PLANS, THERE'S NO ANSWER FROM MANY CUSTOMERS

(By Mike Mills)

Night and day, AT&T Corp., MCI Communications Corp. and Spring Corp. pummel each other with often vicious advertising campaigns touting their own discount calling plans as better than the rest. From the

look of it, long-distance rates are heading nowhere but down.

But more than 60 percent of the nation's 97 million households don't subscribe to a long-distance discount plan, according to industry estimates—and their rates have been going up.

The non-discounted ''basic'' rates that they pay have risen nearly 20 percent since 1991, in part to help finance the discount plans that they're ignoring.

This fact is central to a debate over a broad telecommunications bill now before Congress. The country's seven Bell telephone companies, barred from the long-distance business by court order, argue that five times since 1991 the Big Three long-distance carriers have raised ''in lock step'' the basic rates that most Americans pay. The long-distance industry isn't really competitive, they say, and would benefit from the immediate entry of the Bell companies.

Long-distance companies counter by saying that's the wrong way to look at it: Most of the country's long-distance calls are made by people on discount plans, they say. Those who aren't on the plans hardly call long distance at all.

The Senate last month passed a bill giving the Bells rights to gradually enter the long-distance business.

The House is scheduled to take up its version of the bill later this month.

In the past 10 years, discount programs have emerged as the chief tool of competition between AT&T, MCI and Spring, which account for about 95 percent of the $75 billion-a-year long-distance industry, according to the Yankee Group research firm. But to belong to such a plan, you have to sign up.

''If you're not on a plan, get on one,'' said Brian Adamik, director of consumer communications at the Yankee Group.

The right plan depends on your calling habits, according to the Washington-based consumer group Telecommunications Research & Action Center.

The True Savings plan of market leader AT&T, for instance, offers 25 percent to 30 percent off most domestic long-distance calls, as long as you make at least $10 in calls a month.

MCI's New Friends and Family matches that, then tosses in 50 percent discounts to customers who call within a ''calling circle'' of relations or pals who also subscribe to MCI.

Sprint tries to make things simpler with a flat rate of 10 cents a minute. Time-of-day restrictions often apply.

The first question most consumers ask when they see those promises of long-distance discounts is ''based on what?'' The answer is, basic rates, which often rise even as the discounted prices fall.

Long-distance carriers say the Bells are focusing on basic rates unfairly, and point to their discount plans as evidence that their industry is competitive.

Long-distance rates overall have declined about 70 percent since the AT&T breakup, they said, adding that the Bells should not be allowed into their market until the Bells first show they couldn't use their control of local phone networks, through which most long-distance calls pass, to favor their long-distance services.

The question then becomes: How many people pay basic rates—and how many calls do they make?

Surveys by AT&T, PNR Associates of Philadelphia and the Yankee Group all arrive at the conclusion that about 60 million households don't belong to a plan.

For about half of them, it's hardly worth the bother of signing up: About 30 million spend less than $10 a month on long-distance calls, according to the Yankee Group, and wouldn't benefit from the discount plans, which generally don't provide discounts unless the customer spends at least $10 a month.

That leaves about 30 million households that would benefit from joining a plan.

But, for a variety of reasons, they don't.

''The typical individual thinks there's something attached,'' said Deanna Weaver of Burke, who recently joined her first discount program. ''There isn't any risk, but some people find it hard to believe.''

Many people also may simply be tuning out the ads.

Of 1,000 people surveyed in a recent poll by the public relations company Creamer Dickson Basford, 78 percent said they are tired of ads promising that one calling rate is cheaper than another.

To long-distance companies, customers who spend next to nothing every month are the equivalent of people who hog tables at a restaurant and order only soft drinks. In many cases, carriers lose money serving them. AT&T estimates it costs $3 to $5 a month to service a single customer, which includes the cost of billing and payments into various federal telephone funds.

People who hardly call at all typically are basic-rate customers. Long-distance companies argue that it's not unfair to edge their rates up, so as to lower the numbers who are money-losing propositions.

DEPARTMENT OF LABOR, HEALTH AND HUMAN SERVICES, AND EDUCATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1996

SPEECH OF

HON. SHERWOOD L. BOEHLERT

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, August 2, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 2127) making appropriations for the Departments of Labor, Health and Human Services, and Education, and related agencies, for the fiscal year ending September 30, 1996, and for other purposes:

Mr. BOEHLERT. Mr. Chairman, I rise in strong support of the Greenwood amendment—an amendment that really ought to be noncontroversial.

For starters, this amendment has nothing to do with abortion. Title X programs do not fund abortions. What these programs do instead is help over 5 million women to receive many primary health care services. Title X clinics serve as the entry point to the health care system—and the only source of services that would otherwise be unavailable to many women.

In addition, title X funding helps deter unintended pregnancies, particularly teenage pregnancies. Members of this House who argued so strenuously for the need to reduce teenage pregnancies during the welfare debate, ought to be the strongest supporters of family planning. But strangely, this is not the case.

Family planning also helps save the American taxpayers $1.8 billion annually. How? Every dollar spent on family planning saves $4 that would otherwise be spent on medical and welfare costs.

In short, family planning improves both the Nation's health and its economy. It should not become the victim of unrelated ideological struggles. I urge my colleagues to support the Greenwood amendment.

COMMUNICATIONS ACT OF 1995

SPEECH OF

HON. JOHN L. MICA

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 4, 1995

The House in Committee of the Whole House on the State of the Union had under consideration the bill (H.R. 1555) to promote competition and reduce regulation in order to secure lower prices and higher quality services for American telcommunications consumers and encourage the rapid deployment of new telecommunications technologies:

Mr. MICA. Mr. Chairman, as we move forward on telecommunications, I want to ensure that we do not enact any provision that could result in existing radio users being deprived of the ability to operate, expand, and modify as necessary their radio systems. This would be especially true of noncommercial internal use radio systems, operated by safety providers like AAA. These systems are important in protecting the safety and security of the American public. Last year, for example, AAA responded to over 22 million calls for emergency assistance relying heavily on its radio dispatch system. I would therefore urge the House and Senate conferees on the telecommunications bill to reject any provision which would put at risk this public safety service.

SEAFOOD MONTH PROCLAMATION

HON. ANDREA H. SEASTRAND

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Friday, August 11, 1995

Mrs. SEASTRAND. Mr. Speaker: Whereas seafood is a nutrient-dense food, offering large quantities of protein and significant amounts of vitamins and minerals, without high levels of fat and calories;

Whereas the commercial fishing industry employs more than 350,000 workers in the United States;

Whereas recent figures show that commercial fishing industry contributed more than $16 billion to the Nation's annual gross national product;

Whereas Government figures show seafood consumption continuing to increase above 15 pounds per capita;

Whereas more than 300 species of California-caught fish are delivered to markets throughout the world each year;

Whereas the Morro Bay Estuary, with 2,300 acres of mudflats, wetlands, eel-grass beds, and open water, has been designated a national estuary and granted Federal funds for development of a management plant to protect the bay, including a nationally significant demonstration project to validate how beneficial use, such as commercial fishing and oyster farming, can continue to be compatible with wildlife habitat;

Whereas October has been designated National Seafood Month by the National Fisheries Institute;