



NEWS

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FOR IMMEDIATE RELEASE:
September 10, 2003

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FEDERAL COMMUNICATIONS COMMISSION TO REVIEW TELEPHONE UNBUNDLED NETWORK ELEMENT PRICING RULES

Washington, D.C. – The Federal Communications Commission (FCC) today launched its first comprehensive review of pricing rules that establish wholesale pricing of unbundled network elements (UNEs). The Notice of Proposed Rulemaking (NPRM) adopted today seeks comment on a variety of UNE and resale pricing-related issues and on a proposal to make TELRIC rules more closely account for the real-world attributes of the incumbent carrier's network. More specifically, the NPRM adopted today:

- reaffirms the FCC's 1996 decision to use a forward-looking cost methodology to determine UNE pricing;
- aims to provide the market with more appropriate economic signals to promote efficient facilities investment; and,
- seeks to simplify the UNE costing methodology to make it easier for state commissions to develop UNE prices.

The FCC's current UNE pricing rules, based on the Total Element Long Run Incremental Cost (TELRIC), consider what it would cost the new entrant - today - to build and operate a hypothetical, efficient telephone network that can provide the same services as the incumbent local exchange carrier's (LEC) existing network. Following are some of the issues that are addressed in the NPRM:

- The NPRM tentatively concludes that our TELRIC rules should more closely account for the real-world attributes of the routing and topography of the incumbent's network in developing forward-looking costs.
- The NPRM seeks comment on numerous network assumptions, such as network routing and construction, technology, structure sharing, and fill factors, in light of the tentative conclusion.
- The NPRM seeks comment on the impact of changes in unbundling obligations resulting from the Triennial Review Order on UNE pricing.

- The NPRM seeks comment on what resale pricing rules the FCC should adopt in light of the U.S. Court of Appeals for the Eight Circuit decision to vacate the FCC's previous resale pricing rules.

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Docket No.: WC 03-173

Action by the Commission September 10, 2003, by NPRM (FCC 03-224). Chairman Powell, Commissioners Abernathy, Martin, and Adelstein, with Commissioner Copps approving in part and dissenting in part. Chairman Powell issuing a statement and Commissioners Abernathy, Copps, Martin, and Adelstein issuing separate statements.

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