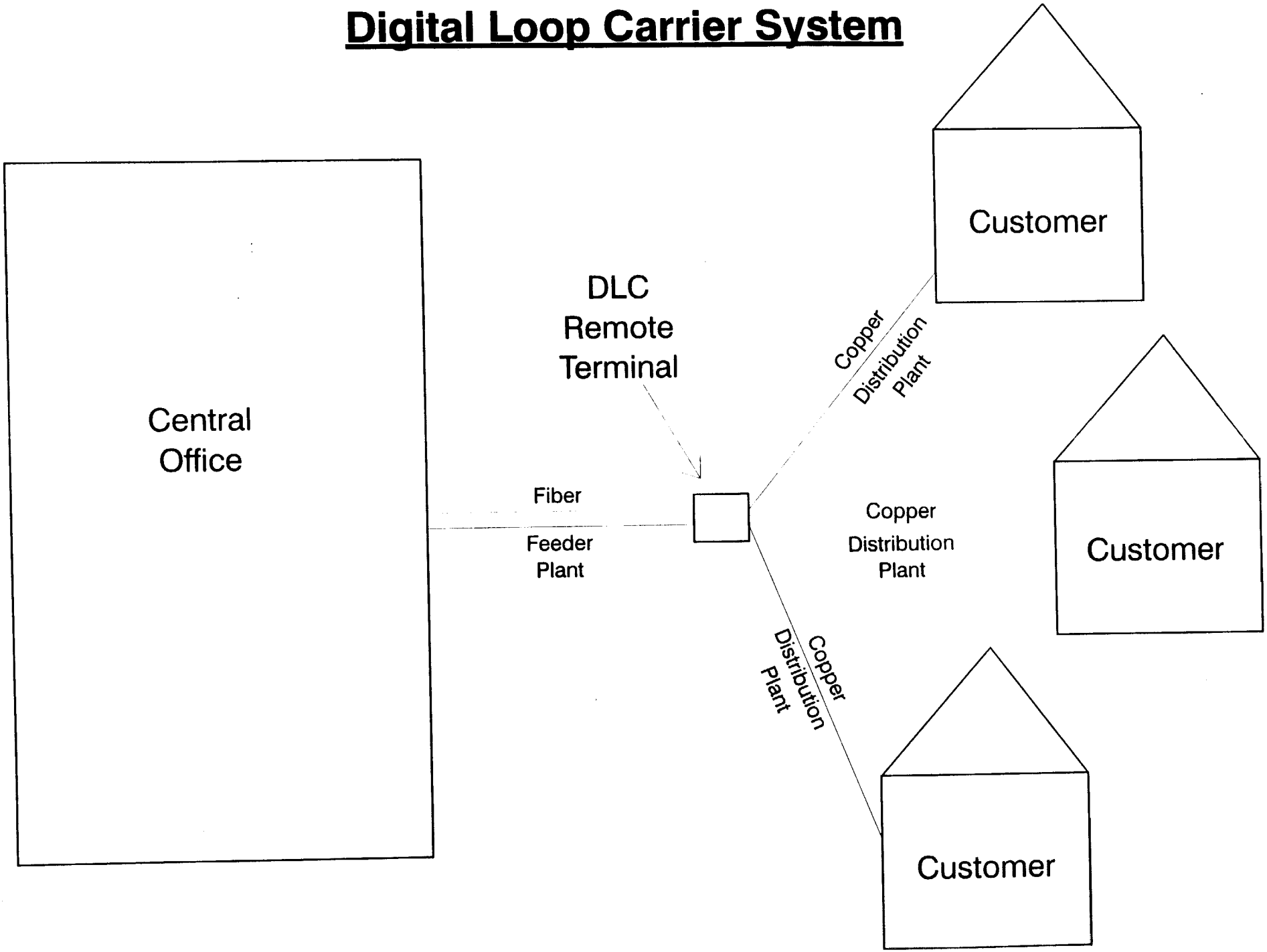
Digital Loop Carrier System



APPENDIX D

INITIAL REGULATORY FLEXIBILITY ANALYSIS

214. As required by the Regulatory Flexibility Act (RFA),[373] the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on small entities by the policies and rules proposed in this Notice of Proposed Rulemaking (NPRM).[374] Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for submitting comments in this proceeding. The Commission will send a copy of the NPRM, including the IRFA, to the Chief Counsel for Advocacy of the Small Business Administration.[375] In addition, the NPRM and IRFA (or summaries thereof) will be published in the Federal Register.[376]

