

**STATE MEMBERS
OF THE
FEDERAL STATE JOINT BOARD ON SEPARATIONS
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March 31, 2014

The Honorable Jessica Rosenworcel, Commissioner
Federal Communications Commission
445 12th Street, S.W., Room 8-A204
Washington, D.C. 20554

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

Dear Commissioner Rosenworcel:

As State Chair of the Federal-State Joint Board on Jurisdictional Separations (Joint Board), I am writing to you to express the support of the State members of the Joint Board as to the Commission's plans for addressing the pending petitions for waiver of the current "freeze" regarding jurisdictional separations and extending the freeze past its current expiration date of June 30, 2014.

In 2001, fewer than 100 rate-of-return local exchange carriers (LECs) elected to freeze their category relationships. Several LECS remain under Rate-of-Return regulation and the others have converted to Price Cap regulation. Since 2006, four rate-of-return LECs have sought waivers to unfreeze their category relationships. Currently, two of those waivers are still pending. Rate-of-return LECs that elected to adopt the cost categories relationships freeze expected the freeze to last only five years-not 13 years and counting. The current freeze expires on June 30, 2014 and the *USF/ICC Transformation Order* created additional incentives for rate-of-return LECs to switch these costs to special access accounts.

Based on our discussion at the February 11, 2014, Joint Board meeting, we understand that the FCC Wireline Competition Bureau (Bureau) is contemplating a proceeding in the above-referenced docket that would allow all "frozen" rate-of-return LECs an opportunity to unfreeze their cost category relationships if the LECs make such a request within a specified period of time (*i.e.*, during a specified filing window) and provide the necessary documentation to support a waiver. Notwithstanding the proposed waiver, the Bureau has also issued a Notice of Proposed Rulemaking seeking comment on extending the freeze past its current expiration date of June 30, 2014. The State members are prepared to support an extension through June 30, 2017, based upon our understanding that under the Commission's orders on various forbearance petitions, the States retain the ability to adopt any reasonable allocation of costs between the intrastate and interstate jurisdictions for State ratemaking and other purposes.¹

¹ See, e.g., *Petition of AT&T Inc. for Forbearance Under 47 U.S.C. §160(c) with Regard to Certain of the Commission's Cost Assignment Rules*, Memorandum Opinion and Order, 23 FCC Rcd 7302 (2008), paragraphs 25 and 33; *Petition of USTelecom for Forbearance Under 47 U.S.C. § 160(c) from Enforcement of Certain Legacy Telecommunications Regulations*, Memorandum Opinion and Order, WC Docket No. 12-61 (2013), paragraph 49.

The State members of the Joint Board support the proceeding that the Bureau has identified to allow rate-of-return LECs to reset their category relationships and appreciate the Commission providing advance notice of this potential action.

Please let me know if you have any questions. Thank you.

Sincerely,

/s/ John Burke

John D. Burke
State Chair, Federal-State Joint Board on Jurisdictional Separations
Board Member, Vermont Public Service Board