



# OFFICE OF ADVOCACY *FACTSHEET*

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## ***Advocacy Urges FCC to Consider Impacts and Alternatives in Local Telephone Competition Rulemaking***

On October 4, 2004, the Office of Advocacy (Advocacy) filed a comment with the Federal Communications Commission (FCC) on a proposed rule designed to determine which network elements under the Telecommunications Act of 1996 must be unbundled and made available by incumbent telecom carriers to competitive carriers. Advocacy believes that the FCC did not adequately analyze the impact of the proposed rule on small carriers or describe alternatives that would minimize the impact. Advocacy encourages the FCC to analyze the impact on small businesses and publish alternatives for comment in a revised initial regulatory flexibility analysis (IRFA). A complete copy of Advocacy's comment may be accessed at <http://www.sba.gov/advo/laws/comments/>.

- The Telecommunications Act of 1996 allows the FCC to require incumbent carriers to “unbundle” network elements, making the “unbundled network elements” (UNEs) available at set rates to competitive carriers. This requirement is intended to ensure that competitive carriers have access to essential network elements necessary for providing competitive telephone service.
- In its IRFA, the FCC did not analyze the impact of eliminating UNEs on small businesses. The FCC listed small entities that would be affected, but the Commission posed the question of actual impact to the general public. The Regulatory Flexibility Act encourages the FCC to conduct its own analysis and rely on public comment to improve the quality of analysis prior to making a final decision. To correct this deficiency, Advocacy recommends that the FCC issue a revised IRFA to analyze the impacts of this rule on small businesses.
- The FCC did not identify or analyze alternatives in the IRFA to minimize impacts on small businesses. Advocacy spoke with several small competitive carriers about possible alternatives that would minimize the impact on small businesses. Advocacy identified alternatives that could help the FCC minimize the rule's impact on small business. For instance, the FCC could strengthen the rules involving “hot cuts,” which are the physical transfer of an access line from one carrier to another, to allow small competitive carriers to move customers to their facilities quickly. Advocacy encouraged the FCC to better explore alternatives, a requirement of the RFA.

For more information, visit Advocacy's Website at <http://www.sba.gov/advo/> or contact Eric Menge at (202) 205-6533.