I. Need for and Objectives of this NPRM

215. In this NPRM, we propose an optional alternative pathway for incumbent LECs that would allow separate affiliates to provide advanced services free from incumbent LEC regulation. In particular, if an incumbent LEC chooses to offer advanced services through an affiliate that is truly separate from the incumbent, that affiliate would not be deemed an incumbent LEC and therefore would not be subject to incumbent LEC regulation, including the obligations under section 251(c). On the other hand, if the advanced services affiliate derives an unfair advantage from its relationship with the incumbent, that affiliate should be viewed as stepping into the shoes of the incumbent LEC and would be subject to all the

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[373] *See* 5 U.S.C. § 603. The RFA, *see* 5 U.S.C. § 601 *et. seq.*, has been amended by the Contract With America Advancement Act of 1996, Pub. L. No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

[374] The NPRM is in the matter of Petition of Bell Atlantic Corporation For Relief from Barriers to Deployment of Advanced Telecommunications Services, CC Docket No. 98-11; Petition of U S West Communications, Inc. For Relief from Barriers to Deployment of Advanced Telecommunications Services, CC Docket No. 98-26; Petition of Ameritech Corporation to Remove Barriers to Investment in Advanced Telecommunications Technology, CC Docket No. 98-32; Petition of the Alliance for Public Technology Requesting Issuance of Notice of Inquiry and Notice of Proposed Rulemaking to Implement Section 706 of the 1996 Telecommunications Act, RM-9244, Petition of the Association for Local Telecommunications Services (ALTS) for a Declaratory Ruling Establishing Conditions Necessary to Promote Deployment of Advanced Telecommunications Capability Under Section 706 of the Telecommunications Act of 1996, CC Docket No. 98-78; Southwestern Bell Telephone Company, Pacific Bell, and Nevada Bell Petition for Relief from Regulation Pursuant to Section 706 of the Telecommunications Act of 1996 and 47 U.S.C. § 160 for ADSL Infrastructure and Service, CC Docket No.98-91; Deployment of Wireline Services Offering Advanced Telecommunications Capability Pursuant to Section 706(a) of the Telecommunications Act of 1996, CC Docket No. 98-XX.

[375] *See* 5 U.S.C. § 603(a).

[376] *See id.*

requirements that Congress established for incumbent LECs. We propose in this NPRM specific structural separation and nondiscrimination requirements that need to be in place in order for an affiliate to be deemed a non-incumbent LEC, and thus not subject to section 251(c). We also offer guidance on various factors that the Commission should consider in determining when an advanced services affiliate would be an "assign" of the incumbent LEC, and, therefore, subject to the obligations of section 251(c).

216. In this NPRM, we also propose additional rule changes that would apply whether or not incumbent LECs choose to establish a separate affiliate to provide advanced services. We propose rules to ensure that all entities seeking to offer advanced services have adequate access to collocation and loops, which is critical to promote competition in the marketplace for advanced services. We then seek comment on ways to modify the section 251(c) unbundling requirements, once companies are in compliance with the rule changes we propose regarding collocation and access to loops. Finally, we seek comment on measures that would provide BOCs with targeted interLATA relief to ensure that all consumers, even those in rural areas, are able to reap the benefits of advanced telecommunications capability.

II. Legal Basis

217. The legal basis for any action that may be taken pursuant to the NPRM is contained in sections 1-4, 10, 201, 202, 251-254, 271, and 303(r) of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151-154, 160, 201, 202, 251-254, 271, and 303(r).

