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Citation: 6 Bernard D. Reams Jr. & William H. Manz Federal Law A Legislative History of the Telecommunications of 1996 Pub. L. No. 104-104 110 Stat. 56 1996 the Communications Decency Act S771 1997

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No. 8—Part II

Congressional Record

United States of America

PROCEEDINGS AND DEBATES OF THE 103d CONGRESS, SECOND SESSION

Vol. 140 WASHINGTON, THURSDAY, FEBRUARY 3, 1994 No. 8—Part II

Senate

(Legislative day of Tuesday, January 25, 1994)

STATEMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. HOLLINGS (for himself, Mr. DANFORTH, Mr. INOUYE, Mr. STEVENS, Mr. EXON, Mr. PRESSLER, Mr. ROCKEFELLER, Mr. BURNS, Mr. ROBB, Mr. GORTON, Mr. DORGAN, Mr. KERREY, and Mr. KERRY):

S. 1822. A bill to foster the further development of the Nation's telecommunications infrastructure and protection of the public interest, and for other purposes; to the Committee on Commerce, Science, and Transportation.

THE COMMUNICATIONS ACT OF 1994

Mr. HOLLINGS. Mr. President, today I am introducing the Communications Act of 1994, the first comprehensive rewrite of communications law since the original Communications Act was passed in 1934. I am joined today by a bipartisan group of members, including the ranking Republican member of the Commerce Committee, Senator DANFORTH, the chairman of the Communications Subcommittee, Senator INOUYE, and Senators STEVENS, EXON, PRESSLER, ROCKEFELLER, BURNS, ROBB, GORTON, DORGAN, and KERREY of Nebraska, and KERRY of Massachusetts.

In the 60 years since the Communications Act of 1934 was enacted, the world has undergone many changes. Today, no longer do we have party lines on our telephones—we have private lines that link us to family members and associates around the world. Television has come into our homes, bringing us the first steps on the Moon as well as essential information during times of natural disaster. The prospect of 500 channels of video programming is on our doorstep. Satellites transmit information and voices around the world, and teach our students about people and customs that were unfamiliar to them. Who could have foreseen the development of these technologies when the 1934 Act was enacted?

Yet, the fundamental principles contained in that Act remain sound today. We must be sure that the public interest, convenience and necessity are protected. In that regard, we know that Government has an appropriate role in ensuring that consumers have access to telecommunications. While Government should not decide what technologies will be available, we must guarantee that the rules are fair and evenly applied for all players. What we need, then, is not a shift in the underlying goals of the 1934 act. Rather, what we must do is update our laws to match today's technology and our communications needs.

The Communications Act of 1994 will bring order out of chaos in the communications industry. Today, the fundamental responsibility for much policymaking in this area resides in the courts. Lawyers on all sides are filing motions, seeking delays, appealing rulings—and all the while the deployment of new technologies awaits, and better ways to communicate with each other are held up.

How can the public interest be guaranteed? The bill establishes a detailed framework to protect universal service, and allows public entities such as schools, libraries, local governments, public broadcasters and other public entities to receive preferential rates for access to the telecommunications infrastructure. When universal service and the public interest are protected, then competition will be permitted for local telephone service. The bill also restores the authority of the Federal Communications Commission [FCC] over several important policy issues that, since the breakup of AT&T, have been administered by the Federal courts.

The legislation will also speed the deployment of the national information superhighway by encouraging private investment in the Nation's telecommunications infrastructure. Vice President GORE has spoken often about the need for all Americans to be able to hook up to this superhighway, where information will be available for learning, medicine, entertainment and other parts of daily life. In addition, this superhighway will provide an opportunity for our citizens to become more informed, and therefore to participate more effectively in our democratic society.

Fundamental to this bill is the requirement that everyone will be playing by the same rules regardless of their history. If a cable operator provides telephone service, it will be regulated like all other telephone service providers. If a telephone company provides cable service, it will be treated as any other cable company. We must make sure that regulations are fair and equitable, so that those who want to offer services are not discouraged by rules that hinder their entry, and disadvantage their efforts once they are providing services. The FCC is given the flexibility to tailor its regulations to the market power of those service providers. Outmoded regulations should be streamlined or eliminated.

The bill also contains certain freedoms for telephone companies and, in particular, the Bell operating companies. The bill will permit the Bell companies to enter the field of manufacturing, which is essential to improving our Nation's international competitiveness. The Bell companies alone employ over 1 percent of this Nation's work force and have, perhaps, more expertise in advanced telecommunications technologies than any other firm. This bill will permit the Bell companies to take advantage of these tremendous assets as competition in equipment manufacturing grows.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

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The bill also permits the telephone companies to enter the cable television business within their regions. The Government found during the debate on the cable bill that cable prices had risen three times faster than inflation since 1986. Permitting the telephone companies into cable will stimulate greater competition to existing cable operators and help to lower prices to consumers.

The bill also gives authority over the question of long-distance entry by the Bell companies to the FCC, in consultation with the Attorney General. It is important to permit the Bell companies to enter the field of long distance once they establish that there is competition for local telephone exchange service. Although neither the Bell companies nor the long-distance industry will be completely pleased with the approach taken in this bill, the standard this bill includes establishes a reasonable policy based on competition and the public interest.

Mr. President, this area of our economy is vital to our Nation's success. Job promotion, international trade, and competitiveness are all critical issues for our future. How well we address these telecommunications issues today will be shown in our success or failure tomorrow. We have the opportunity to assist in opening up whole new ways of relating to each other and our world. I urge my colleagues to join in this effort, which is so vital to our national well-being.

Mr. President, I ask unanimous consent that a summary of the bill, along with the text of the bill, appear in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1822

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the "Communications Act of 1994."

SECTION 2. FINDINGS.

The Congress finds that—

(1) Congress has not passed a broad review of the Communications Act of 1934 since that Act was originally passed;

(2) Congress must pass comprehensive communications legislation to promote the development and growth of the national information superhighway;

(3) changes in the telecommunications marketplace have made some of the provisions of the Communications Act of 1934 obsolete, unnecessary, or inimical to advances in communications technologies and services;

(4) for instance, competition has emerged in many services that were previously thought to be natural monopolies, but the Communications Act of 1934 requires all carriers to be regulated as if they were monopolies;

(5) as communications markets change, government must ensure that the public interest, convenience and necessity is preserved;

(6) the public interest requires that universal telephone service is protected and advanced, that new telecommunications technologies are deployed rapidly and equitably, and that access by schools, hospitals, public broadcasters, libraries, other public entities, community newspapers, and broadcasters in the smallest markets to advanced telecommunications services is assisted;

(7) access to basic telecommunications services is fundamental to safety of life and participation in a democratic society;

(8) telecommunications networks make substantial use of public rights of way in real property and in spectrum frequencies, and carriers that make use of such public rights of way have an obligation to provide preferential rates to entities that provide significant public benefits;

(9) advanced telecommunications services can enhance the quality of life and promote economic development and international competitiveness;

(10) telecommunications infrastructure development is particularly crucial to the continued economic development of rural areas that may lack an adequate industrial or service base for continued development;

(11) advancements in the Nation's telecommunications infrastructure will enhance the public welfare by helping to speed the delivery of new services, such as distance learning, remote medical sensing, and distribution of health information;

(12) infrastructure advancement can be assisted by joint planning and infrastructure sharing by all carriers providing communications services;

(13) increased competition in telecommunications services can, if subject to appropriate safeguards, encourage infrastructure development and have beneficial effects on the price, universal availability, variety, and quality of telecommunications services;

(14) the emergence of competition in telecommunications services has already contributed, and can be expected to continue contributing, to the modernization of the infrastructure;

(15) competition in the long distance industry and the communications equipment market has brought about lower prices and higher quality services;

(16) competition for local communications services has already begun to benefit the public; competitive access providers have deployed thousands of miles of optical fiber in their local networks; local exchange carriers have been prompted by competition to accelerate the installation of optical fiber in their own networks;

(17) electric utilities, satellite carriers, and others are prepared to enter the local telephone market over the next few years;

(18) a diversity of telecommunications carriers enhances network reliability by providing redundant capacity, thereby lessening the impact of any network failure;

(19) competition must proceed under rules that protect consumers and are fair to all telecommunications carriers;

(20) all telecommunications carriers, including competitors to the telephone companies, should contribute to universal service and should make their networks available for interconnection by others;

(21) removal of all State and local barriers to entry into the telecommunications services market and provision of national standards for interconnection are warranted after mechanisms to protect universal service and rules are established to ensure that competition develops fairly;

(22) increasing the availability of interconnection and interoperability among the facilities of telecommunications carriers will help stimulate the development of fair competition among providers;

(23) the portability of telecommunications numbers will eliminate a significant advantage held by traditional telephone companies over competitors in the provision of telecommunications services;

(24) restrictions on resale and sharing of telecommunications networks retard the growth of competition and restrict the diversity of services available to the public;

(25) additional regulatory measures are needed to allow consumers in rural markets and noncompetitive markets the opportunity to benefit from high-quality telecommunications capabilities;

(26) regulatory flexibility for existing providers of telephone exchange service is necessary to allow them to respond to competition;

(27) the Federal Communications Commission (hereinafter referred to as the ("Commission") and the states must have the flexibility to adjust their regulations to the market power of each provider of telecommunications services;

(28) the Commission should take steps to ensure network reliability and the development of network standards;

(29) access to switched, digital telecommunications service for all segments of the population promotes the core First Amendment goal of diverse information sources by enabling individuals and organizations alike to publish and otherwise make information available in electronic form;

(30) the national welfare will be enhanced if community newspapers and broadcasters in the smallest markets are provided ease of entry into the operation of information services disseminated through electronic means primarily to customers in the localities served by such newspapers and broadcasters at reasonable, nondiscriminatory rates to such newspapers;

(31) a clear national mandate is needed for full participation in access to telecommunications networks and services by individuals with disabilities;

(32) the obligations of telecommunications carriers includes the duty to furnish telecommunications services which are designed to be fully accessible to individuals with disabilities in accordance with such standards as the Commission may prescribe;

(33) permitting the Bell operating companies to enter the manufacturing market will stimulate greater research and development, create more jobs, and enhance our international competitiveness;

(34) the Bell operating companies should be permitted to provide long distance service for cable television and for cellular hand offs immediately because there is little harm, if any, that such entry could cause the public;

(35) the Bell operating companies should not be permitted to enter the market for other long distance services until they have eliminated the barriers to competition and interconnection and until the Bell operating company faces competition for local telephone service;

(36) safeguards are necessary to ensure that the Bell operating companies do not abuse their market power over local telephone service to discriminate against competitors in the markets for electronic publishing, alarm, and other information services;

(37) amending the legal barriers to the provision of video programming by telephone companies in their service areas will encourage competition to existing cable television service providers and encourage telephone companies to upgrade their telecommunications facilities to enable them to deliver video programming, as long as telephone companies are prohibited from buying or combining with existing cable companies in their telephone service areas;

(38) as communications technologies and services proliferate, consumers must be given the right to control information con-

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cerning their use of these technologies and services; and

(39) as competition in the media increases, the Commission should reexamine the need for national and local ownership limits on broadcast stations, consistent with the need to maintain diversity of information services.

SEC. 4. EFFECT ON OTHER LAW.

(a) ANTITRUST LAWS.—Nothing in this Act shall be construed to modify, impair, or supersede the applicability of any antitrust law.

(b) FEDERAL, STATE, AND LOCAL LAW.—(1) Except as provided in paragraph (2), this Act shall not be construed to modify, impair, or supersede Federal, State, or local law unless expressly so provided in this Act.

(2) This Act shall supersede State and local law to the extent that such law would impair or prevent the operation of this Act.

TITLE I—PROTECTION AND ADVANCEMENT OF UNIVERSAL SERVICE

SEC. 101. NATIONAL POLICY GOALS.

Section 1 of the Communications Act of 1934 (47 U.S.C. 151) is amended by inserting "(a)" immediately before "For the purpose of" and by adding at the end the following new subsection:

"(b) The primary objective of United States national and international communications policy shall be to protect the public interest. The goals of United States national and international communications policy shall include the following:

"(1) to ensure that every person has access to basic telecommunications services at reasonable charges;

"(2) to promote the development and widespread availability of new technologies;

"(3) to ensure that consumers have access to diverse sources of information;

"(4) to allow each individual the opportunity to contribute to the free flow of ideas and information through telecommunications services;

"(5) to maximize the contribution of communications and information technologies and services to economic welfare and quality of life;

"(6) to protect each individual's right to control the use of information concerning his or her use of telecommunications services; and

"(7) to promote democracy.".

SEC. 102. UNIVERSAL SERVICE PROTECTION AND ADVANCEMENT.

(a) IN GENERAL.—Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.) is amended by adding immediately after section 201 the following new section:

"SEC. 201A. UNIVERSAL SERVICE PROTECTION AND ADVANCEMENT.

"(a) DUTY TO CONTRIBUTE.—It shall be the duty of every common carrier engaged in intrastate, interstate, or foreign communication by wire or radio to contribute to the preservation and advancement of universal service. Such contributions can include monetary payment, certain service obligations, in-kind payment, or other forms of contribution as determined by the Commission and any State as set forth in subsections (b) and (c).

"(b) RESPONSIBILITIES OF THE COMMISSION.—(1) Within one year after the date of enactment of this section, the Commission, after receiving comment from the States, shall set forth minimum guidelines for the definition of universal service. Such guidelines shall ensure that—

"(A) universal service includes no less than voice grade telephone exchange services at a charge that includes no more than a reasonable share of the joint and common costs of facilities used to provide such services; and

"(B) any other service that utilizes such facilities shall bear a reasonable share of such costs.

The Commission shall periodically revise such guidelines.

"(2) Within 2 years after the date of enactment of this section, the Commission shall prescribe and implement regulations to provide that a charge be collected, or other action be taken, to ensure that providers of interstate telecommunications make a contribution to the protection and advancement of universal service on a competitively neutral basis. Any funds contributed under this section shall be distributed to each State.

"(c) PRIMARY RESPONSIBILITY.—(1) The Commission shall delegate to each State the primary responsibility for defining universal service and ensuring that universal service goals are met. Each State may impose a nondiscriminatory charge on intrastate telecommunications, or take other action, as the State finds necessary to protect and advance universal service.

"(2) In considering methods of protecting and advancing universal service, the State may consider assisting directly telecommunications carriers, assisting directly individuals and entities who cannot afford the cost of certain telecommunications services, assisting directly individuals or entities in purchasing or leasing equipment or programming, allowing carriers to compete for the right to obtain funding in exchange for providing certain services, and other options. To the extent that a State establishes a fund to support universal service, all provider of telecommunications services shall be eligible to receive payment from such fund.

"(3) If a State has not implemented procedures to carry out the objectives of paragraphs (1) and (2) within 2 year after the date of enactment of this section, or at any time thereafter fails to meet the objectives of such paragraphs, the Commission shall assume the primary responsibility to ensure that those objectives are met.".

(b) CONFORMING AMENDMENT.—Section 232(c)(1)(A) of the Communications Act of 1934 (47 U.S.C. 332(c)(1)(A)) is amended by inserting "201A," immediately after "section 201,".

SEC. 103. PUBLIC ACCESS.

(a) AMENDMENT.—Section 202 of the Communications Act of 1934 (47 U.S.C. 202) is amended by adding at the end the following new subsection:

"(d) (1) Notwithstanding subsections (a) through (c), it shall be the duty of all telecommunications carriers that use public rights of way to permit educational institutions, health-care institutions, local and State governments, public broadcast stations, public libraries, other public entities, community newspapers, and broadcasters in the smallest markets to obtain access to intrastate and interstate services provided by such carriers at preferential rates. Entities that obtain services under this provision may not resell such services, except to other entities that are eligible for preferential rates under this subsection.

