



## News Release

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### **SBC AMERITECH OHIO TO FILE REVISED WHOLESALe PRICES** *Study shows current Ohio wholesale prices are below cost*

**Columbus, May 30, 2002** – SBC Ameritech Ohio will file revised prices that more accurately reflect the costs of serving its wholesale customers. The new prices will be filed tomorrow with the Public Utilities Commission of Ohio and are subject to Commission approval. In accordance with the 1996 Telecommunications Act, wholesale prices must be based on the cost to provide the unbundled network elements – pieces of the network competitors can elect to lease from SBC in order to provide telephone service to their customers.

These revised prices would enable SBC Ameritech, which invested more than \$500 million in its telecommunications infrastructure in Ohio last year, to continue investing and would encourage competitors to do the same. The proposed prices would promote healthy, sustainable and economically rational competition.

At today's wholesale prices in Ohio, SBC loses more than \$14 per line leased to competitors each month because the current prices are established at less than it costs the company to provide the service. A detailed cost study to support the new prices will be provided to the PUCO. In the filing, the company demonstrates each line provided to competitors costs the company approximately \$28 per line per month using the cost methodology approved by the Federal Communications Commission. However, under the current rates set by the PUCO in 1997, SBC is allowed to charge approximately \$14 per leased-line each month, creating a loss of more than \$14 per line each month. This equates to a loss of \$6.7 million annually for every 1 percent of lines served by a competitor.

– more –

*SBC Files Revised UNE-P Costs/Add One*

SBC President Bill Daley said Ohio's current wholesale prices diminish SBC's ability to invest in its network.

"We welcome competition, but if we cannot recoup our costs when serving competitors, we simply won't have the funds to invest in the network," Daley said. "These wholesale prices are also detrimental to the long-term growth of Ohio, because they encourage competitors to lease SBC Ameritech lines rather than investing in networks of their own. If we cannot invest in our network, and competitors avoid creating their own networks, ultimately jobs, economic development and the introduction of new telecommunications products and services are threatened," said Daley.

Jeff Rechenbach, vice president of the Communications Workers of America's district four, said jobs throughout Ohio will be impacted if the disparity in wholesale rates is not corrected.

"There are thousands of hard-working people whose jobs are affected by how these issues are resolved," Rechenbach said. "Competitors leasing SBC's network don't create the kind of jobs that we have at SBC today and they don't invest in Ohio. This doesn't just hurt the CWA. It hurts construction trades, manufacturers and all the other companies with which SBC does business in Ohio."

James C. Smith, president, SBC Ameritech Ohio, said that as competition continues to increase in Ohio, below-cost wholesale prices will limit the company's ability to invest in Ohio.

"Without wholesale prices that reflect our costs, our ability to invest beyond basic maintenance will be impacted, which means new technology and innovation cannot be deployed," said.

Smith said that setting wholesale prices at realistic levels will benefit Ohio today and in the future.

"By setting wholesale prices that accurately reflect costs, the PUCO would continue to allow affordable entry into the market, while encouraging long-term network investment," said Smith.

*SBC Files Revised UNE-P Costs/Add Two*

**Open Markets Create Competition**

"Experience shows that lower wholesale prices do not spark competition; open markets create true competition," said Smith.

In Pennsylvania, where the basic monthly average wholesale price for a line was more than \$4 higher than SBC's price in Ohio at the end of 2001, competitors had more than three times the market penetration. Competition increased dramatically in the state when the state's largest local phone company, Verizon, received FCC approval to provide long distance service in September 2001.

"We've seen similar results in the other states where the local phone company has been authorized to sell long distance service," Smith said. "The key to advancing competition is allowing all companies within the state to sell and package local and long distance service to businesses and residents."

The local telecommunications market is open to competition in Ohio. Currently, the company estimates that between 11 and 12 percent of lines in SBC Ameritech Ohio's service area is now being served by competitors. The company is currently going through the application and testing process, and hopes to receive long-distance approval by the end of 2002.

*SBC Communications Inc. (www.sbc.com) is one of the world's leading data, voice and Internet services providers. Through its world-class network and its subsidiaries' trusted brands - SBC Southwestern Bell, SBC Ameritech, SBC Pacific Bell, SBC Nevada Bell, SBC SNET and Sterling Commerce - SBC companies provide a full range of voice, data, networking and e-business services, as well as directory advertising and publishing.*

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