III. Description and Estimate of the Number of Small Entities to which the Proposals, if Adopted, Would Apply

218. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposals in this NPRM, if adopted.[377] The RFA generally defines the term "small entity " as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."[378] In addition, the term "small business" has the same meaning as the term "small business concern" under the Small Business Act.[379] A small business concern is one which: (1) is independently owned and operated; (2) is not dominant in its field of operation;

[377] *See* 47 U.S.C. § 603(b)(3).

[378] *See* 47 U.S.C. § 601(6).

[379] 47 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in 15 U.S.C. § 632). Pursuant to the RFA, the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definition(s) in the Federal Register." 5 U.S.C. § 601(3).

and (3) satisfies any additional criteria established by the Small Business Administration (SBA). [380]

219. Below, we further describe and estimate the number of small entities that may affected by the proposals in this NPRM, if adopted.

220. The most reliable source of information regarding the total numbers of certain common carrier and related providers nationwide, as well as the numbers of commercial wireless entities, appears to be data the Commission publishes annually in its *Telecommunications Industry Revenue* report, regarding the Telecommunications Relay Service (TRS).[381] According to data in the most recent report, there are 3,459 interstate carriers.[382] These carriers include, *inter alia*, local exchange carriers (LECs), wireline carriers and service providers, interexchange carriers, competitive access providers, operator service providers, pay telephone operators, providers of telephone toll service, providers of telephone exchange service, and resellers.

221. The SBA has defined establishments engaged in providing "Telephone Communications, Except Radiotelephone" to be small businesses when they have no more than 1,500 employees.[383] Below, we discuss the total estimated number of telephone companies and small businesses in this category, and we then attempt to refine further those estimates.

222. Although some affected incumbent LEC may have 1,500 or fewer employees, we do not believe that such entities should be considered small entities within the meaning of the RFA because they are either dominant in their field of operations or are not independently owned and operated, and therefore by definition not "small entities" or "small business concerns" under the RFA. Accordingly, our use of the terms "small entities" and "small businesses" does not encompass small incumbent LECs. Out of an abundance of caution, however, for regulatory flexibility analysis purposes, we will separately consider small incumbent LECs within this analysis and use the term "small incumbent LECs" to refer to any incumbent LECs that arguably might be defined by the SBA as "small business concerns."[384]

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[380] Small Business Act, 15 U.S.C. § 632 (1996).

[381] FCC, Telecommunications Industry Revenue: TRS Fund Worksheet Data, Figure 2 (Number of Carriers Paying Into the TRS Fund by Type of Carrier) (Nov. 1997) (*Telecommunications Industry Revenue*).

[382] *Id.*

[383] 13 C.F.R. § 121.201, SIC codes 4812 and 4813. *See* Executive Office of the President, Office of Management and Budget, *Standard Industrial Classification Manual* (1987).

[384] *See* 13 C.F.R. § 121.201, SIC code 4813. Since the time of the Commission's 1996 decision, *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, First Report and Order*, 11 FCC Rcd 15499, 16144-45 (1996), 61 FR 45476 (August 29, 1996), the Commission has consistently

223. Local Exchange Carriers. Neither the Commission nor the SBA has developed a definition for small LECs. The closest applicable definition under the SBA rules is for telephone communications companies other than radiotelephone (wireless) companies.[385] According to the most recent *Telecommunications Industry Revenue* data, 1,371 carriers reported that they were engaged in the provision of local exchange services.[386] We do not have data specifying the number of these carriers that are either dominant in their field of operations, are not independently owned and operated, or have more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of LECs that would qualify as small business concerns under the SBA's definition. Consequently, we estimate that fewer than 1,371 providers of local exchange service are small entities or small incumbent LECs that may be affected by the proposed rules, if adopted.

224. Competitive LECs. Neither the Commission nor SBA has developed a definition of small entities specifically applicable to providers of competitive LECs. The closest applicable definition under the SBA rules is for telephone communications companies except radiotelephone (wireless) companies. The most reliable source of information regarding the number of competitive LECs nationwide is the data that we collect annually in connection with the TRS Worksheet. According the most recent *Telecommunications Industry Revenue* data, 109 companies reported that they were engaged in the provision of either competitive local exchange service or competitive access service, which are placed together in the data.[387] We do not have information on the number of carriers that are not independently owned and operated, nor have more than 1,500 employees, and thus are unable at this time to estimate with greater precision the number of competitive LECs that would qualify as small business concerns under the SBA definition. Consequently, we estimate that there are fewer than 109 small competitive LECs or competitive access providers.

addressed in its regulatory flexibility analyses the impact of its rules on such incumbent LECs.

