

FEDERAL STATE JOINT BOARD ON SEPARATIONS  
WASHINGTON, D.C.

December 7, 2018

Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

***RE: SEPARATIONS JOINT BOARD RECOMMENDED DECISION***

***Jurisdictional Separations and Referral to the Federal-State Joint Board CC Docket No. 80-286***

Dear Ms. Dortch:

Jurisdictional separations represents the process some incumbent local exchange carriers use to apportion regulated costs and revenues between the intrastate and interstate jurisdictions.

In 2001, the Commission froze its jurisdictional separations rules for a five-year period. Subsequently, the FCC, after consultations with the Joint Board, has changed the separations rules several times by further extending the freeze. The most recent extension will expire on December 31, 2018. In light of the imminent expiration of this freeze of the Federal Communications Commission's Part 36 jurisdictional separations rules, after extensive discussions with all the other Board members, to assure compliance with the requirements of 47 U.S.C. § 410(c) the undersigned members of the Federal-State Joint Board on Jurisdictional Separations ("Separations Joint Board") submit this letter recommending that the Commission extend the current separations freeze rules for up to six years to allow more time for the board to conclude its work on comprehensive separations reform.

As the FRNPM points out, Separations remains the basis for State and federal calculations of universal service support, for related State regulatory fees, and by some States to set the rates of small local exchange carriers.<sup>1</sup> While not all board members agree on how to reform the current rules to increase economic efficiency, all agree that at least a temporary extension is warranted.

The Joint Board members have also examined the record filed in response to the July FRNPM and also recommend the FCC permit carriers a one-time opportunity to “unfreeze” the “category relationship freeze.”

We thank the Commission for its consideration of the recommendations made herein.

**Respectfully Submitted by:**

The Honorable Sarah Hofmann, Vermont Commissioner  
State Chair, Federal State Joint Board on Separations

The Honorable Wendy Moser, Colorado Commissioner  
Member, Federal State Joint Board on Separations

The Honorable Sally Talberg, Michigan Commissioner  
Member, Federal State Joint Board on Separations

The Honorable Travis Kavulla, Montana Commissioner  
Member, Federal State Joint Board on Separations

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<sup>1</sup> *In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board, Further Notice of Proposed Rulemaking, FCC 18-99, CC Docket No. 80-286, 2018 WL 3495121 (Released July 18, 2018), at ¶ 11. ([R]ate-of-return carriers now use separations cost results only for...(a) establishing their business data services (special access) rates; (b) calculating interstate common line support for those carriers that have not elected A-CAM support; and (c) calculating subscriber line charge (SLC) levels for the minority of carriers whose SLCs are below the maximum level. The Universal Service Administrative Company (USAC) uses categorization results for calculating high-cost loop support, but without applying jurisdictional allocations. States also use separations results to determine the amount of intrastate universal service support and to calculate regulatory fees, and some states perform rate-of-return ratemaking using intrastate costs.”)*