"(2) Within one hear after the date of enactment of this subsection, the Commission shall prescribe regulations to enforce the provisions of this subsection.".

(b) RULEMAKING ON ADVANCED TELECOMMUNICATIONS SERVICES.—The Commission shall commence a rulemaking proceeding for the purpose of prescribing regulations that—

(1) enhance, to the extent feasible, the availability of advanced telecommunications services to all public elementary and secondary school classrooms, health care institutions, and libraries; and

(2) ensure that appropriate functional requirements or performance standards, or both, including interoperability standards, are established for telecommunications arrangements that interconnect educational institutions, health care institutions, and libraries with the public switched network.

TITLE II—TELECOMMUNICATIONS INVESTMENT

SEC. 201. INFRASTRUCTURE INVESTMENT.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the and the following new section:

"SEC. 228. INFRASTRUCTURE INVESTMENT.

"(a) RURAL MARKETS AND NONCOMPETITIVE MARKETS.—If State regulatory authorities fail to achieve the goal of ensuring that telecommunications carriers provide consumers in rural markets and noncompetitive markets with access to high quality, interoperable telecommunications network facilities and capabilities which—

"(1) provide subscribers with sufficient interactive bi-directional network capacity to allow access to information services that provide a combination of voice, data, image, and video; and

"(2) are widely available at reasonable nondiscriminatory rates that are based on reasonably identifiable costs of providing such services,

then the Commission may take any action necessary to achieve that goal.

"(b) FULL EFFECTUATION.—The Commission shall have the authority to preempt any State or local statute or regulation, or other State or local legal requirement, that prevents the full effectuation of the goal embodied in subsection (a).

"(c) STATE REGULATORY INCENTIVES.—The States are encouraged to implement regulatory incentives to promote the development of high quality telecommunications network facilities and capabilities. If regulatory incentives fail to result in the deployment of high quality telecommunications network facilities and capabilities in rural markets and noncompetitive markets, the States may adopt other methods to ensure that the goal of subsection (a) is achieved.

"(d) NETWORK STANDARDS AND PLANNING.—

"(1) NETWORK STANDARDS.—

"(A) INTERCONNECTION AND INTEROPERABILITY STANDARDS.—The Commission shall encourage telecommunications carriers and telecommunications equipment manufacturers to develop standards to ensure interconnection and interoperability of telecommunications networks.

"(B) INDUSTRY ASSISTANCE.—The Commission shall, when necessary, establish deadlines, create incentives, or use other mechanisms to assist the industry to develop and implement such standards.

"(C) COMMISSION AUTHORITY TO ESTABLISH STANDARDS.—The Commission may establish standards when industry participants fail to reach agreement.

"(2) NETWORK PLANNING.—

"(A) REGULATIONS ON JOINT COORDINATED ACTION.—The Commission shall prescribe regulations that permit joint coordinated network planning, design, and cooperative implementation among all telecommunications carriers in the provision of public switched network infrastructure and services.

"(B) PROCEDURES.—The Commission shall prescribe regulations establishing procedures to ensure that—

"(i) telecommunications carriers shall make available timely information to other such carriers and information service providers in the same geographic area about the deployment of telecommunications equipment, including software integral to such telecommunications equipment, including

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upgrades, that will affect a telecommunications carrier's or information service provider's ability to interconnect or interoperate in the same geographic area;

"(ii) telecommunications carriers shall not be required to share information required under clause (i) with anyone, including carriers with whom they directly compete, except as may be necessary to meet the interconnection and interoperability requirements set forth in this paragraph; and

"(iii) the recipient of any information described in clause (i) shall use it only for its own interconnection and interoperability.

"(3) INFRASTRUCTURE SHARING ARRANGEMENTS BETWEEN OR AMONG TELECOMMUNICATIONS CARRIERS.—

"(A) REGULATIONS REQUIRED.—The Commission shall prescribe regulations that require a local exchange carrier to share public switched network infrastructure and function with requesting telecommunications carriers lacking economies of scale or scope, as defined in subparagraph (B).

"(B) DEFINITION.—For the purposes of this paragraph, the term 'telecommunications carrier lacking economies of scale or scope' means any telecommunications carrier which serves a geographic area for which it lacks economies of scale or scope for the particular required network function.

"(C) CONTENTS OF REGULATIONS.—The regulations governing such sharing between local exchange carriers and telecommunications carries shall—

"(i) promote economically efficient decisionmaking by local exchange carriers and telecommunications carriers lacking economies of scale or scope;

"(ii) not require any local exchange carrier or telecommunications carrier lacking economies of scale or scope to make any decision that is uneconomic or adverse to the public interest;

"(iii) permit, but not require, joint ownership and operation of public switched network infrastructure and services by local exchange carriers and telecommunications carriers lacking economies of scale or scope;

"(iv) ensure that fair and reasonable terms and conditions for an in connection with the business arrangement described in this paragraph are determined by local exchange carriers and telecommunications carriers lacking economies of scale or scope in accordance with general guidelines contained in the regulations prescribed pursuant to this paragraph;

"(v) establish conditions that promote cooperation between local exchange carriers and telecommunications carriers lacking economies of scale or scope; and

"(vi) ensure that all regulatory rights and obligations for and in connection with the business arrangements described in this paragraph shall be determined exclusively in accordance with the regulations prescribed pursuant to this paragraph.

"(4) DISABILITY ACCESS.—The Commission and the States shall ensure that advances in network capabilities and telecommunications services deployed by telecommunications carriers are designed to be accessible to individuals with disabilities.

"(e) ANNUAL SURVEY.—the Commission shall publish annually a survey of the deployment of technologies on a State-by-State basis.

"(f) COST ALLOCATION REGULATIONS.—The Commission shall develop regulations, consistent with the need to protect universal service to allocate a local exchange carrier's costs of deploying of broadband telecommunications facilities between local exchange service and competitive services.".

TITLE III—REGULATORY REFORM

SEC. 301. DEFINITIONS.

Section 3 of the Communications Act of 1934 (49 U.S.C. 153) is amended by adding at the end the following new subsections:

"(hh) 'Local exchange carrier' means a provider of telephone exchange service that the Commission determines has market power.

"(ii) 'Telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received, by means of electromagnetic transmission, with or without benefit of any closed transmission medium, including all instrumentalities, facilities, apparatus, and services (including the receipt, switching, and delivery of such information) essential to such transmission.

"(jj) 'Telecommunications service' means the offering for profit to the public or to such classes of eligible users as to be effectively available to a substantial portion of *the public of*—

"(1) telecommunications facilities that (A) are owned or controlled by a provider of telephone exchange service or (B) interconnect with the network of a provider of telephone *exchange service; or*

"(2) telecommunications by means of such telecommunications facilities.

such term does not include information services.

"(kk) 'Telecommunications carrier' means any provider of telecommunications services, except that such term does not include hotels, motels, hospitals, and other aggregators of telecommunications services as defined in section 226.

"(ll) 'Telecommunications number portability' means the ability of users of telecommunications services to retain existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

"(mm) 'Information service' means the offering of services over common carrier transmission facilities which employ computer processing applications that act on the format, content, code, protocol or similar aspects of the subscriber's transmitted information, provide the subscriber additional, different, or restructured information, or involve subscriber interaction with stored information.

"(nn) 'Bell operating company' means any of the companies listed in appendix A of the Modification of Final Judgment, and includes any successor or assign of any such company, but does not include any affiliate of any such company.

"(oo) 'Modification of Final Judgment' means the decree entered August 24, 1982, in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia).".

SEC. 302. REGULATORY REFORM.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 230. TELECOMMUNICATIONS COMPETITION.

"(a) REMOVAL OF BARRIERS TO ENTRY.—Subject to the provisions of section 301 of this Act, at such time as the regulations required by section 201A of this Act have been implemented, or 2 years after the date of enactment of this section, whichever is earlier, no State or local statute or regulation, or other State or local legal requirement, shall prohibit or have the effect of prohibiting the ability of any entity to provide interstate or intrastate telecommunications services. No State or local governmental entity may unreasonably discriminate among telecommunications carriers.

"(b) PROVISION OF TELECOMMUNICATIONS SERVICE BY OTHER UTILITIES.—Notwithstanding any other provision of law and subject to the regulatory safeguards imposed by an appropriate regulatory agency, an electric, gas, water, or steam utility may provide telecommunications services.

"(c) REGULATORY AUTHORITY.—Nothing in this section shall affect the ability of State or local officials to impose, on a competitively neutral basis, requirements necessary to preserve and advance universal service, protect the public safety and welfare, ensure the continued quality of telecommunications services, and safeguard the rights of consumers.

"(d) OBLIGATIONS OF TELECOMMUNICATIONS CARRIERS.—To the extent that they provide telecommunications services, telecommunications carriers shall be deemed common carriers under this Act. The Commission shall prescribe regulations to require each telecommunications carrier, upon bona fide request, to provide to any telecommunications equipment manufacturer or any entity seeking to provide telecommunications services or information services, on reasonable terms and conditions—

"(1) interconnection to the carrier's telecommunications facilities at any technically and economically feasible point within the carrier's network;

"(2) nondiscriminatory access to any of the carrier's telecommunications facilities and information necessary to the transmission and routing of any telecommunications service or information service and the interoperability of both carriers' networks;

"(3) nondiscriminatory access, where technically and economically feasible, to the poles, ducts, conduits, and rights of way owned or controlled by the carrier, and nondiscriminatory rates for such access;

"(4) nondiscriminatory access to the network functions of the carrier's telecommunications network, which shall be offered on an unbundled basis; and

"(5) telecommunications services and network functions without any restrictions on the resale or sharing of those services and functions.

The States may prescribe regulations implementing paragraphs (1) through (5) for intrastate services so long as such regulations are not inconsistent with those prescribed by the Commission.

"(e) CONSUMER INFORMATION.—As competition for telecommunications services develops, the Commission and State regulatory authorities shall take action to ensure that consumers are given the information necessary to make informed choices among their telecommunications alternatives.

"(f) TELECOMMUNICATIONS NUMBER PORTABILITY.—The Commission shall prescribe regulations to ensure that—

"(1) telecommunications number portability shall be available, upon request, as soon as technically feasible; and

"(2) an impartial entity shall administer telecommunications numbering and make such numbers available on an equitable basis.

"(g) RECIPROCAL COMPENSATION AGREEMENTS.—Telecommunications carriers shall compensate each other on a reciprocal and equivalent basis for termination of telecommunications services on each other's networks.

"(h) REGULATORY FLEXIBILITY FOR COMPETITIVE SERVICES.—

"(1) REGULATORY FLEXIBILITY.—In the event that a telecommunications carrier does not have market power in any or some

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of its telecommunications services in any or some of its geographic markets, the Commission may streamline any regulation or forbear from applying any provision of this title (except for sections 201, 201A, 202, and 208) to such a telecommunications carrier or service only if the Commission determines that—

"(A) full application of such regulation or provision is unnecessary in order to ensure that the charges, practices, classifications, or regulations for or in connection with that service are just and reasonable and are not unjustly or unreasonably discriminatory;

"(B) full application of such regulation or provision is unnecessary to achieve the goals of this Act; and

"(C) such action is consistent with the public interest and the protection of consumers.

Any finding by the Commission under section 332 that a provision of title II is inapplicable to a commercial mobile service or a provider of commercial mobile services shall be deemed also to be a determination under this paragraph that the requirements of subparagraphs (A), (B), and (C) of this paragraph are satisfied.

"(2) PRICING FLEXIBILITY.—The Commission shall and the States are encouraged to permit telecommunications carriers to have pricing flexibility in service or geographic markets that are found to be competitive. In implementing this subsection, the Commission and the States shall ensure that rates for basic telephone service and for services that are not competitive remain just and reasonable and that universal service is preserved and advanced.

"(1) RULES FOR FOREIGN OWNERSHIP.—The provisions of section 310(b) shall not apply to any lawful foreign ownership in a telecommunications carrier prior to February 1, 1994, if that carrier was not regulated as a common carrier prior to the date of enactment of this section and is deemed to be a common carrier under this Act.".

SEC. 303. IMPLEMENTING REGULATIONS.

The Commission shall, within 12 months after the date of enactment of this Act, issue regulations to implement this title. Such regulations shall take effect within 6 months after their issuance, except that the Commission may extend such effective date for up to 24 additional months for any small carrier providing telecommunications service in rural areas, upon a showing by the carrier that compliance would not be technically and economically feasible without additional time.

TITLE IV—AUTHORIZED ACTIVITIES OF BELL OPERATING COMPANIES

Subtitle A—Telecommunications Equipment Research and Manufacturing Competition

SEC. 401. SHORT TITLE.

This subtitle may be cited as the "Telecommunications Equipment Research and Manufacturing Competition Act of 1994".

SEC. 402. FINDINGS.

The Congress finds that the continued economic growth and the international competitiveness of American industry would be assisted by permitting the Bell operating companies, through their affiliates, to manufacture (including design, development, and fabrication) telecommunications equipment and customer premises equipment, and to engage in research with respect to such equipment.

SEC. 403. AMENDMENT TO COMMUNICATIONS ACT OF 1934.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 231. REGULATION OF MANUFACTURING BY BELL OPERATING COMPANIES.

"(a) AUTHORIZATION.—Subject to the requirements of this section and the regulations prescribed thereunder, a Bell operating company, through an affiliate of that company, notwithstanding any restriction or obligation imposed before the date of enactment of this section pursuant to the Modification of Final Judgment on the lines of business in which a Bell operating company may engage, may manufacture and provide telecommunications equipment and manufacture customer premises equipment, except that neither a Bell operating company nor any of its affiliates may engage in such manufacturing in conjunction with a Bell operating company not so affiliated or any of its affiliates.

"(b) REQUIREMENT FOR SEPARATE AFFILIATE.—Any manufacturing or provision authorized under subsection (a) shall be conducted only through an affiliate (hereafter in this section referred to as a 'manufacturing affiliate') that is separate from any Bell operating company.