[385] *Id.*

[386] *Telecommunications Industry Revenue*, Figure 2.

[387] *Id.*

IV. Description of Projected Reporting, Recordkeeping and Other Compliance Requirements

225. The collocation and loops sections of the NPRM include proposed reporting requirements. With regard to collocation, the NPRM tentatively concludes that incumbent LECs should be required to list all equipment approved for use in a central office. The NPRM also tentatively concludes that, upon request from a competitive LEC, an incumbent LEC should submit to the requesting competitor a report indicating the incumbent LEC's available collocation space. The NPRM indicates that this report should: (1) specify the amount of collocation space available at each requested premises, the number of collocators, and any modifications in the use of the space since the last report; and (2) include measures that the incumbent LEC is taking to make additional space available for collocation. With regard to loops, the NPRM tentatively concludes that incumbent LECs should be required to share information about loops with new entrants.

V. Steps Taken to Minimize Significant Economic Impact on Small Entities and Significant Alternatives Considered

226. The proposals in this NPRM seek to ensure that competing carriers, including small entity carriers, obtain access to inputs necessary to the provision of advanced services. The proposals seek to encourage the deployment of advanced services to all Americans, including those in remote, rural areas. To gather relevant information from all interested parties, including small business entities, the NPRM seeks comment on a wide array of issues and asks that commenters suggest alternatives to our proposals. We tentatively conclude that our proposals in the NPRM would impose minimum burdens on small entities. We seek comment on these proposals and the impact they may have on small entities.

VI. Federal Rules that May Duplicate, Overlap, or Conflict with the Proposals in the NPRM

227. None.

Separate Statement of Commissioner Susan Ness

Re: Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, CC Docket No. 98-146; Deployment of Wireline Services Offering Advanced Telecommunications Capability, CC Docket No. 98-147.

In Section 706(a) of the Telecommunications Act, Congress directed the FCC to "encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans." This provision of the law is an explicit direction to anticipate and prepare for the future. Fulfilling the hopes and needs of citizens in the 21st Century will require widespread availability of much greater bandwidth than has traditionally been available through "plain old telephone service."

Today we begin the task of ascertaining the progress of, and prospects for, deployment of broadband capabilities throughout this country. We must ensure that high-bandwidth services roll out as quickly as the technology and the economics allow. Progress must not be impeded by inadequate competition or excessive regulation.

I hope to learn in this proceeding what we can do not only to promote the deployment of advanced telecommunications capability but also to facilitate consumer choice among broadband service suppliers. Although we have several pending petitions filed by incumbent telephone companies or their would-be competitors, we need to take a broader view. In the deployment of advanced telecommunications capability, multiple industry sectors can play a role.

Our notice of inquiry properly recognizes the multiplicity of potential bandwidth suppliers -- ILECs, CLECs, cable, wireless, and satellite companies, digital broadcasters, etc. The notice asks questions that will permit us to understand better how each industry sector can participate effectively in the bandwidth race, what advantages and disadvantages the various participants bring to the contest, and which barrier-reducing and competition-promoting steps the Commission can and should take. It also explores what special measures may be needed to meet the special needs of rural areas or to serve elementary and secondary schools and classrooms. I will welcome the development of a full record on these issues.

In our companion order and notice of proposed rulemaking, we demonstrate that we are prepared to do more than just ask questions. On certain issues, we have already developed a considerable record, as a result of various pending petitions, and

this enables us to render certain threshold decisions and to tender several concrete proposals.

As I see it, the key issue we address today is whether advanced telecommunications capability is subject to the competitive framework so carefully established by Congress in Sections 251 and 271 of the Communications Act. The answer is yes. I don't believe that Congress wrote detailed amendments to the Communications Act only to address voice, but not data, services. To the contrary, I believe a forward-looking and increasingly Internet-savvy Congress crafted a framework to promote competition and deregulation throughout all telecommunications markets as we enter a new chronological and technological millennium.

