**Report By Nation's State Utility Consumer Advocates Shows Local Telephone Wholesale System Vital to Competition**

*Unregulated monopolies would result by eliminating current structure*

**SILVER SPRING, MD, January 27, 2003** - The National Association of State Utility Consumer Advocates (NASUCA) today released a [report](http://www.nasuca.org/PDF/UNE-P_0103.pdf" \t "_blank) that concludes that eliminating the telephone wholesale system competitors use to provide local service to most residential and small business customers would devastate competition and likely result in unregulated monopolies.

"This report shows that any action taken by federal regulators to eliminate the way competitors are currently able to lease parts of the network could shut down local telephone choice when it's only just begun," said Robert S. Tongren, NASUCA President and Ohio Consumers' Counsel.

The Federal Communications Commission is currently considering proposals by the Bell companies to eliminate critical parts of the wholesale system known as the Unbundled Network Elements - Platform (UNE-P). This action would ultimately force competitors either to replicate costly parts of the existing network or exit local telephone markets across the nation.

The report, prepared for NASUCA by Economics and Technology, Inc. (ETI), a nationally known telecommunications consulting firm, concludes that without the current wholesale structure "what little competitive choices presently exist for residential consumers will almost surely diminish and, in many parts of the country, will vanish altogether."

To reach its conclusions, ETI reviewed Federal Communications Commission competition data, examined the current regulatory climate and focused upon the intent of the Telecommunications Act of 1996.

ETI's findings in the NASUCA report include the following:

* **In many markets, the vast majority of residential and small business consumers who have made a choice are served by competitors that rely on the current wholesale system.** For example, in Texas, 77 percent of switched customers are served by competitors that use the Unbundled Network Elements-Platform. Changes in the system could leave millions of customers nationwide with fewer choices and higher prices.
* **Requiring competitors to invest in facilities in order to enter local markets will harm the current level of competition and prevent further choices from developing for residential customers.** Without the current wholesale structure "it is unlikely that even the limited amount of residential competition that exists today could survive."
* **Without effective local competition, Bell companies will dominate the long-distance market.** With the Bell companies' re-entry into the long-distance market nearly complete, joint marketing efforts are being used to "recommend" their own long-distance service to customers signing up for new local service. If a decision is made to eliminate the current wholesale system it "would work to erode long-distance competition as well, leading to higher prices and fewer choices for consumers."

"Consumers have just begun to receive the benefits of an open, competitive local telephone market," Tongren said. "The last thing they need is a move that opens the door for unregulated monopolies providing fewer choices at higher prices."

**About NASUCA**

The National Association of State Utility Consumer Advocates (NASUCA) is an association of 42 advocate offices. Members are designated by laws of their respective states to represent the interests of utility consumers before state and federal regulators and in the courts.

**About Robert S. Tongren**

Robert S. Tongren directs the work of the Ohio Consumers' Counsel, the state's advocate for residential consumers of investor-owned electric, natural gas, telecommunications and water companies. Since 1994, Tongren has positioned his office to play a leading role in the changing utility industry. Significant initiatives during his tenure include establishment of the first statewide outreach and education program, participation in the development of a model choice program for residential natural gas customers and contributions to the restructuring of Ohio's electric marketplace to create not only choice, but stability for the industry and consumers. He earned his law degree from the University of Akron School of Law and his bachelor's degree from DePauw University.

**About the Ohio Consumers' Counsel**

The Ohio Consumers' Counsel (OCC) is the residential utility advocate serving as a resource for individuals who have questions and concerns or would like more information about the services provided by their publicly owned electric, natural gas, telephone and water companies. The state agency also educates consumers about utility issues and resolves complaints from individuals.

Editors Note: A copy of the report can be located [here](http://www.nasuca.org/PDF/UNE-P_0103.pdf" \t "_blank).