

**JOINT STATEMENT OF
COMMISSIONER MICHAEL J. COPPS AND
COMMISSIONER JONATHAN S. ADELSTEIN,
CONCURRING**

Re: *Section 272(f)(1) Sunset of the BOC Separate Affiliate and Related Requirements (WC Docket No. 02-112); 2000 Biennial Regulatory Review Separate Affiliate Requirements of Section 64.1903 of the Commission's Rules (CC Docket No. 00-175)*

Today the Commission seeks comment on how changes to the competitive landscape impact the provision of in-region long distance service. We choose to concur because we have some concerns with the approach the Commission has taken in the past on similar issues and because we are concerned that this particular item's construction could bias the outcome of our current proceeding.

Last December, the Commission decided to allow the separate affiliate requirements in section 272 to sunset in New York. This was done without, we believed, the detailed requisite market analysis and over the objections of our state colleagues.

By revisiting these issues now in this proceeding, the Commission has an opportunity to get them right. Structural and accounting safeguards are our principal guarantees against improper accounting practices and cross-subsidizations. In an era of corporate governance problems and accounting depredations, this Commission has an especially high burden to overcome if it chooses to eliminate or reduce the separate affiliate protections that help prevent and detect anticompetitive behavior. The record generated in response to today's item is critical. To conduct an analysis with appropriate rigor, we ask commenters to address not only competition in the end-user market for long distance service, but the access market where the Commission previously has acknowledged that incumbents have the incentive and ability to exercise market power through control of local bottleneck facilities. We also encourage commenters to address what, if anything, has changed since the Commission last spoke to these issues in the *LEC Classification Order*. With the state of competition in our long distance markets at stake, we warn that cursory analysis based on weak economics will not suffice.

We are pleased that the Commission will review these issues for both Bell Operating Companies and rural independent carriers in a coherent and reasoned single proceeding. Like our colleagues, we intend to review the record closely, study the merits of all possible outcomes and determine what safeguards, if any, are necessary to prevent anticompetitive discrimination in the market.

Our concern is that this item might be interpreted by some as leading toward a predetermined outcome. What we are in search of here is absence of such an outcome and the reality of an open and unbiased record. We look forward to doing everything we can, with the Bureau and our colleagues, to make that happen.