

Advocacy Urges FCC to Consider Impact and Alternatives for Small Competitive Carriers

On July 27, 2005, the Office of Advocacy (Advocacy) filed a reply comment with the Federal Communications Commission (FCC) to discuss regulatory impacts and available alternatives in response to the FCC's proposed rule on Special Access Rates. Advocacy agreed with the FCC's determination that this proposed rule will have a significant economic impact on small telecommunications carriers and urged the FCC to give careful consideration to alternatives that would minimize that impact. A complete copy of Advocacy's letter may be accessed at <http://www.sba.gov/advo/laws/comments/>.

- The FCC is seeking comment on the regulatory framework applied to special access services for incumbent telecommunications carriers that are regulated under a price cap scheme and whether it should maintain or modify the pricing flexibility rules for special access services.
- Special access services are dedicated wires and other facilities that run directly between two customers or between a customer and a telecommunications carrier other than the incumbent carrier. The FCC is considering modifying its rules in response to the expiration of the current regulatory scheme for price cap carriers which was intended to run until June 30, 2005, but now will continue until the FCC adopts a subsequent plan.
- The Regulatory Flexibility Act and Executive Order 13272 require government agencies to analyze the impact of proposed and final rules on small entities and to consider less burdensome alternatives.
- To determine what alternatives the FCC should consider in the initial regulatory flexibility analysis, Advocacy spoke with representatives of small telecommunications carriers and their trade associations and reviewed the comments by small businesses submitted in response to the proposed rule. In its reply comment, Advocacy presented significant alternatives based on its outreach. These alternatives included: use of a forward-looking model for setting price caps, use of downward pricing flexibility, revisiting FCC's cost studies, reliance on a surrogate rate, restriction on bundling, restriction on previous purchase level, restriction on length of term commitments, and restriction on termination of carriage with competitors. This is not intended to be an exhaustive list and additional impacts and alternatives may become apparent when the FCC conducts its own analysis.

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