

APPENDIX H

Telephone History

In Chapter 14, we discussed telephone networks. In this appendix, we briefly review the history of telephone networks. The history in the United States can be divided into three eras: prior to 1984, between 1984 and 1996, and after 1996.

H.1 BEFORE 1984

Before 1984, almost all local and long-distance services were provided by the AT&T Bell System. In 1970, the U.S. government, believing that the Bell System was monopolizing the telephone service industry, sued the company. The verdict was in favor of the government and resulted in a document called the Modified Final Judgment (MFJ). Beginning on January 1, 1984, AT&T was broken into AT&T Long Lines, 23 Bell Operating Companies (BOCs), and others. The 23 BOCs were grouped to make several Regional Bell Operating Companies (RBOCs). This landmark event, the AT&T divestiture of 1984, was beneficial to customers of telephone services. Telephone rates were lowered.

H.2 BETWEEN 1984 AND 1996

The divestiture divided the country into more than 200 LATAs; some companies were allowed to provide services inside a LATA (LECs), and others were allowed to provide services between LATAs (IXCs). Competition, particularly between long-distance carriers, increased as new companies were formed. However, no LEC could provide long-distance services, and no IXCs could provide local services.

H.3 AFTER 1996

Another major change in telecommunications occurred in 1996. The Telecommunications Act of 1996 combined the different services provided by different companies under the umbrella of telecommunication services; this included local services, long-distance voice and data services, video services, and so on. In addition, the act allowed any company to provide any of these services at the local and long-distance levels.

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In other words, a common carrier company provides services both inside the LATA and between the LATAs. However, to prevent the recabbling of residents, the carriers that were given intra-LATA services (ILECs) continued to provide the main services; the new competitors (CLECs) provided other services.