

PSC: BellSouth merger OK

Panel votes 4-1 not to oppose phone companies' \$67 billion plan

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The Public Service Commission voted 4-1 Wednesday not to oppose a \$67 billion merger between BellSouth and AT&T despite requests from mayors and Baptists to do just that.

Louisiana is the fourth of the nine states in which BellSouth operates to sign off on the merger.

Commissioner Jimmy Field of Baton Rouge, who chairs the five-member panel, said competition in cities that have operated under merged companies offer more and cheaper services to consumers.

"This is one way to encourage competition and that outweighs the negatives," Field said.

Though the opinions of state regulators are being sought, the Federal Communications Commission will have the final say on the merger.

Utility regulators in Florida, North Carolina and Tennessee have voted not to oppose the merger. Mississippi, Kentucky and Georgia have scheduled hearings on the issue. Because of their regulatory set-ups, Alabama and South Carolina don't have to consider the issue.

If shareholders and government regulators approve, the San Antonio-based AT&T's acquisition of BellSouth, headquartered in Atlanta, would create a huge company providing regular phone service in 22 states plus Cingular Wireless, the nation's largest cell phone system.

Commissioner Foster Campbell of Bossier City, the lone vote against the merger, said a dozen Louisiana mayors, the Service Employees International Union and the Louisiana Baptist State Convention, among others, had written letters asking the PSC to oppose the merger.

The mayors, including Harold Rideau of Baker, asked the PSC in a July 11 letter to hold hearings "to allow citizens the opportunity to voice their concerns about the proposed merger."

New Orleans Mayor Ray Nagin joined a June 5 filing asking the FCC to

deny the deal.

Harry Blake of Shreveport wrote on behalf of Baptist State Convention pastors. As president of the convention, Blake asked in an undated letter file-stamped on July 11 that the PSC "protect our communities against the threat of higher phone bills, fewer choices, lower service quality and job losses."

Commissioner Lambert Boissiere of New Orleans said he received a dozen letters since Monday.

T.E. Williams of New Orleans, vice president for regulatory affairs with BellSouth Telecommunications Inc., said he had not heard about the opposition from the mayors and the Baptists until Campbell mentioned it. He said he could not respond because he had not seen the letters.

"This is the first opposition I've heard of" coming on the state level, Williams said.

The American Civil Liberties Union, the Consumer Federation of America and number of labor unions have filed opposition on the federal level.

Opponents to the merger say company officials have suggested that up to 10,000 jobs would be eliminated.

Williams said AT&T only has 60 employees in the state, so the impact in Louisiana would be minimal.

Campbell asked BellSouth officials to put in writing their assurances that few workers would be affected. Williams refused, saying that would put a restriction on business that other companies don't have.

In voting not to oppose the merger, the PSC also asked that newly combined company address several service-related issues.

For instance, the PSC takes a number of measurements to judge the quality of the phone company's service, such as, logging how long it takes to make repairs for different types of customers. The phone company is fined if it fails to meet the standards.

Some of the states served by AT&T, such as Texas, have tougher standards, said Brandon Frey, a PSC lawyer. The Louisiana PSC asked to consider using those stricter measurements here.

The procedure the PSC uses to review issues is called "opening a docket."

"We are not thrilled with that docket," said Victoria McHenry of New Orleans, BellSouth's lawyer in Louisiana. "But we understand that service quality is an issue for the commissioners."

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