"(c) MANUFACTURING REGULATIONS.—The Commission shall prescribe regulations to ensure that—

"(1)(A) such manufacturing affiliate shall maintain books, records, and accounts separate from its affiliated Bell operating company, that identify all transactions between the manufacturing affiliating and its affiliated Bell operating company;

"(B) the Commission and the State commissions that exercise regulatory authority over any Bell operating company affiliated with such manufacturing affiliate shall have access to the books, records, and accounts required to be prepared under subparagraph (A); and

"(C) such manufacturing affiliate shall, even if it is not a publicly held corporation, prepare financial statements which are in compliance with Federal financial reporting requirements for publicly held corporations, file such statements with the Commission and the State commissions that exercise regulatory authority over any Bell operating company affiliated with such manufacturing affiliate, and make such statements available for public inspection;

"(2) consistent with the provisions of this section, neither a Bell operating company nor any of its nonmanufacturing affiliates shall perform sales, advertising, installation, production, or maintenance operations for a manufacturing affiliate; except that institutional advertising, of a type not related to specific telecommunications equipment, carried out by the Bell operating company or its affiliates shall be permitted if each party pays its pro rata share;

"(3)(A) such manufacturing affiliate shall conduct all of its manufacturing within the United States and, except as otherwise provided in this paragraph, all component parts of customer premises equipment manufactured by such affiliate, and all component parts of telecommunications equipment manufactured by such affiliate, shall have been manufactured within the United States;

"(B) such affiliate may use component parts manufactured outside the United States if—

"(i) such affiliate first makes a good faith effort to obtain equivalent component parts manufactured within the United States at reasonable prices, terms, and conditions; and

"(ii) for the aggregate of telecommunications equipment and customer premises equipment manufactured and sold in the United States by such affiliate in any calendar year, the cost of the components manufactured outside the United States contained in the equipment does not exceed 40 percent of the sales revenue derived from such equipment;

"(C) any such affiliate that uses component parts manufactured outside the United States in the manufacture of telecommunications equipment and customer premises equipment within the United States shall—

"(i) certify to the Commission that a good faith effort was made to obtain equivalent parts manufactured within the United States at reasonable prices, terms, and conditions, which certification shall be filed on a quarterly basis with the Commission and list component parts, by type, manufactured outside the United States; and

"(ii) certify to the Commission on an annual basis that for the aggregate of telecommunications equipment and customer premises equipment manufactured and sold in the United States by such affiliate in the previous calendar year, the cost of the components manufactured outside the United States contained in such equipment did not exceed the percentage specified in subparagraph (B)(ii) or adjusted in accordance with subparagraph (G);

"(D)(i) if the Commission determines, after reviewing the certification required in subparagraph (C)(i), that such affiliate failed to make the good faith effort required in subparagraph (B)(i) or, after reviewing the certification required in subparagraph (C)(ii), that such affiliate has exceeded the percentage specified in subparagraph (B)(ii), the Commission may impose penalties or forfeitures as provided for in title V of this Act; and

"(ii) any supplier claiming to be damaged because a manufacturing affiliate failed to make the good faith effort required in subparagraph (B)(i) may make complaint to the Commission as provided for in section 208 of this Act, or may bring suit for the recovery of actual damages for which such supplier claims such affiliate may be liable under the provisions of this Act in any district court of the United States of competent jurisdiction;

"(E) the Commission, in consultation with the Secretary of Commerce, shall, on an annual basis, determine the cost of component parts manufactured outside the United States contained in all telecommunications equipment and customer premises equipment sold in the United States as a percentage of the revenues from sales of such equipment in the previous calendar year;

"(F) a manufacturing affiliate may use intellectual property created outside the United States in the manufacture of telecommunications equipment and customer premises equipment in the United States; and

"(G) the Commission may not waive or alter the requirements of this subsection, except that the Commission, on an annual basis, shall adjust the percentage specified in subparagraph (B)(ii) to the percentage determined by the Commission, in consultation with the Secretary of Commerce, as directed in subparagraph (E);

"(4) no more than 90 percent of the equity of such manufacturing affiliate shall be owned by its affiliated Bell operating company and any affiliates of that Bell operating company;

"(5) any debt incurred by such manufacturing affiliate may not be issued by its affiliates, and such manufacturing affiliate shall be prohibited from incurring debt in a manner that would permit a creditor, on default, to have recourse to the assets of its affiliated Bell operating company's telecommunications services business;

"(6) such manufacturing affiliate shall not be required to operate separately from the other affiliates of its affiliated Bell operating company;

"(7) if an affiliate of a Bell operating company becomes affiliated with a manufacturing entity, such affiliate shall be treated as a manufacturing affiliate of that Bell operating company within the meaning of sub-

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section (b) and shall comply with the requirements of this section;

"(B) such manufacturing affiliate shall make available, without discrimination or self-preference as to price, delivery, terms, or conditions, to all regulated local telephone exchange carriers, for use with the public telecommunications network, any telecommunications equipment, including software integral to such telecommunications equipment, including upgrades, manufactured by such affiliate so long as such purchasing carrier—

"(A) does not either manufacture telecommunications equipment, or have a manufacturing affiliate which manufactures telecommunications equipment; or

"(B) agrees to make available, to the Bell operating company affiliated with such manufacturing affiliate or any of the requested local exchange telephone carrier affiliates of such Bell company, any telecommunications equipment, including software integral to such telecommunications equipment, including upgrades, manufactured for use with the public telecommunications network by such purchasing carrier or by any entity or organization with which such purchasing carrier is affiliated;

"(9)(A)such manufacturing affiliate shall not discontinue or restrict sales to other regulated local telephone exchange carriers of any telecommunications equipment, including software integral to such telecommunications equipment, including upgrades, that such affiliate manufactures for sale as long as there is reasonable demand for the equipment by such carriers; except that such sales may be discontinued or restricted if such manufacturing affiliate demonstrates to the Commission that it is not making a profit, under a marginal cost standard implemented by the Commission, on the sale of such equipment;

"(B) in reaching a determination as to the existence of reasonable demand as referred to in subparagraph (A), the Commission shall within 60 days consider—

"(i) whether the continued manufacture of the equipment will be profitable;

"(ii) whether the equipment is functionally or technologically obsolete;

"(iii) whether the components necessary to manufacture the equipment continue to be available;

"(iv) whether alternatives to the equipment are available in the market; and

"(v) such other factors as the Commission deems necessary and proper;

"(10) Bell operating companies shall, consistent with the antitrust laws, engage in joint network planning and design with other regulated local telephone exchange carriers operating in the same area of interest; except that no participant in such planning shall delay the introduction of new technology or the deployment of facilities to provide telecommunications services, and agreement with such other carriers shall not be required as a prerequisite for such introduction or deployment; and

"(11) Bell operating companies shall provide, to other regulated local telephone exchange carriers operating in the same area of interest, timely information on the planned deployment of telecommunications equipment, including software integral to such telecommunications equipment, including upgrades.

"(d) TELEPHONE EXCHANGE SERVICE REGULATIONS.—

"(1) IN GENERAL.—The Commission shall prescribe regulations to require that each Bell operating company shall maintain and file with the Commission full and complete information with respect to the protocols and technical requirements for connection with and use of its telephone exchange service facilities. Such regulations shall require each such Bell company to report promptly to the Commission any material changes or planned changes to such protocols and requirements, and the schedule for implementation of such changes or planned changes.

"(2) Disclosure restriction.—A Bell operating company shall not disclose to any of its affiliates any information required to be filed under paragraph (1) unless that information is immediately so filed.

"(3) COMPETITORS' ACCESS TO INFORMATION.—The Commission may prescribe such additional regulations under this subsection as may be necessary to ensure that manufacturers in competition with a Bell operating company's manufacturing affiliate have ready and equal access to the information required for such competition that such Bell company makes available to its manufacturing affiliate.

"(e) REQUIREMENTS FOR BELL OPERATING COMPANIES WITH MANUFACTURING AFFILIATE.—The Commission shall prescribe regulations requiring that any Bell operating company which has an affiliate that engages in any manufacturing authorized by subsection (a) shall—

"(1) provide, to other manufacturers of telecommunications equipment and customer premises equipment, opportunities to sell such equipment to such Bell operating company which are comparable to the opportunities which such company provides to its affiliates;

"(2) not subsidize its manufacturing affiliate with revenues from its regulated telecommunications services; and

"(3) only purchase equipment from its manufacturing affiliate at the open market price.

"(f) COLLABORATION WITH OTHER MANUFACTURERS.—A bell operating company and its affiliates may engage in close collaboration with any manufacturer of customer premises equipment or telecommunications equipment during the design and development of hardware, software, or combinations thereof relating to such equipment, consistent with subsection (e)(2).

"(g) ADDITIONAL RULES AND REGULATIONS.—The Commission may prescribe such additional rules and regulations as the Commission determines necessary to carry out the provisions of this section.

"(h) ADMINISTRATION AND ENFORCEMENT.—

"(1) COMMISSION AUTHORITY.—For the purposes of administering and enforcing the provisions of this section and the regulations prescribed thereunder, the Commission shall have the same authority, power, and functions with respect to any Bell operating company as the Commission has in administering and enforcing the provisions of this title with respect to any common carrier subject to this Act.

"(2) CIVIL ACTIONS BY INJURED CARRIERS.—Any regulated local telephone exchange carrier injured by an act or omission of a Bell operating company or its manufacturing affiliate which violates the requirements of paragraph (8) or (9) of subsection (c), or the Commission's regulations implementing such paragraphs, may initiate an action in a district court of the United States to recover the full amount of damages sustained in consequence of any such violation and obtain such orders from the court as are necessary to terminate existing violations and to prevent future violations; or such regulated local telephone exchange carrier may seek relief from the Commission pursuant to sections 206 through 209.

"(i) EFFECTIVE DATES; DEADLINE.—The authority of the Commission to prescribe regulations to carry out this section is effective on the date of enactment of this section. The Commission shall prescribe such regulations within 180 days after such date of enactment, and the authority to engage in the manufacturing authorized in subsection (a) shall not take effect until regulations prescribed by the Commission under subsections (c), (d), and (e) are in effect.

"(j) EFFECT ON PREEXISTING MANUFACTURING AUTHORITY.—Nothing in this section shall prohibit any Bell operating company from engaging, directly or through any affiliate, in any manufacturing activity in which any Bell operating company or affiliate was authorized to engage on the date of enactment of this section.

"(k) ANNUAL AUDIT.—

"(1) IN GENERAL.—A Bell operating company that manufactures or provides telecommunications equipment or manufactures customer premises equipment through an affiliate shall obtain and pay for an annual audit conducted by an independent auditor selected by and working at the direction of the State Commission of each State in which such Bell company provides local exchange service, to determine whether such Bell company has complied with this section and the regulations promulgated under this section, and particularly whether such Bell company has complied with the separate accounting requirements under subsection (c)(1).

"(2) SUBMISSION OF AUDIT RESULTS.—The auditor described in paragraph (1) shall submit the results of such audit to the Commission and to the State commission of each State in which such Bell company provides telephone exchange service. Any party may submit comments on the final audit report.

"(3) PROCEDURES APPLICABLE TO AUDIT.—The audit required under paragraph (1) shall be conducted in accordance with procedures established by regulation by the State commission of the State in which such Bell company provides local exchange service, including requirements that—

"(A) the independent auditors performing such audits are rotated to ensure their independence; and

"(B) each audit submitted to the Commission and to the State commission is certified by the auditor responsible for conducting the audit.

"(4) COMMISSION REVIEW.—The Commission shall periodically review and analyze the audits submitted to it under this subsection, and shall provide to the Congress every 2 years—

"(A) a report of its findings on the compliance of the Bell operating companies with this section and the regulations promulgated thereunder; and

"(B) an analysis of the impact of such regulations on the affordability of local telephone exchange service.

"(5) ACCESS TO ACCOUNTS AND RECORDS.—For purposes of conducting audits and reviews under this subsection, an independent auditor, the Commission, and the State commission shall have access to the financial accounts and records of each Bell operating company and those of its affiliates (including affiliates described in paragraphs (5) and (7) of subsection (c)) necessary to verify transactions conducted with such Bell operating company that are relevant to the specific activities permitted under this section and that are necessary to the State's regulation of telephone rates. Each State commission shall implement appropriate procedures to ensure the protection of any proprietary information submitted to it under this section.

"(l) DEFINITIONS.—As used in this section:

"(1) The term 'affiliate' means any organization or entity that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership with a Bell operating company. Such term includes any organization or entity (A) in which a Bell op-

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erating company and any of its affiliates have an equity interest of greater than 10 percent, or a management interest of greater than 10 percent, or (B) in which a Bell operating company and any of its affiliates have any other significant financial interest.

"(2) The term 'Bell operating company' means those companies listed in appendix A of the Modification of Final Judgment, and includes any successor or assign of any such company, but does not include any affiliate of any such company.

"(3) The term 'customer premises equipment' means equipment employed on the premises of a person (other than a carrier) to originate, route, or terminate telecommunications.

"(4) The term 'manufacturing' has the same meaning as such term has in the Modification of Final Judgment as interpreted in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia) (filed December 3, 1987).

"(5) The term 'Modification of Final Judgment' means the decree entered August 24, 1982, in United States v. Western Electric, Civil Action No. 82-0192 (United States District Court, District of Columbia).

"(6) The term 'telecommunications' means the transmission, between or among points specified by the user, of information of the user's choosing, without change in the form or content of the information as sent and received, by means of an electromagnetic transmission medium, including all instrumentalities, facilities, apparatus, and services (including the collection, storage, forwarding, switching, and delivery of such information) essential to such transmission.

"(7) The term 'telecommunications equipment' means equipment, other than customer premises equipment, used by a carrier to provide telecommunications services.

"(8) The term 'telecommunications service' means the offering for hire of telecommunications facilities, or of telecommunications by means of such facilities.".

SEC. 404. INCREASED PENALTY FOR RECORD-KEEPING VIOLATIONS.

Section 220(d) of the Communications Act of 1934 (47 U.S.C. 220(d)) is amended by striking "$6,000" and inserting in lieu thereof "$10,000".

SEC. 405. APPLICATION OF ANTITRUST LAWS.

Nothing in this subtitle shall be deemed to alter the application of Federal and State antitrust laws as interpreted by the respective courts.

Subtitle B—Regulation of Alarm Services and Electronic Publishing by Bell Operating Companies

SEC. 451. REGULATION OF ENTRY INTO ALARM MONITORING SERVICES.

(a) AMENDMENT.—Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end of the following new section:

"SEC. 323. REGULATION OF ENTRY INTO ALARM MONITORING SERVICES.

"(A) IN GENERAL.—Except as provided in subsection (c), no Bell operating company, or any affiliate of that company, shall provide alarm monitoring services for the protection of life, safety, or property. A Bell operating company may transport alarm monitoring service signals but on a common carrier basis only.

"(b) AUTHORITY TO PETITION.—Beginning 5½ years from the date of enactment of this section, a Bell operating company or any affiliate of that company may petition the Commission to seek permission to provide alarm monitoring services for the protection of life, safety, or property.

"(c) AUTHORITY TO PERMIT BELL OPERATING COMPANIES TO PROVIDE SERVICES.—Beginning 6 years from the date of enactment of this section, the Commission shall have the authority to permit a Bell operating company to provide alarm monitoring services for the protection of life, safety, or property; except that the Commission shall not grant such permission until—

"(1) the Department of Justice finds that there is no substantial possibility that such Bell company or its affiliates could use monopoly power to impede competition in the market such Bell company seeks to enter; and

"(2) the Commission finds that the provision of alarm monitoring services by the Bell operating company is in the public interest and that the Commission has the capability to effectively enforce any requirements, limitations, or conditions placed upon the Bell operating company in the provision of alarm monitoring services for the protection of life, safety, or property, including the regulations it has prescribed pursuant to subsection (d).

"(d) REGULATIONS REQUIRED.—Not later than 6 years after the date of enactment of this section, the Commission shall prescribe regulations—

"(1) to establish such requirements, limitations, or conditions as are (A) necessary and appropriate in the public interest with respect to the provision of alarm monitoring services by Bell operating companies and their affiliates, and (B) effective at such time as a Bell operating company or any of its affiliates is authorized to provide alarm monitoring services;

"(2) to prohibit Bell operating companies and their affiliates, at that or any earlier time after the date of enactment of this section, from recording in any fashion the occurrence or the contents of calls received by providers of alarm monitoring services for the purposes of marketing such services on behalf of the Bell operating company, any of its affiliates, or any other entity; and

"(3) to establish procedures for the receipt and review of complaints concerning violations by such companies of such regulations, or of any other provision of this Act or the regulations thereunder, that result in material financial harm to a provider of alarm monitoring services.

"(e) EXPEDITED CONSIDERATION OF COMPLAINTS.—The procedures established under subsection (d)(3) shall ensure that the Commission will make a final determination with respect to any complaint described in such subsection within 120 days after receipt of the complaint. If the complaint contains an appropriate showing that the alleged violation occurred, as determined by the Commission in accordance with such regulations, the Commission shall, within 60 days after receipt of the complaint, issue a cease and desist order to prevent the Bell operating company and its affiliates from continuing to engage in such violation pending such final determination.

"(f) REMEDIES.—The Commission may use any remedy available under title V of this Act to terminate and punish violations described in subsection (d)(2). Such remedies may include, if the Commission determines that such violation was willful or repeated, ordering the Bell operating company to cease offering alarm monitoring services.