The Telecommunications Act is rooted in a strong belief in the power of competition, and in a recognition that the networks constructed over the past century by the incumbent LECs need to be "opened up" to enable competitive entry. What I like most about this order and notice of proposed rulemaking is that it both (1) requires incumbent LECs to open their networks in ways that allow multiple providers to offer high-bandwidth services and (2) provides a path for ILEC affiliates who are willing to compete on their merits, rather than on the basis of affiliation, to avoid regulation to the same degree as do their competitors. The goal is to expedite full and fair competition between a multiplicity of bandwidth providers, including ILEC affiliates, and thereby speed the availability of high-quality, reasonably priced, advanced telecommunications capability throughout the nation.

SEPARATE STATEMENT OF COMMISSIONER MICHAEL K. POWELL

Re: *Memorandum Opinion and Order and Notice of Proposed Rulemaking, Deployment of Wireline Services Offering Advanced Telecommunications Capability et al. (CC Docket Nos. 98-147 et al.).*

Re: *Notice of Inquiry, Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996 (CC Docket No. 98-146).*

In this combined statement, I write separately to explain the bases upon which I support this *Order/NPRM* and *Notice of Inquiry.*

I am very pleased to support the *Order/NPRM.* First, I think the item evidences our desire to devise ways that *all* interested firms can participate in the deployment of advanced services -- even incumbents that possess market power in certain communications markets. Make no mistake: as a strong proponent of vigorous antitrust enforcement, I believe that government must continue and intensify its efforts to contain and ameliorate the negative effects of such market power where warranted. We should, in particular, be sensitive to the power such companies have over truly essential facilities. We should not fail, however, to recognize that these companies also may be well-positioned to provide services of enormous value to consumers. Simply put, we cannot relegate BOCs or other big companies to the sidelines in the data services "race" unless we are prepared to deny the economy and consumers of the benefits of these companies' expertise and capital.

Second, and relatedly, I applaud the *Order/NPRM* for what it signals. In particular, it signals that the Commission is willing to allow incumbent LECs to provide some services through a separate affiliate on a relatively unencumbered basis, subject primarily to our enforcement mechanisms. I am committed, personally and firmly, to ensuring that this alternative, "deregulatory pathway" is available to the extent permitted under the law.

As I have noted on many occasions, communications policy historically has emphasized prospective, prophylactic regulation. Yet such regulation tends to stifle innovation and impede the beneficial operation of market forces. We should look to performance measurement and vigorous enforcement, more often than prospective regulation, as a means to protect the public against certain identifiable harms. This approach will avoid hindering companies from improving their existing offerings and entering new markets that lie outside their traditional regulatory boundaries, and will usher in a more effective and efficient regulatory process.

The separate affiliate approach, if carefully implemented, offers the prospect of allowing us to police potential anticompetitive conduct more easily. As such, I believe this approach takes the Commission another step away from the traditional regulatory model toward one that is more consistent with a rapidly evolving competitive marketplace. I applaud the Common Carrier Bureau and my colleagues for taking this important, deregulatory step with respect to encouraging the development of competition in advanced services.

Third, I believe the separate affiliate pathway will serve as a good example of how the Commission can promote congruence between our policy goals and private firms' self-interest. There is an unfortunate tendency in communications policy to rely on polices that depend for their implementation upon a company or an industry acting against its self-interest. This reliance is entirely misplaced. Firms are economic actors, not moral beings. Indeed, the market depends for its effectiveness on firms pursuing their economic self-interest. We must accept these premises and craft policies consistent with them. I am committed to pursuing the idea of a separate affiliate pathway because I believe it constitutes an important move in this direction. As the *Order/NPRM* notes, the requirement that an incumbent treat its advanced services affiliate only as well as it treats its competitors should give the incumbent a greater incentive to improve its processes and provide unbundled elements and collocation space as quickly and cheaply as possible to all competitors.

