



Qwest
607 14th Street, NW, Suite 950
Washington, DC 20005
Phone 303-383-6608
Facsimile 303-896-1107

Timothy M. Boucher
Associate General Counsel

September 27, 2010

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
Room TW-A325
445 12th Street, S.W.
Washington, DC 20554

Re: *In the Matter of Jurisdictional Separations*, CC Docket No. 80-286

Dear Ms. Dortch:

On September 24, 2010, a meeting and roundtable discussion was held at the FCC by the Federal-State Joint Board on Jurisdictional Separations (Board). The undersigned, representing Qwest Corporation, delivered a presentation, "Meeting of the Federal-State Joint Board on Jurisdictional Separations", and responded to questions from the Board. By this submission, Qwest requests that a copy of the presentation (which was distributed prior to the session and which is attached hereto) be added to the record for the above-captioned proceeding.

Qwest is filing this as necessary pursuant to 47 C.F.R. § 1.1206 and is serving a copy via electronic mail on the members of the Board.

Respectfully submitted,

/s/ Timothy M. Boucher

Attachment

cc: Members of the Federal-State
Joint Board on Jurisdictional Separations

Meeting of the Federal-State Joint Board on Jurisdictional Separations

September 24, 2010

Summary

- Qwest supports a continued freeze as it is still the best answer on the table when it comes to striking the right policy balance on jurisdictional separations.
- All the reasons to implement a freeze nine years ago remain true today.
- Given the FCC's plans for near-term ICC and USF reform, and the potential negative impact that proposed interim separation adjustments could have on broadband, a continued freeze only makes greater policy sense today.

Context is Critical

Three critical contextual points to keep in mind in this discussion:

- 1. Limited purpose of separations rules**
- 2. Limited shelf life of separations rules**
- 3. Limited function of separations rules**

1 - Limited purpose of separations rules

- Separations rules were put in place under rate-of-return regulation in a monopoly environment to:
 - ensure just and reasonable rates, and
 - to guard against double recovery of costs in the interstate/intrastate jurisdictions.
- Separations rules are necessary only because, under rate-of-return regulation, rates are based on jurisdictionally allocated costs.
- To the extent a carrier is not under cost-based regulation by the FCC or any state commissions, separations has no impact on rates (i.e., service prices) since prices are not based on jurisdictionally allocated costs.

#2 - Limited shelf life of separations rules

- 1996 Act dictates a path toward less and less regulation in the local telecommunications marketplace.
- Separations can and should eventually become wholly unnecessary.
- But, so long as some carrier somewhere could be subject to rate-of-return or other cost-based regulation, separations of some form will be needed.

Key question - how to best manage jurisdictional separations in the meantime?

#3 - Limited function of separations rules

- Separations rules are a tool implementing remnants of legacy rate-of-return regulatory framework, of which ICC and USF regimes are critical parts.
- That regulatory umbrella, and its underlying piece parts like separations, reflect a host of policy choices and political compromises. Separations rules are a results-driven reflection of those overall choices and compromises.
- All allocation rules for “common costs” are inherently arbitrary. From an economic standpoint, it is simply not possible to have an **accurate** set of separations rules for allocating common costs because there is no **correct** answer.

Conclusion

Continue freeze until ICC and USF reform completed.

- Interim separations reform distracts from that important work.
- Separations reform now puts the cart before the horse:
 - It is impossible to know what separations reform should look like until we know what ICC and USF reform will look like.
- Separations reform would increase compliance burdens and costs on the shrinking ILEC portion of the industry.
- Fundamentally, any type of interim reform has serious flaws:
 - any piecemeal “fix” merely tinkers with inherently arbitrary system,
 - rests on the erroneous premise that a “correct” result in single area of separations can be determine in isolation, and
 - threatens to make matters worse.