"(g) DEFINITIONS.—As used in this section:

"(1) The term 'alarm monitoring services' means services that detect threats to life, safety, or property, by burglary, fire, vandalism, bodily injury, or other emergency, through the use of devices that transmit signals to a central point in a customer's residence, place of business, or other fixed premises which—

"(A) retransmits such signals to a remote monitoring center by means of telephone exchange service facilities, and

"(B) serves to alert persons at the monitoring center of the need to inform police, fire, rescue, or other security or public safety personnel of the threat at such premises.

Such term does not include medical monitoring devices attached t individuals for the automatic surveillance of ongoing medical conditions.

"(2) The term 'Bell operating company' has the meaning given that term in section 233 of this Act.

"(3) The term 'affiliate' means a person that (directly or indirectly) owns or controls, is owned or controlled by, or is under common ownership or control with, another person. For purposes of this paragraph, to own refers to owning an equity interest (or equivalent thereof) of more than 50 percent.".

SEC. 452. REGULATION OF ELECTRONIC PUBLISHING.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 233. REGULATION OF ELECTRONIC PUBLISHING.

"(a) IN GENERAL.—(1) A Bell operating company and any affiliate shall not engage in the provision of electronic publishing that is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service.

"(2) Nothing in this section shall prohibit a separated affiliate or electronic publishing joint venture from engaging in the provision of electronic publishing or any other lawful service in any area.

"(3) Nothing in this section shall prohibit a Bell operating company or affiliate from engaging in the provision of any lawful service other than electronic publishing in any area or from engaging in the provision of electronic publishing that is not disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service.

"(b) SEPARATED AFFILIATE OR ELECTRONIC PUBLISHING JOINT VENTURE REQUIREMENTS.—A separated affiliate or electronic publishing joint venture shall—

"(1) maintain books, records, and accounts that are separate from those of the Bell operating company and from any affiliate and which record in accordance with generally accepted accounting principles all transactions, whether direct or indirect, with the Bell operating company;

"(2) not incur debt in a manner that would permit a creditor upon default to have recourse to the assets of the Bell operating company;

"(3) prepare financial statements that are not consolidated with those of the Bell operating company or any affiliate, provided that consolidated statements may also be prepared;

"(4) file with the Commission annual reports in a form substantially equivalent to the Form 10-K referenced at 17 C.F.R. 249.310 as that section and form are in effect on the date of enactment;

"(5) after 1 year from the effective date of this section, not hire as corporate officers sales and marketing management personnel whose responsibilities at the separated affiliate or electronic publishing joint venture will include the geographic area where the Bell operating company provides basic telephone service, or network operations personnel whose responsibilities at the separated affiliate or electronic publishing joint venture would require dealing directly with the Bell operating company, any person who was

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employed by the Bell operating company during the year preceding their date of hire, provided that this requirement shall not apply to persons subject to a collective bargaining agreement that gives such persons rights to be employed by a separated affiliate or electronic publishing joint venture of the Bell operating company;

"(6) not provide any wireline telephone exchange service in any telephone exchange area where a Bell operating company with which it is under common ownership or control provides basic telephone exchange service except on a resale basis;

"(7) not use the name, trademarks, or service marks of an existing Bell operating company except for names or service marks that are or were used in common with the entity that owns or controls the Bell operating company;

"(8) have performed annually by March 31, or any other date prescribed by the Commission, a compliance review which—

"(A) must be conducted by an independent entity which is subject to professional, legal, and ethical obligations for the purpose of determining compliance during the preceding calendar year with any provision of this section that imposes a requirement on such separated affiliate or electronic publishing joint venture; and

"(B) must be maintained by the separated affiliate for a period of 5 years subject to review by any lawful authority; and

"(9) within 90 days of receiving a review described in paragraph (8), file a report of such exceptions and any corrective action with the Commission and allow any person to inspect and copy such report subject to reasonable safeguards to protect any proprietary information contained in such report from being used for purposes other than to enforce or pursue remedies under this section.

"(c) BELL OPERATING COMPANY REQUIREMENTS.—A bell operating company under common ownership or control with a separated affiliate or electronic publishing venture shall—

"(1) not provide a separated affiliate any facilities, services or basic telephone service information unless it makes such facilities, services, or information available to unaffiliated entities upon request and on the same terms and conditions;

"(2) carry out transactions with a separated affiliate in a manner equivalent to the manner that unrelated parties would carry out independent transactions and not based upon the affiliation;

"(3) carry out transactions with a separated affiliate, which involve the transfer of personnel, assets, or anything of value, pursuant to written contracts or tariffs that are filed with the Commission and made publicly available;

"(4) carry out transactions with a separated affiliate in a manner that is auditable in accordance with generally accepted accounting principles;

"(5) value any assets that are transferred to a separated affiliate at the greater of net book cost or fair market value;

"(6) value any assets that are transferred to it by its separated affiliate at the lesser of net book cost or fair market value;

"(7) except for—

"(A) instances where Commission or State regulations permit in-arrears payment for tariffed telecommunications services; or

"(B) the investment by an affiliate of dividends or profits derived from a Bell operating company,

not provide debt or equity financing directly or indirectly to a separated affiliate;

"(8) comply fully with all applicable Commission and State cost allocation and other accounting rules;

"(9) have performed annually by March 31, or any other date prescribed by the Commission, a compliance review which—

"(A) must be conducted by an independent entity which is subject to professional, legal, and ethical obligations for the purpose of determining compliance during the preceding calendar year with any provision of this section that imposes a requirement on such Bell operating company; and

"(B) must be maintained by the Bell operating company for a period of 5 years subject to review by any lawful authority;

"(10) within 90 days of receiving a review described in paragraph (9), file a report of such exceptions and any corrective action with the Commission and allow any person to inspect and copy such report subject to reasonable safeguards to protect any proprietary information contained in such report from being used for purposes other than to enforce or pursue remedies under this section;

"(11) if it provides facilities or services for telecommunication, transmission, billing and collection, or physical collocation to any electronic publisher, including a separated affiliate, for use with or in connection with the provision of electronic publishing that is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service, provide to all other electronic publishers the same type of facilities and services on request, on the same terms and conditions or as required by the Commission or a State, and unbundled and individually tariffed to the same extent as provided to such publisher;

"(12) provide network access and interconnections for basic telephone service to electronic publishers at prices that are regulated so long as the prices for these services are subject to regulation;

"(13) if prices for network access and interconnection for basic telephone service are no longer subject to regulation, provide electronic publishers such services on the same terms and conditions as a separated affiliate receives such services;

"(14) if any basic telephone service used by electronic publishers ceases to require a tariff, provide electronic publishers with such service on the same terms and conditions as a separated affiliate receives such service;

"(15) provide reasonable advance notification at the same time and on the same terms to all affected electronic publishers of information relating to changes in basic telephone service network design and technical standards which would affect the provision of electronic publishing;

"(16) not directly or indirectly provide anything of monetary value to a separated affiliate unless in exchange for consideration at least equal to the greater of its net book cost or fair market value, except the investment by an affiliate of dividends or profits derived from a Bell operating company;

"(17) not discriminate in the presentation or provision of any gateway for electronic publishing services or any electronic directory of information services, which is provided over such Bell operating company's basic telephone service;

"(18) have no directors, officers, or employees in common with a separated affiliate;

"(19) not own any property in common with a separated affiliate;

"(20) not perform hiring or training of personnel performed on behalf of a separated affiliate;

"(21) not perform the purchasing, installation, or maintenance of equipment on its behalf of a separated affiliate, except for telephone service that it provides under tariff or contract subject to the provisions of this section; and

"(22) not perform research and development on behalf of a separated affiliate.

"(d) CUSTOMER PROPRIETARY NETWORK INFORMATION.—A Bell operating company or any affiliate shall not provide to any electronic publisher, including a separated affiliate or electronic publishing joint venture, customer proprietary network information for use with or in connection with the provision of electronic publishing that is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service that is not made available by the Bell operating company or affiliate to all electronic publishers on the same terms and conditions.

"(e) COMPLIANCE WITH SAFEGUARDS.—A Bell operating company, affiliate or its separated affiliate is prohibited from acting in concert with another Bell operating company or any entity in order to knowingly and willfully violate or evade the requirements of this section.

"(f) TELEPHONE OPERATING COMPANY DIVIDENDS.—Nothing in this section shall prohibit an affiliate from investing dividends derived from a Bell operating company in its separated affiliate and subsections (i) and (j) of this section shall not apply to any such investment.

"(g) JOINT MARKETING, ETC.—Except as provided in subsection (h)—

"(1) A Bell operating company shall not carry out any promotion, marketing, sales, or advertising for or in conjunction with a separated affiliate.

"(2) A Bell operating company shall not carry out any promotion, marketing, sales, or advertising or in conjunction with an affiliate that is related to the provision of electronic publishing.

"(h) PERMISSIBLE JOINT ACTIVITIES.—

"(1) JOINT TELEMARKETING.—A Bell operating company may provide inbound telemarketing or referral services related to the provision of electronic publishing for a separated affiliate, electronic publishing joint venture, affiliate, or unaffiliated electronic publisher, provided that if such services are provided to a separated affiliate, electronic publishing joint venture, or affiliate, such services shall be made available to all electronic publishers on request, on nondiscriminatory terms, at compensatory prices, and subject to regulations of the Commission to ensure that the Bell operating company's method of providing telemarketing or referral and its price structure do not competitively disadvantage any electronic publishers regardless of size, including those which do not use the Bell operating company's telemarketing services.

"(2) TEAMING ARRANGEMENTS.—A Bell operating company may engage in nondiscriminatory teaming or business arrangements to engage in electronic publishing with any separated affiliate or with any other electronic publisher provided that the Bell operating company only provides facilities, services, and basic telephone service information as authorized by this section and provided that the Bell operating company does not own such teaming or business arrangement.

"(3) ELECTRONIC PUBLISHING JOINT VENTURES.—A Bell operating company or affiliate may participate on a nonexclusive basis in electronic publishing joint ventures with entities that are not any Bell operating company, affiliate, or separated affiliate to provide electronic publishing services, provided that the Bell operating company or affiliate has not more than a 50 percent direct or indirect equity interest (or the equivalent thereof) or the right to more than 50 percent of the gross revenues under a revenue sharing or royalty agreement in any electronic publishing joint venture. Officers and employees of a Bell operating company or affiliate par-

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ticipating in an electronic publishing joint venture may not have more than 50 percent of the voting control over the electronic publishing joint venture. In the case of joint ventures with small, local electronic publishers, the Commission for good cause shown may authorize the Bell operating company or affiliate to have a larger equity interest, revenue share, or voting control but not to exceed 80 percent. A Bell operating company participating in an electronic publishing joint venture may provide promotion, marketing, sales, or advertising personnel and services to such joint venture.

"(i) TRANSACTIONS RELATED TO THE PROVISION OF ELECTRONIC PUBLISHING BETWEEN A TELEPHONE OPERATING COMPANY AND ANY AFFILIATE.—

"(1) Any provision of facilities, services, or basic telephone service information or any transfer of assets, personnel, or anything of commercial or competitive value from a Bell operating company to any affiliate related to the provision of electronic publishing shall be—

"(A) recorded in the books and records of each entity;

"(B) auditable in accordance with generally accepted accounting principles; and

"(C) pursuant to written contracts or tariffs filed with the Commission or a State and made publicly available.

"(2) Any transfer of assets directly related to the provision of electronic publishing from a Bell operating company to an affiliate shall be valued at the greater of net book cost or fair market value. Any transfer of assets related to the provision of electronic publishing from an affiliate to the Bell operating company shall be valued at the lesser of net book cost or fair market value.

"(3) A Bell operating company shall not provide an affiliate any facilities, services, or basic telephone service information related to the provision of electronic publishing, which such affiliate then directly or indirectly provides to a separated affiliate, and which is not made available to unaffiliated companies on the same terms and conditions.

"(j) TRANSACTIONS RELATED TO THE PROVISION OF ELECTRONIC PUBLISHING BETWEEN AN AFFILIATE AND A SEPARATED AFFILIATE.—

"(1) Any facilities, services, or basic telephone service information provided or any assets, personnel, or anything of commercial or competitive value transferred, from a Bell operating company to any affiliate as described in subsection (i) and then provided or transferred to a separated affiliate shall be—

"(A) recorded in the books and records of each entity;

"(B) auditable in accordance with generally accepted accounting principles; and

"(C) pursuant to written contracts or tariffs filed with the Commission or a State and made publicly available.

(2) Any transfer of assets directly related to the provision of electronic publishing from a Bell operating company to any affiliate as described in subsection (i) and then transferred to a separated affiliate shall be valued at the greater of net book cost or fair market value. Any transfer of assets related to the provision of electronic publishing from a separated affiliate to any affiliate and then transferred to the Bell operating company as described in subsection (i) shall be valued at the lesser of net book cost or fair market value.

(3) An affiliate shall not provide a separated affiliate any facilities, services, or basic telephone service information related to the provision of electronic publishing, which were provided to such affiliate directly or indirectly by a Bell operating company, and which is not made available to unaffiliated companies on the same terms and conditions.

"(k) OTHER ELECTRONIC PUBLISHERS.—Except as provided in subsection (h)(3)—

(1) A Bell operating company shall not have any officers, employees, property, or facilities in common with any entity whose principal business is publishing of which a part is electronic publishing.

(2) No officer or employee of a Bell operating company shall serve as a director of any entity whose principal business is publishing of which a part is electronic publishing.

"(3) For the purposes of paragraphs (1) and (2), a Bell operating company or an affiliate that owns an electronic publishing joint venture shall not be deemed to be engaged in the electronic publishing business solely because of such ownership.

"(4) A Bell operating company shall not carry out—

"(A) any marketing or sales for any entity that engages in electronic publishing; or

"(B) any hiring of personnel, purchasing, or production, for any entity that engages in electronic publishing.

"(5) The Bell operating company shall not provide any facilities, services, or basic telephone service information to any entity that engages in electronic publishing, for use with or in connection with the provision of electronic publishing that is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service, unless equivalent facilities, services, or information are made available on equivalent terms and conditions to all.

"(l) TRANSITION.—Any electronic publishing service being offered to the public by a Bell operating company or affiliate on the date of enactment of this section shall have one year from such date of enactment to comply with the requirements of this section.

"(m) SUNSET.—The provisions of this section shall cease to apply to a Bell operating company or its affiliate or separated affiliate in any telephone exchange area on June 30, 2000.

"(n) PRIVATE RIGHT OF ACTION.—

"(1) Any person claiming that any act or practice of any Bell operating company, affiliate, or separated affiliate constitutes a violation of this section may file a complaint with the Commission or bring suit as provided in section 207 of this Act, and such Bell operating company, affiliate, or separated affiliate shall be liable as provided in section 206 of this Act: *Provided, however*, That damages may not be awarded for a violation that is discovered by a compliance review as required by subsection (b)(8) or (c)(9) of this section and corrected within 90 days.

"(2) In addition to the provisions of paragraph (1), any person claiming that any act or practice of any Bell operating company, affiliate, or separated affiliate constitutes a violation of this section may make application to the Commission for an order to cease and desist such violation or may make application in any district court of the United States of competent jurisdiction for an order enjoining such acts or practices or for an order compelling compliance with such requirement.

"(o) ANTITRUST LAWS.—Nothing in this section shall be construed to modify, impair, or supersede the applicability of any of the antitrust laws.

"(p) DEFINITIONS.—As used in this section—

"(1) The term 'affiliate' means any entity that, directly or indirectly, owns or controls, is owned or controlled by, or is under common ownership or control with, a Bell operating company. Such term shall not include a separated affiliate.