I should add that I am very cognizant of some of the fears expressed regarding the separate affiliate approach, particularly fears about the continued soundness of universal service support and new entrants' fears that allowing incumbents to use separate affiliates will somehow allow incumbent LECs to leverage their dominance in the local telephone market to control the market for advanced services. These fears are not unfounded. With respect to universal service, however, I would point out that it is my understanding that an incumbent's advanced services affiliate would have the same obligation to contribute to universal service as any other telecommunications carrier. With respect to new entrants' fears, I would urge us to consider the alternative to establishing a separate affiliate pathway. The dynamism and demand in the advanced services market is such that incumbents that do not provide these services through separate affiliates will surely do so on a highly integrated basis. If that happens, our ability to enforce interconnection, unbundling and other requirements with respect to advanced services will be as difficult and, I fear, as uphill a battle, as our enforcement of these requirements for traditional circuit-switched services. Thus, I submit that even if the separate affiliate approach may involve risks -- which I am committed to addressing -- the alternative may not put us in any better position to promote competition in advanced services.

I also support the adoption of this *Notice of Inquiry*. Encouraging deployment of advanced telecommunications services promises both to challenge our conventional understanding of technology within the existing statutory and regulatory framework and to usher in exciting new communications capabilities for average Americans. The trick is getting from here to there; that is, we must overcome the various technological, legal and

economic impediments to deployment in order to let consumers and organizations appreciate fully the possibilities advanced communications services offer. Indeed, section 706 requires not only that these services be deployed, but that the Commission and each state Commission encourage such deployment on a reasonable and timely basis to all Americans. Moreover, we must do so consistent with the deregulatory, market emphasis of the Act.

I invite parties commenting on the *Notice* to help us conduct a thorough review of where we have been, where we are, and where we need to be in order to encourage the deployment of advanced services. I hope that, in using this information, we will be sensitive to the fact that requiring certain firms to provide access to their facilities or services to other firms or even to end users may have some negative consequences. In particular, I think we should search for ways to promote innovation and competition in the provision of "last mile" transmission to homes and businesses. While mandating access is a useful tool and can bring about short-term gains in retail competition, it also may undermine incentives for developing new ways to circumvent the power of incumbents over distribution.

Both the *Order/NPRM* and the *Notice of Inquiry* offer evidence that the Commission understands that neither competition nor innovation is the product of the well-meaning regulatory policies we adopt, even if our policies create the appearance of competition in the short-term; rather, competition and innovation are the result of self-interested actors struggling in the marketplace to provide consumers with new and better products and services. I firmly believe that our policies should continue to take account of this fact. I believe we also must focus more on the longer-term future in carrying out Congress' instruction that we encourage the deployment of advanced communications. I wish to underscore my personal commitment to following this instruction at the same time we seek to promote the deregulatory and pro-competitive goals of the Act.

I praise the Bureau's efforts, as well as those of my colleagues, on this critical and challenging subject. And I look forward to working with everyone at the Commission, in the States and in Congress to help make our effort to encourage the deployment of advanced communications a success.

Statement of Commissioner Gloria Tristani

Re: In the Matter of Deployment of Wireline Services Offering Advanced Telecommunications Capability, Memorandum Opinion and Order and Notice of Proposed Rulemaking, CC Docket No. 98-147

I support today's action to provide incentives for all wireline carriers to deploy high bandwidth services more quickly than they would otherwise. That is what Congress directed us to do in section 706, and I hope the proceedings we open today will allow us to fulfill this obligation expeditiously.

I wish to indicate my preliminary support for the basic idea of separate affiliates as a way for incumbent LECs to provide high speed data service with minimal regulation. The separate affiliate model would properly align incentives for incumbent LECs to take pro-competitive, pro-consumer, actions in the area of advanced services. I am well aware that separate affiliates impose costs on incumbent LECs, and that absent those costs, incumbent LECs could be more efficient providers of advanced data service. But at what price to competition? If we have learned one lesson in the 30 months since the Act passed, it is that pro-competitive regulations work best when incumbents have an incentive to make them work. Using separate affiliates would encourage incumbent LECs to improve their ordering and provisioning methods for competitors because their affiliates won't tap into the lucrative high bandwidth market unless they can obtain critical inputs to its product, such as efficient collocation and DSL-capable loops, in a timely and efficient fashion. In return, incumbent LECs' affiliates would be freed of the unbundling obligations for data equipment that will apply if DSL service is provided on an integrated basis.

