

Issue 1. The Definition of “Local” Telephone Service

Q. How do you define Local Telephone Service?

A. The definition can vary, depending upon the context. Broadly speaking, this includes all services other than “interexchange” services-- those services that extend over long distances between two exchanges. Hence, one way to define local service is to reference an exhaustive list of specific services, like those in section A36.2.4 of the Commission’s Price Evaluation Plan as contained in its final Order in Docket No.95-UA-313, and to simply indicate which ones are “local,” and which are “interexchange.”

In Schedule 1 of my exhibit, I have attempted such a categorization, for the Commission’s convenience. Since I am not intimately familiar with all of the different services listed, there might be a few items that could properly be placed in the other classification; however, this schedule is sufficient to demonstrate that the vast majority of a local exchange carrier’s services are essentially “local” in nature. That is, they involve facilities and services located primarily, or exclusively, within the boundaries of a single exchange area. This listing also suggests the reason why CommuniGroup and other competitors are eager to see the barriers to entry into the local telephone market removed. These barriers are keeping them from participating in many of the largest, and fastest growing, segments of the telecommunications business. While interexchange competition has been growing, to the benefit of both carriers and customers, this trend only affects a relatively small fraction of the overall market for telecommunications services. Many other services continue to be provided under monopoly conditions.

Q. Regulators have traditionally been particularly concerned about a much smaller group of local services, which are considered to be “basic.” Can you provide a list of these services?

A. Yes, while the list will vary somewhat between jurisdictions, in my experience, the following services are typical of those that are categorized by regulators as “basic” local services:

1. Provision of single party, voice grade, incoming and outgoing access to the public switched network, including interconnection on a nondiscriminatory basis with other local exchange telephone service providers (co-carriers).
2. Equal access to interconnecting IXCs
3. Usage within a local calling area
4. Touchtone service
5. Publication/distribution of an annual local directory
6. Operator services, including directory assistance
7. Access to 911 and E911 emergency services

To gain the full benefit of local exchange competition, any aspiring entrant to the local exchange markets in Mississippi ought to be able to furnish all the above services, either through its own facilities or in conjunction with leased or purchased services or facilities of another provider. Competitors should also be given the opportunity to provide other local services, including all of the ones listed in Schedule 1. However, one cannot realistically expect smaller carriers to offer this full array of services. Similarly, some carriers may invent new services, or target particular niche markets that need additional services that aren't listed in Schedule 1.

Of course, what is "basic" can change over time. It could be argued that the list given above will change as technology progresses--for example, as ISDN, broadband access, and video dialtone become available in most wirecenters and are utilized by the majority of subscribers, their provision might be eventually seen as "basic" service too.