

**MCI**

**News**

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Immediate

**MCI OPPOSES PROPOSED LEGISLATION**

Washington, D.C., July 21, 1983 --

MCI Communications Corp. today said it would oppose legislation to be introduced this week which "would guarantee higher local telephone rates by stifling innovation by telephone companies."

The bills, to be introduced by Senator Robert Packwood (Rep.-OR.) in the Senate and by Reps. John Dingell (Dem.-MI.) and Tim Wirth (Dem.-CO.), would create a universal service fund to subsidize local phone rates, its sponsors say.

However, MCI senior vice president of public policy Gene Eidenberg said, "the local rate demands, which we believe are exaggerated and unjustified, can be dealt with at the state level by public utility commissions."

Eidenberg said the company supported a bipartisan letter sent by eight members of the House Energy and Commerce Committee. "We applaud the stop, look and listen approach of the letter," said Eidenberg. "MCI agrees, as the letter states, that a more deliberate approach to find a reasonable solution is the best method of dealing with the situation. We will work with Congress to pass this type of legislation."

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MCI opposes the Dingell-Wirth-Packwood approach, said Eidenberg, for a number of reasons:

1. The legislation would do nothing to halt the major portion of the rate demands, nor would it roll back billions of dollars of rate increases granted in the past three years.
2. The legislation attempts to offset future rate increases by overcharging consumers for their long distance phone calls. Since well over half of all long distance calls are made by home telephone users, more than half of the subsidy would be paid directly by residential users. In any case, the users of local service and of long distance are the same people.
3. The mechanism would subsidize telephone companies, not rates. The idea that consumers would be paying the subsidy "to themselves" is theoretical and impossible to monitor.
4. The subsidy is untargeted and therefore unfair. The affluent would benefit regardless of need. The poor would pay, regardless of ability. The legislation would require that rich and poor in urban areas would subsidize those who live in rural areas, regardless of financial condition.
5. The legislation would tax the most innovative and high-technology portion of the industry, long distance, and subsidize obsolescent local systems. Not only would this directly deny





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the public the economic benefit of technological progress, it would guarantee higher local rates in the long run by stifling innovation by the phone companies.

The bipartisan letter was signed by Rep. Thomas Luken (Dem-OH.), Rep. Edward Markey (Dem.-MA.), Rep. Barbara Mikulski (Dem.-MD.), Rep. Mickey Leland (Dem.-TX.), Rep. Matthew Rinaldo (Rep.-NJ.), Rep. Tom Corcoran (Rep.-IL.), Rep. Norman Lent (Rep.-NY.), and Rep. Don Ritter (Rep.-PA.).

MCI provides a variety of domestic and international telecommunications services, including long distance telephone, paging, mobile telephone, telex, cable and data.

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