"(2) The term 'basic telephone service' means wireline telephone exchange service provided by a Bell operating company in a telephone exchange area, except—

"(A) a competitive wireline telephone exchange service provided in a telephone exchange area where another entity provides a wireline telephone exchange service that was provided on January 1, 1994; and

"(B) wireless telephone exchange service provided by an affiliate that is required by the Commission to be a corporate entity separate from the Bell operating company.

"(3) The term 'basic telephone service information' means network and customer information of a Bell operating company and other information acquired by a Bell operating company as a result of its engaging in the provisions of basic telephone service.

"(4) The term 'control' has the meaning that it has in 17 C.F.R. 240.12b-2, the regulations promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 (15 U.S.C. 78a et seq.) or any successor provision to such section.

"(5) The term 'customer proprietary network information' means—

"(A) information which—

"(i) relates to the quantity, technical configuration, type, destination, and amount of use of telephone exchange service or interexchange telephone service subscribed to by any customer of a Bell operating company, and

"(ii) is available to the Bell operating company by virtue of the telephone company-customer relationship; and

"(B) information contained in the bills for telephone exchange service or interexchange telephone service received by a customer of a Bell operating company.

"(6)(A) The term 'electronic publishing' means the dissemination, provision, publication, or sale by a provider or publisher to an unaffiliated entity or person using a Bell operating company's local exchange facility of any information which the provider or publisher has or has caused to be originated, authored, compiled, collected, or edited or in which the provider or publisher has direct or indirect financial or proprietary interest, including but not limited to the following:

"(i) news or entertainment;

"(ii) business, financial, legal, consumer, or credit material;

"(iii) editorials;

"(iv) columns;

"(v) sports reporting;

"(vi) features;

"(vii) advertising;

"(viii) photos or images;

"(ix) archival or research material;

"(x) legal notices or public records;

"(xi) scientific, educational, instructional, technical, professional, trade, or other literary materials; or

"(xii) other like or similar information.

"(B) The term 'electronic publishing' shall not include the following network services:

"(i) Information access as that term is defined by the Modification of Final Judgment.

"(ii) The transmission of information as a common carrier.

"(iii) The transmission of information as part of a gateway to an information service that does not involve the generation or alteration of the content of information, including data transmission, address translation, protocol conversion, billing management, introductory information content, and navigational systems that enable users to access electronic publishing service, which do not affect the presentation of such electronic publishing services to users.

"(iv) Voice storage and retrieval services, including voice message and electronic mail services.

"(v) Level 2 gateway services as those services are defined by the Commission's Second

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Report and order, Recommendation to Congress and Second Further Notice of Proposed Rulemaking in CC Docket No. 87-266 dated August 14, 1992.

"(vi) Data processing services that do not involve the generation or alteration of the content of information.

"(vii) Transaction processing systems that do not involve the generation or alteration of the content of information.

"(viii) Electronic billing or advertising of a Bell operating company's regulated telecommunications services.

"(ix) Language translation.

"(x) Conversion data from one format to another.

"(xi) The provision of information necessary for the management, control, or operation of a telephone company telecommunication system.

"(xii) The provision of directory assistance that provides names, addresses, and telephone numbers and does not include advertising.

"(xiii) Caller identification services.

"(xiv) Repair and provisioning databases for telephone company operations.

"(xv) Credit card and billing validation for telephone company operations.

"(xvi) 911-E and other emergency assistance databases.

"(xvii) Any other network service of a type that is like or similar to these network services and that does not involve the generation or alteration of the content of information.

"(xviii) Any upgrades to these network services that do not involve the generation or alteration of the content of information.

"(C) The term 'electronic publishing' also shall not include—

"(i) full motion video entertainment on demand; and

"(ii) video programming as defined in section 602 of this Act.

"(7) The term 'electronic publishing joint venture' means a joint venture owned by a Bell operating company or affiliate that engages in the provision of electronic publishing which is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service.

"(8) The term 'entity' means any organization, and includes corporations, partnerships, sole proprietorships, associations, and joint ventures.

"(9) The term 'inbound telemarketing' means the marketing of property, goods, or services by telephone to a customer or potential customer who initiated the call.

"(10) The term 'own' with respect to an entity means to have a direct or indirect equity interest (or the equivalent thereof) of more than 10 percent of an entity, or the right to more than 10 percent of the gross revenues of an entity under a revenue sharing or royalty agreement.

"(11) The term 'separated affiliate' means a corporation under common ownership or control with a Bell operating company that does not own or control with a Bell operating company and is not owned or controlled by a Bell operating company and that engages in the provision of electronic publishing which is disseminated by means of such Bell operating company's or any of its affiliates' basic telephone service.

"(12) The term "Bell operating company" means the corporations subject to the Modification of Final Judgment and listed in Appendix A thereof, or any entity owned or controlled by such corporation, or any successor or assign of such corporation, but does not include an electronic publishing joint venture owned by such corporation or entity.".

Subtitle C—Information Services

SEC. 401. PROVISION OF INFORMATION SERVICES.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 234. PROVISION OF INFORMATION SERVICES

"(a) PROVISION OF GATEWAY SERVICE.—Unless expressly provided elsewhere in this Act, any Bell operating company or affiliate thereof that offers a gateway service make such service available concurrently to all of its subscribers under nondiscriminatory rates, terms, and conditions, and shall offer gateway service functions to all providers of information services on nondiscriminatory rates, terms, and conditions.

"(b) PREVENTION OF CROSS-SUBSIDIES.—In addition to regulations on cross-subsidization that are prescribed under other provisions of this Act, the Commission shall prescribe cost allocation regulations to prevent any Bell operating company or affiliate that offers services that have market power from using revenues from such services to subsidize competitive information services.

"(c) RESTRICTION ON STATE REGULATION.—Notwithstanding section 2(b) of this Act, a State may not regulate the rates, terms, or conditions for the offering of information services, except as provided in title VI.

"(d) DEFINITIONS.—As used in this section:

"(1) The term 'Bell operating company' has the meaning given that term under section 231.

"(2) The term 'gateway service' means an information service that, at the request of the provider of an electronic publishing service or other information service, provides a subscriber with access to such electronic publishing service or other information service, utilizing the following functions: data transmission, address translation, billing information, protocol conversion, and introductory information content.

"(3) The term 'affiliate' has the meaning given that term under section 236 of this Act."

Subtitle D—InterLATA Telecommunications Services

SEC. 401. INTERLATA TELECOMMUNICATIONS SERVICES.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 234. INTERLATA TELECOMMUNICATIONS SERVICES.

"(a) AUTHORITY.—Notwithstanding any restriction or obligation imposed before the date of enactment of this section pursuant to section II(D) of the Modification of Final Judgment, a Bell operating company may engage in the provision of interLATA telecommunications services subject to the requirements of this section and any regulations prescribed thereunder. No Bell operating company or affiliate of a Bell operating company shall engage in the provision of interLATA telecommunications services, except as provided in this section

"(b) CURRENTLY AUTHORIZED ACTIVITIES.—Subsection (a) shall not prohibit a Bell operating company from engaging, at any time after the date of enactment of this section, in any activity as authorised by an order entered by the United States District Court for the District of Columbia pursuant to section VIII(C) of the Modification of Final Judgment if such order was entered on or before such date of enactment.

"(c) PETITION FOR AUTHORITY.—

"(1) IN GENERAL.—A Bell operating company or its affiliate may petition the Commission for authority to provide interLATA telecommunications services. The petition shall describe with particularity the nature and scope of each proposed interLATA telecommunications service, and of each product market or service market, and each geographic market, for which authorisation is sought.

"(2) REQUIRED SHOWING FOR IN-MARKET SERVICES.—The Commission may, after consultation with the Attorney General, and on the record after opportunity for a hearing in which the public has an opportunity to participate, grant a petition for authority to offer an interLATA telecommunications service to be originated, terminated, or otherwise provided in any area in which the petitioner or its affiliate provides telephone exchange or exchange access services, only if—

"(A) the showing required by paragraph (3) is made;

"(B) all the regulations required by section 230 have been prescribed by the Commission, and each relevant State certifies and the Commission finds that the petitioning Bell operating company or its affiliate is providing telephone exchange and exchange access service in the relevant telephone exchange or exchange access market in full compliance with such regulations; and

"(C) the Commission finds, after receiving factual evidence submitted by the State, that there is actual and demonstrable competition to the Bell operating company's telephone exchange and exchange access services in each relevant area, based on the requirement that actual and demonstrable competition exists when telephone exchange and exchange access services—

"(i) are available from at least one provider that is unaffiliated with the petitioning Bell operating company or its affiliates;

"(ii) offered predominantly over facilities not owned or controlled by the Bell operating company or its affiliates and are comparable in geographic range, function, quality, and price to the service offered by the petitioning Bell operating company or its affiliate; and

"(iii) subscribed to by a significant number of persons in each relevant area.

"(3) REQUIRED SHOWING FOR OUT-OF-MARKET SERVICES.—The Commission may, after consultation with the Attorney General, and on the record after opportunity for a hearing in which the public has an opportunity to participate, grant authority to a petitioning Bell operating company or its affiliate to provide interLATA telecommunications services not described in paragraph (2), upon a showing by the petitioner that there is no substantial possibility that the Bell operating company or its affiliates could use market power in a telephone exchange and exchange access service market to impede competition in the interLATA telecommunications services market that the petitioner seeks to enter.

"(4) INTERLATA TELECOMMUNICATIONS SERVICE SAFEGUARDS.—

"(A) SEPARATE SUBSIDIARY; FULFILLMENT OF CERTAIN REQUESTS.—Other than interLATA services authorised by an order entered by the United States District Court for the District of Columbia pursuant to section VIII(C) of the Modification of Final Judgment before the date of the enactment of this section, a Bell operating company or an affiliate thereof providing interLATA services authorised under this subsection shall do so through a separate subsidiary as specified in section 236. Such separate subsidiary shall—

"(i) fulfill any requests from an unaffiliated entity for exchange access service within a period no longer than that in which it provides such exchange access service to itself or to its affiliates;

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"(ii) fulfill any such requests with exchange access service of a quality that meets or exceeds the quality of exchange access services provided by the Bell operating company or its affiliates to itself or its affiliate; and

"(iii) provide exchange access at rates to all interLATA carriers at rates that are not unreasonably discriminatory.

"(B) COMMISSION ACTION ON COMPLAINTS.—With respect to any complaint brought under section 208 alleging a violation of this section or the regulations implementing it, the Commission shall issue a final order within 1 year after such complaint is filed.

"(d) ADDITIONAL INTERLATA AUTHORITY ASSOCIATED WITH CABLE TELEVISION SERVICES.—

"(1) AUTHORITY.—Notwithstanding subsection (c), a Bell operating company or its affiliate may—

"(A) own and operate receive-only antennas, satellite master antenna television facilities, and satellite earth stations, solely for the purpose of providing cable service;

"(B) own and operate interLATA distribution facilities solely for the purpose of providing cable service; and

"(C) engage in interLATA telecommunications service for the purpose of one-way transmission of video and audio programming solely for cable service.

"(2) RESTRICTION.—A Bell operating company may own and operate the antennas, stations, and facilities described in paragraph (1) (A) and (B) only through one or more affiliates that are totally separate from the Bell operating company's local exchange company.

"(e) ADDITIONAL AUTHORITY TO PROVIDE INTERLATA SERVICES RELATING TO CELLULAR MOBILE RADIO SERVICES.—

"(1) AUTHORITY.—A Bell operating company or its cellular affiliate may provide the interLATA services authorized under this section solely as necessary to provide cellular mobile radio services.

"(2) INTERSYSTEM HANDOFF.—A Bell operating company or its cellular affiliate may provide intersystem handoff, across LATA boundaries, of cellular mobile radio transmissions between adjacent cellular systems, including the provision of such transmission facilities as are necessary to allow the continuation of calls in progress without interruption or degradation of service due to the movement of the mobile telephone unit or the characteristics of radio propagation.

"(3) AUTOMATIC CALL DELIVERY.—A Bell operating company or its cellular affiliate may provide the routing of cellular transmissions between its cellular system and a cellular system located in another LATA, for purposes of completing a call to one of its out-of-region cellular customers.

"(4) USE OF LEASED FACILITIES.—Facilities necessary for intersystem handoff across LATA boundaries or interLATA routing of cellular transmissions, as permitted under paragraphs (2) and (3), shall be leased by a Bell operating company or its cellular affiliate from a carrier (other than a Bell operating company or its affiliate) authorized to provide interLATA telecommunications.

"(5) EQUAL ACCESS AND PRESUBSCRIPTION.—Notwithstanding any restriction or obligation imposed pursuant to the Modification of Final Judgment before the date of enactment of this section, the Commission shall prescribe uniform equal access and long distance presubscription requirements for providers of all cellular and two-way wireless services.

"(d) DEFINITIONS.—As used in this section:

"(1) The term 'LATA' means the local access and transport area as defined in United States v. Western Electric Co., 569 F.Supp. 990 (United States District Co. District of Columbia) and subsequent judicial orders relating thereto.

"(2) The term 'cable service' has the meaning given that term under section 602.".

SEC. 483. JURISDICTION.

Section 2(b) of the Communications Act of 1934 (47 U.S.C. 153) is amended by striking "section 332" and inserting in lieu thereof "sections 229, 230, 234, 235, 237, and 332".

TITLE V—REGULATORY PARITY BETWEEN TELEPHONE AND CABLE COMPANIES

SEC. 501. OWNERSHIP AND CONTROL OF CABLE TELEVISION SYSTEMS AND TELEPHONE COMPANIES.

Section 613(b) of the Communications Act of 1934 (47 U.S.C. 533(b)) is amended to read as follows:

"(b)(1)(A) No local exchange carrier, subject in whole or in part to title II of this Act, nor any affiliate of such carrier, owned by, operated by, controlled by, or under common control with such carrier, may—

"(i) purchase or otherwise acquire, directly or indirectly, more than a 5 percent financial interest, any management interest, or any other interest, in any cable system that is providing service within the carrier's telephone exchange service area and is owned by an unaffiliated person; or

"(ii) enter into any joint venture or partnership with a cable operator to provide video programming to subscribers within such telephone exchange service area.

"(B) A local exchange carrier shall not provide video programming directly to subscribers in its telephone exchange service area unless—

"(i) such video programming is provided through a separate subsidiary as set forth in section 236; and

"(ii) the Commission finds that the local exchange carrier offers service in full compliance with the regulations prescribed under section 230 in the geographic area in which it seeks to provide video programming.

"(C) A local exchange carrier that provides video programming directly to subscribers is a cable operator as defined in section 602.

"(D) A local exchange carrier shall not engage in practices prohibited by the Commission or by a State (including but not limited to the improper assignment of costs) that subsidise directly or indirectly its video programming operations.

"(E) Subparagraphs (A) and (B) shall not apply to a local exchange carrier to the extent that such carrier provides telephone exchange service in an area to which an exemption applies under section 63.58 of title 47, Code of Federal Regulations (as in effect on the date of enactment of the Communications Act of 1994).

"(F) Upon a showing that a local exchange carrier has no market power in its telephone service area, the Commission shall exempt the carrier from the provisions of subparagraphs (B) and (D).

"(2)(A) A cable operator shall not provide telecommunications services directly to subscribers in its cable service area unless such telecommunications services are provided through a separate subsidiary.

"(B) No cable operator, nor any affiliate of such cable operator, owned by, operated by, controlled by, or under common ownership with such cable operator, may—

"(i) purchase or otherwise acquire, directly or indirectly, more than a 5 percent financial interest, any management interest, or any other interest, in any local exchange carrier that is providing local exchange service within the local cable operator's service area; or

"(ii) enter into any joint venture or partnership with such local exchange carrier, unless—

"(I) the joint venture of partnership advances the objectives of local competition by promoting or increasing telecommunications competition over facilities separate from the local exchange carriers' facilities in the local exchange carrier's service area; and

"(II) the local exchange carrier's interest in such competing telecommunications services provider does not retard the competing provider's incentives to compete.

