Critics of consolidation in the telecommunications industry warned members of Congress that specific remedies would be necessary to ensure consumers are not harmed by a series of recently proposed mergers.

The proposed acquisitions of AT&T Corp. by SBC Communications Inc. and MCI Inc. by Verizon Communications Inc. raise questions about how smaller players will be able to compete, they told the Senate Judiciary subcommittee on antitrust, competition policy and consumer rights in a hearing yesterday.

The mega-companies could, among other things, drive up costs by requiring customers to buy multiple services bundled together, even if consumers don't want them, Consumers Union senior director Gene Kimmelman said.

Smaller providers are concerned about getting access to the larger companies' Internet and phone networks and getting a good connection over those lines. An executive with Vonage Holdings Corp., a national provider of Internet phone service, told members of Congress that regulators must police the larger phone companies, which might otherwise block companies such as Vonage from transmitting their own calls or connecting to the 911 emergency calling system.

"These mergers cannot be approved without conditions guaranteeing customers with Internet phones direct access to 911" as well as the public telephone network, said Jeffrey Citron, chief executive of New Jersey-based Vonage. Phone companies should also be required to sell high-speed Internet service as a stand-alone service, or so-called naked DSL, without
forcing customers to buy local phone service bundled with it, he said. Otherwise, the much-touted value of Internet-based phone service is not a meaningful alternative to traditional phone service.

Both Verizon and SBC defended their mergers as being good for consumers and competition. On Monday, Verizon said it would offer a limited form of naked DSL, allowing existing customers who get both its DSL and phone service to continue subscribing to just the high-speed Internet service, even if they decide to switch local phone providers. New customers would still have to sign up for both local and DSL service. Qwest Communications International Inc. is the only regional phone company that allows new customers to sign up for stand-alone DSL service.

Industry analyst Scott Cleland, who also spoke to members of the Judiciary subcommittee, said that while consolidation itself posed no inherent harm to consumers, Congress and regulators should monitor network operators to make sure they don't use their power to discriminate against potential rivals or shut them down.

The starkest example of harmful behavior is the big companies' opposition to the creation of public wireless Internet networks around the country, Cleland said. Philadelphia, New Orleans, Los Angeles and other municipalities are teaming up with companies to build networks that would offer high-speed Internet access to their residents for as little as $15 a month -- far less than the average $30 to $40 monthly cost of DSL services. The big companies are fighting those efforts by lobbying for state legislation to ban such networks, a campaign that Cleland called "patently anti-competitive."