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COMPTEL Denounces AT&T Special Access Rate Increase

Association Calls for Swift FCC Action on Pricing Rules

WASHINGTON, D.C. – COMPTEL, the leading trade association for the competitive telecommunications industry, today focused attention on AT&T increasing its rates on special access, a service vital for other carriers offering broadband services. In order to get approval of its merger with BellSouth, AT&T agreed to lower special access rates in Price Flex areas to price cap levels for three years. AT&T reduced the rates to comply with merger conditions but, confident in its market power and the lack of competition, *simultaneously* put in place a mechanism for returning the rates to their higher level when those conditions expired on June 30, 2010.

The following statement can be attributed to Jerry James, CEO of COMPTEL:

“Despite all the current efforts to incent broadband deployment and expand access to these essential services, the FCC continues to allow companies with dominant market power to arbitrarily raise the rates that other carriers – such as competitive communications providers and wireless companies – must pay for special access services, which are a vital component for being able to offer their customers broadband services. Because of the lack alternatives to incumbents and the FCC’s inaction, incumbents like AT&T have free reign to charge whatever rate they choose. It is a definite sign of a “market failure” when AT&T can predict three years in advance that it can raise its rates in what it alleges to be a competitive market. While the extent of the price increases varies by region and product, COMPTEL has calculated some of AT&T’s price increases to be over 30 percent.

The increase in these costs not only hinders competitive carriers’ ability to expand and offer new innovative services, the higher rates will have a significant trickle-down effect on the ability of consumers – particularly small businesses – to access and afford broadband services. Telecom costs are already a significant portion of small businesses’ expenses, which spend on average four times more per employee for communications services than larger firms. The money spent on telecom services ultimately limits the number of jobs that can be created by these businesses, which spur future economic growth.

Problems now being faced by competitive carriers, consumers and small businesses as a result of these rate increases could be virtually eliminated with swift action by the FCC. The Commission has had ample opportunity to take a fresh look at its pricing rules for special access services, and now is the time to act. By revamping its rules to ensure just and reasonable rates for special access, the FCC could have another means for ensuring widespread broadband access and providing further incentives for job growth, economic development and innovation in the U.S.”

About COMPTEL

Based in Washington, D.C., COMPTEL is the leading industry association representing competitive communications service providers and their supplier partners. COMPTEL members are entrepreneurial companies driving technological innovation and creating economic growth through competitive voice, video, and data offerings and the development and deployment of next-generation, IP-based networks and services. COMPTEL advances its members' interests through trade shows, networking, education, and policy advocacy before Congress, the Federal Communications Commission and the courts. COMPTEL works to ensure that competitive communications providers can continue to offer lower prices, better service, and greater innovation to consumers. For more information, visit www.comptel.org.