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For Immediate Release

**FCC ELIMINATES UNNECESSARY REGULATION OF LEGACY
PHONE COMPANY TRANSPORT SERVICES AND FACILITIES**

Action Will Spur Competition and Investment in Next-Generation Networks

WASHINGTON, July 10, 2019—In light of increasing competition in the marketplace for transport services, the Federal Communications Commission today largely eliminated pricing regulation of lower-speed, legacy transport offered by price cap incumbent carriers as part of their commercially available business data services or as unbundled network elements.

Used largely by businesses, institutions, and communications providers, business data services transport carries voice and data traffic from one point of traffic concentration to another. The cost of competitive entry into the market for transport is low because of the larger volume of traffic. This market reality, coupled with the growth in demand for transport in our increasingly digital world, has fueled competition in the transport marketplace. The data shows that the vast majority of locations with demand for business data services are in areas also served by competitors to the price cap incumbent carrier, and that cable companies are increasingly competing with price cap carriers' transport offerings.

Given this competition, the FCC continued its push to eliminate needless and burdensome regulation and incentivize investment in modern networks by adopting a two-part item that provides the following regulatory relief for price cap carriers' transport services and facilities:

- The Report and Order on Remand section of the item affirms the Commission's previous findings in the 2017 *BDS Order* that widespread and ever-increasing competition in the supply of business data services transport justifies relieving price cap carriers of ex ante pricing regulation and tariffing of their lower-speed, legacy business data services transport services nationwide.
 - The Eighth Circuit Court of Appeals had remanded the 2017 *BDS Order* on procedural grounds last year, and the Commission subsequently held two rounds of comment and conducted additional analysis to supplement the record.
 - The Commission retains oversight over prices for these services under Sections 201 and 202 of the Communications Act and the complaint process under Section 208 of the Act.
- The Memorandum Opinion and Order section of the item partially grants USTelecom's request for forbearance from decades-old requirements that price cap carriers provide their competitors with dedicated transport facilities between wire centers within their local networks on an unbundled basis at regulated rates. Specifically, the item grants relief from requirements to provide legacy transport—known as DS1 (1.5 Mbps) and

DS3 (45 Mbps) unbundled transport—at price cap wire centers where competitive fiber networks are located within a half-mile of the wire center.

- The item provides a six-month transition period during which competitive carriers can place new orders for DS1 and DS3 unbundled transport and a concurrent three-year transition period to enable these carriers to arrange for alternative transport options. The item also provides a five-year transition period for Puerto Rico to account for the devastation to communications infrastructure in that territory from the 2017 hurricanes.

Action by the Commission July 10, 2019 by Report and Order and Memorandum Opinion and Order (FCC 19-66). Chairman Pai, Commissioners O’Rielly and Carr approving. Commissioners Rosenworcel and Starks concurring. Chairman Pai, Commissioners O’Rielly and Starks issuing separate statements.

WC Docket Nos. 16-143, 05-25; GN Docket No. 13-5; RM-10593; WC Docket No. 18-141

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