"(C) A cable operator shall not engage in practices prohibited by the Commission or by a State (including but not limited to the improper assignment of costs) that subsidise directly or indirectly its telecommunications services.

"(D) Upon a showing that a cable operator has no market power in its cable service area, the Commission shall exempt the cable operator from the provisions of subparagraphs (A), (B), and (C).".

SEC. 502. CONSUMER AND COMPETITIVE SAFEGUARDS.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 238. CONSUMER AND COMPETITIVE SAFEGUARDS.

"(a) SEPARATE SUBSIDIARY.—

"(1) IN GENERAL.—Any subsidiary required by section 235 or 613(b)(1) shall, at a minimum, be separated from a local exchange carrier, in accordance with the requirements of this subsection and the regulations prescribed by the Commission to carry out this subsection.

"(2) TRANSACTION REQUIREMENTS.—Any transaction between such a subsidiary and any local exchange carrier and any other affiliate of the carrier shall not be based upon any preference or discrimination in favor of the subsidiary arising out of the subsidiary's affiliation with the carrier.

"(3) SEPARATE OPERATION AND PROPERTY.—A subsidiary required by this subsection may not enter into any joint venture activities or partnership with a local exchange carrier or any affiliate of such carrier.

"(4) SEPARATE COMMERCIAL ACTIVITIES.—A subsidiary required by this subsection shall carry out its marketing and sales directly and separate from any local exchange carrier or its affiliate.

"(5) BOOKS, RECORDS, AND ACCOUNTS.—Any subsidiary required by this subsection shall maintain books, records, and accounts in a manner prescribed by the Commission which shall be separate from the books, records, and accounts maintained by any local exchange carrier or any affiliates of such carrier.

"(6) PROVISION OF SERVICES AND INFORMATION.—A local exchange carrier may not provide any services or information to a subsidiary required by this subsection unless such services or information are made available to others on the same terms and conditions.

"(7) PREVENTION OF CROSS-SUBSIDIES.—Any local exchange carrier required to maintain a subsidiary under this subsection shall establish and administer, in accordance with the requirements of this subsection and the regulations prescribed thereunder, a cost allocation system that prohibits any cost of providing competitive services from being subsidised by revenue from telephone exchange services. The cost allocation system shall employ a formula that ensures that—

"(A) the rates for telephone exchange services are no greater than they would have been in the absence of such investment in competitive services (taking into account any decline in the real costs of providing such telephone exchange services); and

"(B) competitive services bear a reasonable share of the joint and common costs of facili-

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ties used to provide telephone exchange and competitive services.

"(8) ASSETS.—The Commission shall, by regulation, ensure that the economic risks associated with the provision of competitive services by a local exchange carrier or an affiliate thereof (including any increases in the carrier's cost of capital that occur as a result of the provision of such services) are not borne by customers of telephone exchange services in the event of a business loss or failure. Investments or other expenditures assigned to competitive services shall not be reassigned to telephone exchange service or telephone exchange access service.

"(9) DEBT.—Any local exchange carrier, which is required to be or is structurally separate from an affiliate engaged in the provision of telephone exchange services, shall not obtain credit under any arrangement that would—

"(A) permit a creditor, upon default, to have recourse to the assets of the local exchange carrier; or

"(B) induce a creditor to rely on the tangible or intangible assets of the local exchange carrier in extending credit.

"(b) DEFINITIONS.—As used in this section, the term 'affiliate' means any organization or entity that, directly or indirectly, owns or controls, or is owned or controlled by, or is under common ownership or control with, a local exchange carrier. For purposes of this subsection, the terms 'own', 'owned', and 'ownership' mean a direct or indirect equity interest (or equivalent thereof) of more than 5 percent of an organization or entity, or the right to more than 5 percent of the gross revenues of an organization or entity under a revenue sharing or royalty agreement, or any substantial management or financial interest.".

TITLE VI—CUSTOMER CONTROL OVER INFORMATION

SEC. 601. CUSTOMER INFORMATION PROTECTIONS.

Title II of the Communications Act of 1934 (47 U.S.C. 201 et seq.), as amended by this Act, is further amended by adding at the end the following new section:

"SEC. 227. CUSTOMER INFORMATION REQUIREMENTS.

"(a) CUSTOMER PROPRIETARY NETWORK INFORMATION.—A local exchange carrier—

"(1) shall not, except as required by law or upon the affirmative request of the customer to which the information relates—

"(A) use customer proprietary network information in the providing of any service other than (i) telephone exchange service or telephone toll service, or (ii) a service necessary to or used in the provision of telephone exchange service or telephone toll service;

"(B) use customer proprietary network information in the identification or solicitation of potential customers for any service other than the service from which such information is derived;

"(C) use such information in their provision of customer premises equipment; or

"(D) disclose such information to any affiliate of such common carrier or any other person that is not an employee of such carrier;

"(2) shall disclose such information, upon affirmative written request by the customer, to any person designated by the customer;

"(3) shall, whenever such common carrier provides any aggregate information based on customer proprietary network information or any data base or other compilation of customer proprietary information to any personnel of such common carrier, or any affiliate of such common carrier, that are engaged in providing any service that is not necessary to the provision of telephone exchange service, or that are engaged in the provision of customer premises equipment, or to any other person that is not an employee or affiliate of such carrier, notify the Commission of the availability of such aggregate or compiled information and shall provide such aggregate or compiled information on reasonable terms and conditions to any other service or equipment provider upon reasonable request therefor; and

"(4) shall not discriminate between affiliated and unaffiliated service or equipment providers in providing access to, or in the use and disclosure of, individual and aggregate or compiled information made available consistent with this subsection.

"(b) RULE OF CONSTRUCTION.—This section shall not be construed to prohibit the disclosure of customer proprietary network information as necessary—

"(1) to render, bill, and collect for telephone exchange service or telephone toll service;

"(2) to render, bill, and collect for any other telecommunications service that the customer has requested;

"(3) to protect the rights or property of the carrier; or

"(4) to protect users of any of those services and other carriers from fraudulent, abusive, or unlawful use of or subscription to such service.

"(c) EXEMPTION PERMITTED.—The Commission may, by rule, exempt from the requirements of subsection (a) local exchange carriers that do not have 1,000,000 aggregate nationwide lines installed if the Commission determines that such exemption is in the public interest or if compliance with the requirements would impose an undue economic burden on the carrier.

"(d) DUTY TO PROVIDE SUBSCRIBER LIST INFORMATION.—Notwithstanding subsections (a), (b), and (c), a local exchange carrier that provides subscriber list information to any affiliated or unaffiliated service provider or person shall provide subscriber list information on a timely and unbundled basis, under nondiscriminatory and reasonable rates, terms, and conditions, to any person upon reasonable request.

"(e) AUTOMATIC NUMBER IDENTIFICATION SERVICES.—

"(1) CONTRACT REQUIREMENTS.—Any common carrier or affiliate of a common carrier providing automatic number identification services to any person shall provide such services under a contract or tariff containing telephone subscriber information requirements that comply with this subsection. Such requirements shall—

"(A) permit such person to use the telephone number and billing information provided pursuant to the automatic number identification service for billing and collection, routing, screening, and completion of the originating telephone subscriber's call or transaction, or for services directly related to the originating telephone subscriber's call or transaction;

"(B) prohibit such person from reusing or selling the telephone number or billing information provided pursuant to the automatic number identification service without first orally (i) notifying the originating telephone subscriber and (ii) extending to such subscriber the option to limit or prohibit such reuse or sale; and

"(C) prohibit such person from disclosing, except as permitted by subparagraphs (A) and (B), any information derived from the automatic number identification service for any purpose other than—

"(i) performing the services or transactions that are the subject of the originating telephone subscriber's call,

"(ii) ensuring network performance, security, and the effectiveness of call delivery,

"(iii) compiling, using, and disclosing aggregate information, and

"(iv) complying with applicable law or legal process.

"(2) EXCEPTION FOR ESTABLISHED CUSTOMERS.—The customer information requirements imposed under paragraph (1) shall not prevent a person to which automatic number identification services are provided from using—

"(A) the telephone number and billing information provided pursuant to such service, and

"(B) any information derived from the automatic number identification service, or from the analysis of the characteristics of telecommunications transmission,

to offer, to any telephone subscriber with which such person has an established customer relationship, a product or service that is directly related to the products or service previously acquired by that customer from such person.

"(3) ENFORCEMENT.—(A) Each common carrier shall receive and transmit to the Commission complaints concerning violations of the telephone subscriber information requirements imposed under paragraph (1). Each common carrier shall submit to the Commission, in such form as the Commission may require by regulation, reports on actions taken by the carrier to comply with this section.

"(B) The Commission may, by rule or order, direct the termination of automatic number identification services to any person who has violated the telephone subscriber information requirements imposed under paragraph (1). For purposes of section 503 (b)(1)(B), violations of such requirements shall be considered to be a violation of a provision of this Act.

"(4) EFFECTIVE DATE.-(A) Except as provided in subparagraph (B), the requirements of this subsection shall apply to any automatic number identification service provided on or after one year after the date of enactment of this subsection.

"(B) In the case of any automatic number identification service provided under a contract entered into, or tariff taking effect, more than 90 days after the date of enactment of this subsection, the requirements of this subsection shall apply to any automatic number identification service provided pursuant to such contract or tariff.

"(f) DEFINITIONS.—As used in this section:

"(1) The term 'customer proprietary network information' means—

"(A) information which (i) relates to the quantity, technical configuration, type, destination, and amount of use of telephone exchange service or interexchange telephone service subscribed to by any customer of a telephone operating company, and (ii) is available to the telephone operating company by virtue of the telephone company-customer relationship;

"(B) information contained in the bills for telephone exchange service or interexchange telephone service received by a customer of a telephone operating company; and

"(C) such other information concerning the customer as is (i) available to the telephone operating company by virtue of the customer's use of the company's services, and (ii) specified as within the definition of such term by such rules as the Commission shall prescribe consistent with the public interest,

except that such term does not include subscriber list information.

"(2) The term 'subscriber information' means any information—

"(A) identifying the names of subscribers of a local exchange carrier and such subscriber's telephone numbers, addresses, or advertising classifications, or any combina-

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tion of such names, numbers, addresses, or classifications; and

"(B) that the carrier or an affiliate has published or accepted for future publication.

"(3) The term 'aggregate information' means collective data that relates to a group or category of services or customers, from which individual customer identities or characteristics have been removed.

"(4) The term 'automatic number identification' means an access signaling protocol in common use by common carriers that uses an identifying signal associated with the use of a subscriber's telephone to provide billing information or other information to the local exchange carrier and to any other interconnecting carriers.

"(g) PROCEEDING REQUIRED.—Within 6 months after the date of enactment of this section, the Commission shall commence a proceeding—

"(1) to examine the impact of the integration into interconnected communications networks of wireless telephone, cable, satellite, and other technologies on the privacy rights and remedies of the consumers of those technologies;

"(2) to examine the impact that the globalization of such integrated communications networks has on the international dissemination of consumer information and the privacy rights and remedies to protect consumers;

"(3) to propose changes in the Commission's regulations to ensure that the effect on consumer privacy rights is considered in the introduction of new telecommunications services and that the protection of such privacy rights is incorporated as necessary in the design of such services or the rules regulating such services;

"(4) to propose changes in the Commission's regulations as necessary to correct any defects identified pursuant to paragraph (1) in such rights and remedies; and

"(5) to prepare recommendations to the Congress for any legislative changes required to correct such defects.".

TITLE VII—MEDIA DIVERSITY

SEC. 701. REMOVAL OF BROADCAST STATION OWNERSHIP RESTRICTIONS.

Within 1 year after the date of enactment of this Act, the Commission shall, after a notice and comment proceeding, modify or remove such national and local ownership rules on radio and television broadcast stations as are necessary to ensure that broadcasters are able to compete fairly with other media providers while ensuring that the public receives information from a diversity of media sources.

SEC. 703. REVIEW OF STATUTORY OWNERSHIP RESTRICTION.

Within 1 year after the date of enactment of this Act, the Commission shall review the ownership restriction in section 613(a)(1) and report to Congress whether or not such restriction continues to serve the public interest.

703. REVIEW OF VIDEO NON-DUPLICATION AND SYNDICATED EXCLUSIVITY RULES.

Within one year after the date of enactment of this Act, the Commission shall complete a notice and comment proceeding to consider the applicability of the Commission's rules regarding network non-duplication protection and syndicated exclusivity protection to other multichannel video programming providers.

SEC. 704. BROADCASTER PROVISION OF ADDITIONAL SERVICES.

The Commission shall, after a notice and comment proceeding, prescribe regulations to permit broadcasters to make use of the broadcast spectrum that they are licensed to use, for services that are related to the programming services which they are authorized to provide. To the extent that the broadcast licensee provides commercial services using broadcast spectrum, the Commission shall be authorized to collect from each licensee an amount equivalent to the amount that would have been paid if the license to provide such service had been subjected to competitive bidding under section 309(j) of the Communications Act of 1934 (47 U.S.C. 309(j)). Such amounts shall be collected and distributed pursuant to such section 309(j). Nothing shall be construed as relieving a broadcasting station from its obligation to serve the public interest, convenience, and necessity.

COMMUNICATIONS ACT OF 1994

The purpose of the bill is to protect the public interest, encourage private investment in the telecommunications infrastructure, encourage competition in all sectors of the communications industry, ensure the preservation and advancement of universal service, and grant the FCC more regulatory flexibility.

The main provisions of the legislation are summarized below.

TITLE I—PROTECTION AND ADVANCEMENT OF UNIVERSAL SERVICE

The FCC and the states shall share responsibility to ensure that all citizens have access to high-quality telephone service. The bill requires all telecommunications carriers to contribute to universal service either through monetary payment, certain service obligations, in-kind payments or other forms of contributions determined by the FCC and states.

TITLE II—TELECOMMUNICATIONS INVESTMENT

The FCC and the states are directed to encourage new technologies to be deployed to all Americans, including rural and inner city areas, consistent with the need to maintain reasonable rates for consumers.

Telecommunications carriers may engage in joint network planning and standardization.

TITLE III—REGULATORY REFORM

After the mechanisms to protect universal service are established under Title I, state entry barriers are preempted. All carriers, including telephone companies and their competitors, would be regulated as common carriers and required to interconnect to their networks, to ensure that a nationwide, seamless network is preserved.

The FCC and the states shall have the flexibility to tailor regulations to the market power of the carrier if such regulation would serve the public interest, convenience and necessity.

TITLE IV—MFJ ISSUES

Manufacturing.—The bill removes the manufacturing restrictions on the Bell Companies in accordance with the legislation that passed the Senate in 1991 (S. 173, 102nd Congress).

Electronic Publishing and Burglar Alarm Services.—The bill includes provisions concerning Bell Company provision of electronic publishing services and burglar alarm services. The Bell Companies may not enter the burglar alarm services market for six years. The Bell Companies may provide electronic publishing services only through a separate subsidiary and will be barred from cross-subsidizing any information services.

Long Distance.—The bill grants authority to the FCC, after consultation with the Attorney General, to allow a Bell Company into long distance. Out-of-market: The Bell Companies may provide long distance service outside of the areas where they provide telephone service if they show that there is no substantial possibility that they may use their market power to impede competition in the market they seek to enter. In-Market: In areas where the Bell Companies provide telephone service, they may enter the long distance market if: (1) the "no substantial possibility" test is met; (2) the FCC finds that the Bell Company has opened its network; and (3) the FCC finds, after receiving information from the state, that the Bell Company faces actual and demonstrable competition in the geographic market.

There are no arbitrary waiting periods before these tests apply. Once a Bell Company is permitted to enter long distance service, it must do so using a separate subsidiary.

