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For Immediate Release

**FCC PROPOSES ELIMINATING OUTDATED PHONE NETWORK
UNBUNDLING AND RESALE REQUIREMENTS**

***Requirements May Be Unnecessary, Counterproductive in Many Parts of the
Country in Era of Robust Intermodal Competition***

WASHINGTON, November 22, 2019—The Federal Communications Commission today proposed eliminating or reducing outdated phone company network unbundling and resale requirements that today may be unnecessary for—and detrimental to—facilities-based competition.

The Commission adopted these requirements to implement the market-opening provisions of the Telecommunications Act of 1996. But the communications landscape has transformed since then: local telephone companies, known as incumbent local exchange carriers (LECs), have gone from monopolists to providing only 12% of all voice service subscriptions across all technologies. And in the broadband marketplace, incumbent LECs are just one of many intermodal competitors, providing only 20% of residential broadband subscriptions at or above 25/3 Mbps. In fact, legacy copper voice services now face competition from cable, voice over Internet protocol, fixed wireless, and mobile wireless services, and 5G wireless services promise to revolutionize the way consumers access broadband.

These facilities-based competitive alternatives provide more advanced service capabilities than legacy copper networks. Where this competition exists, there may no longer be a need to require incumbent LECs to unbundle, or share, elements of their legacy networks with competitors at regulated rates.

In fact, these network sharing obligations can reduce the incentives of incumbent and competitive carriers alike to deploy, and transition to, next-generation networks and services. A Notice of Proposed Rulemaking adopted by the Commission today seeks comment on proposals to eliminate and/or reduce requirements to provide the following unbundled network elements:

- *DS1 and DS3 Loops*—These legacy last-mile lines are used largely by business customers and are being eclipsed by higher-speed packet-based services sold by incumbent LECs, competitive LECs, cable providers, and other intermodal competitors.
 - The Notice therefore proposes to remove DS1 and DS3 loop unbundling obligations in counties and study areas deemed competitive in the FCC’s 2017 *BDS Order* and 2018 *Rate-of-Return BDS Order*.

- However, the Notice proposes to still require the unbundling of DS1 loops in rural areas to enable residential broadband service in places where there may be fewer facilities-based competitive options.
- *DS0 Loops*—These network elements are typically used to provide both voice and broadband service using various DSL technologies. Recognizing the low and falling barriers to entry that competitors face in providing broadband in urban areas, the Notice proposes to eliminate DS0 loop unbundling obligations in urban census blocks. However, the Notice proposes to still require unbundling of such loops in rural areas, where there may be greater barriers to facilities-based deployment.
- *Legacy Narrowband Voice-Grade Loops*—These network elements are used to provide voice service and have no broadband service capability. In light of the migration by consumers and businesses away from legacy voice services in favor of IP- and wireless-based voice services provided by multiple intermodal providers, the Notice proposes to remove unbundling obligations for narrowband voice-grade loops nationwide.
- *Dark Fiber Transport*—Unbundled transport provides a connection between phone companies' wire centers in a local service area. Consistent with the relief that the FCC granted earlier this year from DS1 and DS3 transport unbundling requirements, the Notice proposes to grant relief from dark fiber transport unbundling requirements where competitive fiber exists within one-half mile of a wire center.

The Notice also proposes to grant non-price cap incumbent LECs relief from the requirement that they resell their retail legacy telecommunications services at statutorily prescribed rates. The FCC granted large, price-cap incumbent LECs this relief earlier this year.

Finally, the Notice proposes a three-year transition period to give existing customers served via these unbundling and resale obligations time to transition to alternative arrangements without service disruption.

Action by the Commission November 22, 2019 by Notice of Proposed Rulemaking (FCC 19-119). Chairman Pai, Commissioners O'Rielly and Carr approving. Commissioner Rosenworcel and Starks dissenting. Chairman Pai, Commissioners O'Rielly, Carr, Rosenworcel, and Starks issuing separate statements.

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