Section 706 makes states and the FCC partners in encouraging carriers to deploy advanced telecommunications capabilities. It is clear that states will play a major role in this effort, just as Congress intended. The FCC can do its part by establishing, in close consultation with states, a pro-competitive framework for data services that will bring consumers the bandwidth services they want. State commissions, in turn, set the rates competitors pay for DSL-capable loops and collocation. Without fair and efficient access to these building blocks, DSL service will remain a niche service rather than a mass market phenomenon. In the coming months, the FCC will do its best to write effective loop and collocation rules. After that, it will be up to state commissions to make high bandwidth services a reality for their citizens.

Since the rapid deployment of advanced services will be greatly affected by both federal and state policies, it is important that the Commission work closely with state

commissions in designing an advanced services framework that serves our needs and their needs. My recent participation in NARUC's summer meeting afforded me the opportunity to hear first hand the views of state commissioners. What I learned is that state commissions have not had a full opportunity to evaluate the idea of separate affiliates and to advise us of their views. Our decision to adopt only a tentative framework for separate affiliates reflects this Commission's desire to work cooperatively with state commissions in this critical area of communications policy. In response to the NPRM adopted today, I expect state commissions will furnish us with valuable advice and guidance. I hope the specific proposals in the NPRM will encourage focused discussion on the key issues surrounding separate affiliates and allow us to move forward expeditiously with final rules.

The Order portion of today's item rejects Bell Company requests for wholesale waivers of section 271. I believe that is the correct decision as a matter of policy. Some say the elegant design of section 271 has been weakened because increased competition has made the long distance market less attractive than it once was for Bell Companies, and hence, no longer a sufficient incentive to comply with Congress's plan for local competition. Assuming for the moment that is true, it may well be that the booming market for data communications, including interLATA connections, will pick up where standard long distance has left off. If that is correct, this Commission's denial of wholesale LATA relief is entirely consistent with Congress's vision for section 271.

That does not mean all LATA relief for Bell Companies should be off the table. At least in the near term, Bell Companies may well be the most likely supplier of advanced services in parts of their territories. I think there are potentially significant actions we could take regarding LATA modifications for Bell Companies to reach under-served parts of their territories. Targeted LATA modifications could allow Bell Companies to configure their data networks in ways that makes advanced service feasible in areas that otherwise would be ignored by the free market.

I also wish to register my particular interest in two matters related to separate affiliates for data services. The first is my interest in seeing that Internet service providers unaffiliated with incumbent LECs can compete fairly in the world of DSL-delivered Internet access service with ISPs affiliated with incumbent LECs. An incumbent LEC's data affiliate presumably has an incentive to favor its affiliated ISP over unaffiliated ISPs. I will be particularly interested in parties' views on whether the creation of advanced services affiliates is truly a risk to the high-speed Internet access market, or whether this danger is too speculative for immediate Commission action.

The second issue is collocation space at incumbent LECs' remote terminals. Collocation of all types is a threshold issue for competitors to provide DSL service. No collocation means no competition. And with collocation space apparently quite limited not only in many central offices but also in remote terminals, I will be particularly interested in learning how we can level the playing field regarding access to collocation space. It is

important to me that, beginning today, there be no opportunity for incumbent LECs to foreclose DSL competition in certain areas by gaming the collocation process.

Finally, I would acknowledge the efforts of the incumbent and competitive local carriers in pressing their case at the FCC. They understood better than us that telecommunications technology was advancing at light speed, and that our regulations needed to better accommodate carriers' needs in responding to the explosive demand for high speed data communications. Rather than waiting for the FCC to open its inquiry under section 706, the carriers sought faster resolution of their concerns through petitions relating to sections 251 and 271 of the 1996 Act. Today's actions by the Commission moves us closer to policies that reflect what consumers are demanding and what carriers want to provide.

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