Finally, the bill allows the Bell Companies to provide some cellular and cable television services across LATA boundaries because the Bell Companies do not have market power for these services.

TITLE V—REGULATORY PARITY BETWEEN TELEPHONE AND CABLE

Telephone companies would only be permitted to provide cable service in the same region where they provide telephone service under the following conditions: (1) telephone companies may not buy out the existing cable company; (2) telephone companies may only provide cable programming using a separate subsidiary; (3) telephone companies may not cross-subsidize their cable operations with telephone revenues; and (4) to the extent they provide cable service, telephone companies will be treated as cable operators under the Cable Act.

Cable companies will only be permitted to provide telephone service if they comply with similar conditions.

TITLE VI—CUSTOMER CONTROL OF INFORMATION

Provisions would protect consumers' and competitors' rights with regard to telephone numbers and billing information. Consumers' telephone numbers would only be given out to those whom the consumer chooses, and the telephone company could not use subscriber information for its affiliated enterprises unless it also gives such information to its competitors.

TITLE VII—MEDIA DIVERSITY

Legislation would direct the FCC to conduct a review of its local and national ownership rules and eliminates those that are not necessary as long as the goal of media diversity is achieved. The FCC will also review the applicability of network non-duplication rules and syndicated exclusivity rules to competitors to cable. The broadcasters also are permitted to provide non-programming services using their broadcast spectrum as long as they pay a fee for the use of that spectrum for commercial purposes and as long as the service is broadcast-related.

Mr. DANFORTH. Mr. President, today I join Chairman HOLLINGS and a bipartisan majority of the Senate Commerce Committee in introducing the Communications Act of 1994.

The telecommunications industry is among our country's most dynamic industries. The combination of new technologies and aggressive entrepreneurs has moved this industry from a stagnant market controlled by a few to an industry with burgeoning competition and flourishing ingenuity. Consumers will benefit from the expanded choices that this competition produces.

In such a dynamic environment, policies meant for stagnant times are not useful, and may even be harmful. Communications policy must reflect this changing environment. In 1934, Congress enacted the Communications Act,

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the central body of communications law. Today, 60 years later, there is a growing consensus that significant changes are needed in communications law.

The regulatory scheme that grew from the 1934 Act presumed monopolies and left the FCC with very little regulatory flexibility. The communications industry is dramatically different than it was 60 years ago—technological development and growing competition have made the old regulatory system obsolete.

Of critical importance will be the need to encourage competition in all sectors of the communications industry, while maintaining high quality local phone service. The bill we are introducing today, the Communications Act of 1994, advances that goal. This bill will break down the regulatory walls that exist today in the communications industry. The bill encourages competition to cable and competition to local telephone companies. The bill lets the Bell operating companies enter new lines of business where their entry is consistent with the goal of encouraging competition. This bill gives the FCC new flexibility to tailor its regulation to the emerging competitive environment in the telecommunications industry.

The premise of the bill is that increased competition in the provision of communications services in the local market will encourage private infrastructure development. Competition in the local market is likely to have the same beneficial effects that competition has had in the long distance market: increased investment in the network, increased variety and quality of service, and lower prices. Greater infrastructure development will enhance a community's ability to attract new businesses and enable businesses and employees to enjoy the benefits of telecommuting. Additionally, improved telecommunications infrastructure can bring advanced communications services to small businesses, as well as residential, low-income, disadvantaged, educational, medical, rural, and other users who might otherwise be excluded from the information age.

Public policies aimed at promoting competition and preventing market abuses simultaneously advance innovation and developments in the marketplace. I am confident that the introduction of local market competition will spur the technological development of the nation's telecommunications infrastructure. That is the premise of the bill we introduce today. This legislation will meet the changing demands of consumers, contribute to this country's economy, and advance the competitiveness of the U.S. in international markets.

Mr. INOUYE. Mr. President, I am very pleased to cosponsor the Communications Act of 1994, introduced by the chairman of the Commerce Committee, Senator HOLLINGS and ranking Republican, Senator DANFORTH. The legislation provides a comprehensive review of communications policies and lays the regulatory foundation for the telecommunications industry for the next century. The most important component of the legislation is the preservation of universal service that will ensure access to high quality telecommunications services for all Americans, both urban and rural. It is a principle that I believe must be preserved as technology encourages more competition to the traditional telephone monopoly.

The bill is a bipartisan effort that includes a majority of the Commerce Committee as original cosponsors. Today's legislation expands upon efforts earlier this year by Senator DANFORTH and myself. I want to thank Senator DANFORTH for his continued efforts in moving this debate forward and I look forward to working with him to pass this bill this year.

This legislation represents the most comphensive review of communications Law since the enactment of the 1934 Communications Act. It is time for Congress to reassert its role as the decisionmaker on communications policy and return the oversight of the AT&T consent decree to the Federal Communications Commission. I do, however, want to take a moment to commend the extraordinary effort and success with which Judge Greene has overseen the AT&T consent decree. Judge Greene has administered the break-up of one of the world's largest corporations and has, more than any other single person, nurtured a nascent long distance industry into a robust and competitive environment. But now it is time for Congress to take the next step and ensure that the competition at the local level is given the same opportunity to flourish.

The bill that Senator HOLLINGS is introducing today answers several fundamental policy questions: First, how will universal service be preserved in a competitive market; second, what policies should govern competitors in the telecommunications marketplace of tomorrow; and third, when and how should the restrictions on the Bell operating companies be lifted.

First, I want to emphasize my strong support for the universal service provisions of the bill. I think many of us have become accustomed to the concept of universal telephone service without even realizing that the Communications Act of 1934 does not define what universal service means. Our legislation lays out a new framework for the FCC and States to work together to ensure universal service and requires all providers of telecommunications service to contribute their fair share.

The legislation is designed to address the issue of universal service first and then the issue of local competition. I agree with Senator HOLLINGS view that it is essential for the universal service mechanisms to be in place first in order to effectuate a proper transition from a regulated monopoly to a competitive local exchange. The bill provides the necessary balance and flexibility between the FCC and the States that will ensure the particular needs of each individual State are met.

There are two issues in this bill that are of particular concern to me: telephone entry into cable, and Bell Co. entry into long distance. As I stated several months ago, I am very concerned with how the Bell Operating Companies enter into cable within their own service territory. I want to emphasize that I support telephone entry into cable as long as there is a "no buy-out" provision. In other words, I do not think it is sound policy to replace a system of one telephone monopoly and one cable monopoly with a merger of the two into a single monopoly. Competition between the two providers, and potentially other providers, will stimulate investment, lower prices for consumers, and encourage diversity.

The other provision I am most concerned with is how and when the Bell Operating Companies will be allowed to enter the long distance industry. During the two hearings held on S. 1086, the Commerce Committee received testimony from both the long distance industry and the Bell Operating Companies. While the rhetoric from both sides appeared to leave little room for compromise, both parties agreed that the long distance restriction should be lifted once there is competition for local telephone service. The sponsors of this legislation have taken the parties at their word. The legislation we introduce today would allow the Bell Companies into long distance only after the FCC makes a determination that there is no substantial possibility that the Bell Co. could use market power over local telephone service to impede competition in the long distance industry. Where the Bell Co. provides telephone service, the Bell Co. can only satisfy this test by showing that it has opened and unbundled its network to competition, and that it is facing actual and demonstrable competition for local telephone service.

I want to reiterate that the test for entry into the long distance market is a balanced approach. The FCC has the sole responsibility to determine when the local market is competitive. There are no arbitrary waiting periods before the Bell Co. may petition to enter the long distance industry.

Finally, I want to focus on the economic and consumer benefits this legislation offers. Competition is essential to promoting investment in new technologies and to ensuring lower rates for consumers. Competition has worked for long distance service and for telecommunications equipment. There are now four fiber optic networks available for interstate telephone calls, and the diversity of technology for telecommunications equipment is truly astounding. But to date, there is little or

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no competition for local telephone service.

There is no question that the long distance industry invested heavily in deploying fiber optic networks once it became apparent that competitors were gaining market share. I think AT&T would be the first to say it was a hard-learned lesson. It is my fervent belief that similar investments will take place in the local telephone markets as the telephone companies unbundle their networks and provide greater access and interconnection to other providers of telecommunications services.

Competition is the best way to speed the introduction of advanced technology to everyone's home and business. But competition must not go unchecked. Therefore, the bill contains several consumer safeguards to prevent the Bell Companies from engaging in cross-subsidization and self-dealing when they enter new markets. It requires the Bell Companies to set up separate subsidiaries for their provision of electronic publishing services and burglar alarm services. It also contains provisions to ensure that customer proprietary network information is made available to all competitors in a nondiscriminatory fashion.

This bill contains a balanced approach to protecting universal service and allowing for competition. It relies on market incentives rather than Government funding or Government mandates. It strikes the right balance between dominant market participants and new entrants. It provides for an equitable role between the FCC and the States. I believe this bill has the momentum and consensus to be enacted into law this year. I look forward to working with my colleagues on this important piece of legislation.

Mr. EXON. Mr. President, I am proud to be an original cosponsor of the Telecommunications Act of 1994. Today, the Senate breaks ground on the information superhighway.

Last year I called for a grand compromise to end the gridlock which has gripped American telecommunications policy since the breakup of AT&T. This legislation comes as close to that compromise as any. While this bill remains a work in progress, the fundamental principles are sound. It allows everyone to compete while assuring that all competitors bear the responsibility of universal service.

The bill is comprehensive, fair and visionary.

It takes telecommunications policy out of the courts and places it where it belongs—with the people's representatives in the Congress and the FCC.

As the gates against competition are lifted, competition will occur on a level playing field where fresh ideas, services, and products will fight for new customers.

Many will think of this legislation as a bill simply about phone service. I see it as a key to American education policy. This legislation will provide for educational interchange. Students, young and old, rural and urban, will gain access to new worlds of knowledge. It will be possible for students in Ord, NE to study with professors at Harvard and inner-city children to browse the Library of Congress.

Especially important, rural America will not be left behind in the telecommunications revolution because the universal service obligations of the Communications Act assure modern, affordable communication services for all Americans.

I am pleased that several key provisions of the infrastructure sharing bill that Senator GRASSLEY and I introduced last year were incorporated into this legislation. These provisions assure that rural citizens have access to advanced technology and that the telecommunications network remain will fully compatible in all parts of the country.

Once enacted, this legislation will help create American jobs, increase American productivity and restore new vitality to the American economy. It will give citizens new options for buying local, long distance, data, and video services.

America will work, create, communicate, and be entertained in ways only imagined a few years ago.

New services, new options and new competition with fair universal service obligations will help hold the line on costs for consumers.

I congratulate Senator HOLLINGS for crafting a bold initiative.

This legislation complements the Commerce Committee's landmark legislation included in last year's reconciliation bill on spectrum auction for wireless personal communications systems.

I look forward to continue working with the chairman to further refine this proposal and enact it into law.

Mr. President, I ask unanimous consent that additional material be printed in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[Press release, Thursday, Feb. 3, 1994]

EXON BREAKS GROUND ON INFORMATION SUPERHIGHWAY

WASHINGTON, DC.—U.S. Senator Jim Exon (D-NE) helped break ground Thursday on the nation's Information Superhighway.

Exon, a senior member of the Senate communications Subcommittee, announced he is cosponsoring a bill that will reduce the cost of telephone and cable television services and encourage competition among companies vying for the chance to provide Americans with new, advanced telecommunications and education services.

"With the Information Superhighway, we will work, communicate and be entertained in ways only imagined a few years ago," Exon said. "Competition among companies we think of today as telephone companies or cable television companies, for instance, will give consumers new services and will help keep the cost of those services down."

The bill, formally known as the Communications Act of 1994 and sponsored by Commerce Committee Chairman Ernest F. Hollings, would encourage competition in the communications industry and ensure that all Americans have access to modern telephone and other telecommunications services.

As the Information Superhighway is built, Americans will have access to new information and entertainment services. For many Americans, the advent of this new technology will make it possible to work or study at home.

"I see this legislation as a key to American education policy," Exon said. "It will provide for a new educational interchange. New worlds of knowledge will be opened to all students, young and old, urban and rural."

"For rural Nebraskans, it presents many new opportunities," Exon said. "But universal service—access to affordable, modern telecommunication services throughout the entire U.S.—is the primary focus of this bill and will assure that rural America does not get left behind."

Mr. ROCKEFELLER. Mr. President, I am pleased today to join the bipartisan leadership of the Senate Commerce Committee as an original cosponsor of the Communications Act of 1994. I congratulate Chairman HOLLINGS for presenting this true starting point in a legislative process that will be an important challenge to all of us.

Because of the complexity of the issues, I am not in a position to predict precisely how we should complete the job begun with this legislation. My cosponsorship of this bill expresses support for its goals and its emphasis. I am committed to working with the industries and people of my State, and drawing on the input and expert advice that this bill will attract, to assist in enacting a final product that achieves our common goals fairly and efficiently.

It is now obvious that an exciting, new era in technology has begun. We are watching the emergence of telecommunications technology, presenting all kinds of possibilities for making American industry more competitive in the global marketplace and improving the lives of people across the country and in my State of West Virginia.

But in order to take advantage of this opportunity, the Congress must build a foundation for development of technology that protects the public interest.

Sixty years have passed since Congress set out a comprehensive framework for communications policy in the 1934 act. The marketplace has changed dramatically and it is now time for Congress to reevaluate that framework in the context of the rapidly changing environment. This bill provides a regulatory strategy that allows fair competition to continue, but safeguards the public interest and the essential goal of universal service.

Government should not be in the business of deciding which specific technologies should dominate and which companies will win the battle of the marketplace. However, Government should play a role in ensuring a level playing field for all service providers, open markets, and consumer protection.

In this new legislation, affordable access to our national information super-

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highway is guaranteed to schools, hospitals, libraries and other public institutions. This will ensure that West Virginia's medical schools can continue their pioneering work in telemedicine, and that even the smallest communities, like Hamlin, WV will be able to fully participate in the Nation's emerging telecommunications infrastructure.

Again, I commend the chief architects of this legislation. Vice President GORE certainly deserves appreciation for the interest and inspiration he has mobilized around the idea of an information superhighway. The time has come to resolve the conflicts that have blocked progress and its benefits to the country's economy, industries, and people.

Mr. DORGAN. Mr. President, I am pleased to join my colleagues Senators HOLLINGS, DANFORTH, INOUYE, STEVENS, PRESSLER, KERRY, GORTON, EXON, ROCKEFELLER, and BURNS in sponsoring the Communications Act of 1994. This legislation, if it passes, will provide our Nation with the road map for building the information superhighway. It has been 60 years since the Communications Act was first enacted which preceded the television era and there is no question that we need to rewrite telecommunication policy for the 21st century. We now stand at the on-ramp of an exciting new generation of telecommunications technology which will carry us down the road to places unimaginable by previous generations.

One of the most important measures that the 103d Congress should act upon is this legislation. For that reason, I am cosponsoring this bill. I share the vision and desire of my colleagues who believe that our Nation's telecommunication infrastructure needs to be modernized and equipped to carry a whole new generation of technology and services that will have a very profound impact on how we learn, live, and do business. This legislation is a comprehensive rewrite of the Communications Act and it is necessary for bringing us into the next century. However, given the complexity of the whole range of issues that are impacted by this legislation and the enormity of the consequences of the policy direction this bill takes, I want to remain open to perfecting the bill's provisions. Certainly there will be some concerns raised about some of the specific provisions in this bill of which I am currently unaware. I want to make it clear that I intend to work with my colleagues to continue examining these issues and make changes to the legislation if necessary.

