

**STATEMENT OF
COMMISSIONER JONATHAN S. ADELSTEIN**

Re: *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers*, Report and Order and Second Further Notice of Proposed Rulemaking

I am pleased that we are modifying the all-or-nothing rule to permit a rate-of-return carrier that has acquired price cap lines through a merger or acquisition to convert the acquired price cap lines back to rate-of-return regulation without obtaining a waiver. This modification will help reduce the administrative burdens associated with these mergers and acquisitions, and ensure that these unnecessary costs do not discourage participation by interested parties. Moreover, acquiring carriers can funnel those administrative costs into their new networks, thereby fueling network development.

Pricing flexibility is critical to incumbent companies as they face competitive entry in their service areas. Permitting rate of return carriers to deaverage their rates geographically for transport and special access services and to define both the scope and number of zones, pursuant to certain qualifications, will better equip these carriers to compete on a more level playing field with the new entrants that are not bound by the same regulatory requirements.

I look forward to discussion in response to the NPRM regarding the alternative regulation proposals and that regarding further relief under the all-or-nothing rule to build upon the decision we've made today.