There are, nevertheless, some very important guiding principles to this legislation. First, this bill is a comprehensive rewrite of the Communications Act. There is no question that the Congress and the administration need to establish a national telecommunications policy. For over a decade, telecommunications policy, for the most part, has been set by the courts. In an era characterized by rapid technological development and constant change, we cannot afford to wonder adrift without a clear vision and policy direction. We, in the Congress, need to assume our responsibility to consumers and the industry and set the course for the future. The responsibility for telecommunications policy needs to move from the courts to the appropriate Federal and State agencies. The interest of consumers as well as the industry would be better served by a reflective and thoughtful policy established by the Congress and the administration than by laying hostage to the current constraints established by the courts. This bill would place the principle authority for policy direction with the States and the Federal Communications Commission where it belongs.

Second, telecommunications policy needs to establish new rules which are responsive to contemporary circumstances, characterized by rapid technological development and constant change. Legislation needs to focus on laying down the ground rules to ensure fair competition—truly fair competition. The driving force for infrastructure development is the promotion of competition. However, we have to understand that fair competition means that policy must be sensitive to the unique circumstances of how competition works in different geographic areas and in various market environments. In other words, competition in the local exchange network for Washington or New York is very different than in a rural Midwestern State like North Dakota. Telecommunications policy needs to be sensitive to these kinds of differences and this legislation attempts to provide for the necessary flexibility for the FCC and by providing for a strong role by the States. It is my hope that as this bill moves through the legislative process that we ensure that it's provisions provide the best possible accommodation to unique market and geographic circumstances.

Finally, this legislation is based on the premise that universal service must be protected as the information superhighway is constructed. Our telecommunications system is not truly national if access to information highway is not assured for everyone. For the rural areas of this country, a highly sophisticated and developed telecommunications infrastructure holds the potential of dramatic new opportunities for economic development, education, and health care delivery. It is imperative that the folks living in rural America have access to the same technology and communications links as the rest of the country. This bill contains strong provisions which are designed to protect universal service, which is critical to infrastructure development.

Again, I expect that this legislation will be subject to improvements as the Commerce Committee and the full Senate consider this important measure. I intend to work closely with my colleagues to address any concerns that may arise. However, it is clear that we cannot deviate from the fundamental goals of ensuring truly fair competition in the telecommunication industry and guaranteeing universal access to telecommunication services.

Mr. BURNS. Mr. President, I rise today with Senator HOLLINGS, the distinguished chairman of the Senate Commerce, Science, and Transportation Committee and Senator DANFORTH, the distinguished ranking Republican member of the Senate Commerce Committee to introduce bipartisan communications legislation designed to move this Nation into a new era:

A new era of job creation; a new era of education; a new era of health care; a new era of environmental protection, or in its most basic terms; a new era of information sharing that will literally throw the doors of opportunity open to every single person in America.

The Communications Act of 1994 captures a vision of the future and ensures that America will take its place in this future. With this legislation, we want to encourage private investment in America's communications industry and create a solid foundation on which to build an advanced national information infrastructure connecting every home, school, hospital, library, business, and individual in America.

If we can get this type of network built, then we'll see things like remote medical sensing, distance learning, telecommunicating to businesses from out-of-the-way communities, advanced services for disabled individuals, greater opportunities for rural and inner-city areas, and the list goes on as long as the imagination. A broadband interactive network or information superhighway will greatly enhance the quality of life for all our Nation's citizens, improve our ability to compete in the global marketplace of the 21st century, and secure our position as undisputed world leaders in the information age.

In recent years, we have made amazing advances in the area of technology. It used to be that we relied on typewriters and postage stamps to convey information. But today, the words "reach out and touch someone" take on real meaning. Computers, faxes, cellular phones, personal communications networks—all are changing how we live our lives and the way we do business.

In the video world, advanced cable TV systems are turning to fiber optic networks powerful digital processing and compression technology to provide viewers with hundreds of channels. Phone companies are plunging into information services and have the ability to provide video programming over telephone lines. Publishers are making information available electronically as well as on paper.

The future in communications is interactivity. Consumers will be able to personalize and customize programming or information they want to re-

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ceive or send. Not only will they be able to call up movies on demand, but they'll be able to tap into libraries, take classes from teachers hundreds of miles away, talk to their doctors over video phones from their own homes, telecommute to work at a job hundreds or thousands of miles away, assemble graphics and video footage from different sources for a business report.

For rural States like my home State of Montana, a broadband interactive information network holds so much hope for education, health care, job creation, and economic development.

I don't know how many of my colleagues have had the pleasure of traveling through Montana—if you haven't I invite you all to visit—but we have tremendous distances to cover. The distance from Eureka, MT, in the northwestern corner of our State to Alzada, MT, in the southeastern corner of our State is the same distance from Washington, DC, to Chicago.

So we have a lot of dirt between lightbulbs, but we know one thing for sure: A broadband interactive information network gives us a way to travel in our State without having to leave home.

In terms of education, a broadband interactive information network would open the world up to Montana students and to Montana teachers. Right now, we have a very progressive rural cooperative in eastern Montana that has helped four towns link up with fiber optics so they can share resources. Students can take classes in German or Russian without having to actually be in the same classroom as the instructor, yet all the interactivity of the student-teacher relationship is there.

Just imagine if every corner of Montana was wired with fiber optic cables, and students at schools in eastern Montana could interactively communicate instantly with students at any other Montana school or college or in any educational institution in the world. The ability to transmit teachers via a broadband interactive network would expand educational opportunities and enable educational institutions to meet State requirements for schools to operate.

But beyond that, once an information network is in place, the door then opens up for the community to improve other aspects of life in a rural town. Such a network can help improve health care. It can result in the attraction of jobs that might go elsewhere because of a lack of access. It can bring in books, videos, or cultural events from far away places. Just as we can transport children into classrooms miles and miles away, fiber optics will enable patients to visit with doctors at urban medical centers on the other side of the State; or employees to work for a business located on the other side of the country; or any rural resident to enjoy a ballet, musical, or play being held on the other side of the world.

The communications industry and the application of new technology can actually energize rural America. Access to a national information infrastructure can actually help save our rural communities, and, as far as I'm concerned, there's no better way of life worth preserving than the rural way of life. It's one that teaches the American values of hard work, diligence, perseverance, ingenuity.

Today, Congress and the Clinton-GORE administration have a golden opportunity to lead America into a new high-tech frontier. We can give every American, no matter who they are, where they live or what their economic resources are, the opportunity to be a pioneer in this new American frontier.

But, America has to focus its vision. We have to concentrate our efforts—both Government and private sector—on being the best in the communications and information field. Whether we are fighting to stay on top or get back on top, the battle is going to be just as tough.

Yet, as America stands at a critical crossroad, one that will determine whether we will pioneer a high technology, entertainment, information and telecommunications frontier, Government is standing in the way. We have not been able to address one of the major issues of our time because we have been unable to overcome special interests and gridlock.

The most foolish thing we can do is allow gridlock to win out. We cannot afford to put our own country at a disadvantage by maintaining or imposing restrictions and regulations that hold back our American industry when our foreign economic competitors are racing to upgrade their own communications systems. Government has got to get out of the way and allow things to happen. We should not be blocking progress.

Because Senator HOLLINGS, Senator DANFORTH and myself recognize the importance of moving ahead, we have joined efforts with a majority of the members of the Commerce, Science, and Transportation Committee in introducing this bill and hope to initiate positive, realistic action on the deployment of a national information infrastructure. We have not always seen eye-to-eye on this issue, but we recognize the time has come to fashion a practical bill to ensure America's future.

Congress has to give direction—we have to help set the goal and the parameters. That's exactly what Vice president AL GORE and I tried to do in the last Congress with S. 1200, the Communications Competitiveness and Infrastructure Modernization Act of 1991, and that's exactly what Senator HOLLINGS, Senator DANFORTH, and I are doing today by introducing The Communications Act of 1994.

My goal—and challenge to the Nation—is the construction of an advanced, feature—rich national information infrastructure which is universally available for every, home, school, hospital, library, business, and individual in the United States.

In my view the national information infrastructure should be a broadband interactive network universally available to all Americans on which everyone has the choice of providing as well as receiving information.

As a member of both the Communications Subcommittee and ranking member of the Science, Technology, and Space Subcommittee of the Senate Commerce Committee, I intend to actively participate in developing a new comprehensive plan for creating the finest national information infrastructure in the world. The bill we introduce today is a good starting point, together with what the Senate Commerce Committee reported out late last year in S.4. The National Competitiveness Act of 1993, introduced by Committee Chairman HOLLINGS.

One provision that is vital to my State of Montana is the guaranteed access to the National information infrastructure for schools, medical centers, libraries, community newspapers, public and small market broadcasters, and local and State governments at preferential rates. I worked hard to include language to assure information users and providers throughout my State of Montana have fair and inexpensive access to any future telecommunications network.

Overall, this bill is a visionary, comprehensive blueprint for national telecommunications policy to get us to the 21st century. I plan to work closely with Vice President GORE on a new title of the Communications Act with a goal to encourage completion of a broadband interactive network universally available to all Americans on which everyone has the choice of providing as well as receiving information by the end of the first decade of the 21st century.

The future is in our hands. An advanced, feature—rich national information infrastructure available to all Americans will propel our Nation into the information age of the 21st century. The challenge facing Congress and the Clinton-Gore administration is how to provide the necessary incentives for upgrading the infrastructure while at the same time preserving universal service.

We do not need to mortgage our future, but we do need to invest in it. We must encourage competition among our communications companies to invest and reinvest in this country in ways that will still ensure affordable basic service, so that the average family can afford these new technologies. The doors to the new era of information sharing have got to be open to every single person in America.

I very much look forward to working with Senators HOLLINGS and DANFORTH as well as many other colleagues both on and off the Senate Commerce Committee to ensure America is first in the race to build an advanced, feature-rich national information infrastructure.

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In conclusion, I want to say with regard to this bill that what we are doing in telecommunications has a lot to do with what we are talking about—the new look of American education, the ability to deploy broadband telecommunications to be used interactively between schools and distance learning and, yes, delivering of health care into rural areas.

With the leadership of the chairman of the Senate Commerce, Science, and Transportation Committee, Mr. HOLLINGS, and the ranking member, Mr. DANFORTH, who introduced this bipartisan Communications Act that will lead this country into a new era of job creation, in education, in health care, environmental protection at its most basic terms, a new era of information sharing, it will literally throw the doors of opportunity open to every single person in America.

This act of 1994 captures the vision of the future and ensures America a place in that future. We want to encourage the private investment of America's communications industries to create a solid foundation on which to build an advanced national information infrastructure connecting every home, every school, whether it be primary, secondary or into the colleges, hospitals, libraries, businesses and individuals in America.

We look upon this piece of legislation as probably the biggest thing that we can do for the American people the rest of this year.

I congratulate the leadership for the foresight. We started to work on this issue some four years ago. Now we see the leadership come forward, and I think this Congress and the Clinton-GORE administration has a great responsibility in making sure that we are the leaders in this particular field.

Mr. DOLE submitted the following statement for Mr. MCCAIN.

• Mr. MCCAIN. Mr. President, I am pleased that the chairman of the Commerce Committee is today introducing the Communications Act of 1994. Reality tells us that the communications revolution has outpaced the Congress and the Federal Government. For too long the Congress has passively watched the courts shape our Nation's communications policy. Now, the Congress is taking the correct action by asserting its duty to set a responsible national telecommunication's policy.

I applaud the Commerce Committee for addressing this issue. The committee has a formidable task ahead and I am confident it is up to the job.

I look forward to a lively and thorough debate on this issue. The outcome of that debate will affect virtually every American. I intend to play an active role in that debate and do all I can to remedy any flaws I believe exist in the bill and to defend this measure's many outstanding provisions.

The complexity of this issue is staggering and its eventual impact on the public is enormous. We must listen closely to all affected parties and weigh all concerns on every side of this issue. Most importantly, we must contemplate how this legislation will affect the American consumer.

As I stated, virtually every American is a communications consumer. I believe we must put the needs of the public first as we debate how their communications needs can best be served. Further, I believe we must do all we can to ensure that small businesses are not hurt or damaged by our actions and remain a competitive player in the communications industry. Lastly, we must work to be sure that our actions do not unfairly give one company or industry an advantage over any other—being especially cognizant of the smaller communications, cable, and publishing companies.

All of these issues I hope, either by amendment or through debate, will be addressed during the legislative process.

Mr. President, I look forward to learning the views of the administration, my colleagues, industry, and consumers regarding this bill. I welcome their comments and look forward to working on this bill.•

Mr. KERREY. Mr. President, I rise in support of S. 1822, the Communications Act of 1994, which I am pleased to cosponsor with Commerce Committee Chairman ERNEST HOLLINGS, ranking member JOHN DANFORTH, Communications Subcommittee Chairman DANIEL INOUYE, and a bipartisan group of our colleagues. This comprehensive telecommunications legislation will pave the way on the information superhighway for existing and emerging technologies to create jobs and improve the lives of Americans as we head into the Information Age of the 21st century.

Telecommunications is not just about lines and cables and high-technology gadgets. It is about jobs and people's lives.

Telecommunications technology is charging ahead at a pace we never imagined just a few years ago. The much-ballyhooed information superhighway is moving closer to reality, and is taking a giant step in Omaha, NE, where both US West and Cox Cable are testing broad-based interactive TV services. On the horizon not only are new jobs in existing telecommunications companies, but countless new jobs in entirely new industries spawned by this technology. Telecommunications is the growth industry of the future, and we should do our best to nurture it. I am particularly pleased that the bill we are introducing favors competition in the industry over regulation.

Telecommunications technology also has the power to make a difference in people's lives by informing them and bringing people together. It possesses the power to link a student in our schools to the greatest libraries in the world at the touch of a button. It can link patients in rural Nebraska to the finest medical centers and the best specialists in the Nation without ever having to leave their home towns.

As excited as I am about this technology, I also believe we have an obligation to see that it enriches our society and improves the lives of our citizens. The information superhighway will be nothing but a high-technology gadget unless we ensure that in addition to entertaining us with instant movies or the latest video games, the superhighway also helps to teach our kids, bring new information to our citizens and improve our lives.

We must achieve three goals to make sure that happens. First, the information superhighway must be accessible all over the country, including rural America. Citizens of smaller towns in Nebraska and across the Nation should have the same access to this technology as residents of urban America.

Second, government has a sacred obligation to inform citizens, and the information superhighway can be an invaluable tool for providing Americans with the information they need to make decisions about the future of the country.

Third, we should make a conscious, continuous effort to ensure that our schools have access to this valuable educational technology as well.

I am pleased that this bill addresses these issues, and I look forward to working with Chairman FRITZ HOLLINGS of the Senate Commerce Committee and Chairman Reed Hundt of the FCC to ensure that this technology is an enriching force in our society, not just an entertaining one.

I also look forward to seeking input from Nebraskans on how best to use telecommunications technology for education reform at "Challenge Nebraska," a conference that I am cosponsoring with the U.S. Department of Commerce on May 21, 1994, at the University of Nebraska-Lincoln Nebraska Center.

There is great cause for enthusiasm today. The development of telecommunications technology means the creation of countless good, high-paying jobs—not only in Nebraska, where telecommunications is a major industry—but all over the country. And most important, we know that telecommunications technology—and sound-minded telecommunications reform like that we are proposing—can make a difference in the lives of Americans.

By Mr. LIEBERMAN (for himself, Mr. KOHL, and Mr. DORGAN):

S. 1823. A bill to provide for the establishment of the Interactive Entertainment Rating Commission, and for other purposes; to the Committee on Commerce, Science, and Transportation.

VIDEO GAME RATING ACT OF 1994

Mr. LIEBERMAN. Mr. President, I am pleased today to introduce, with Senators KOHL and DORGAN, the Video Game Rating Act of 1994.

As we all know too well, Mr. President, violence seems to be everywhere

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